

CH
04

TRIAL BALANCE

Question 1

ICMAI MAT

Solution Module Page no.

From the following ledger account balances, prepare a Trial Balance of Mr. Sen for the year ended 31st March, 2022.

Capital ₹ 80,000 ; Sales ₹ 10,00,000; Adjusted Purchase ₹ 8,00,000; Current A/c(Cr) ₹ 10,000; Petty Cash ₹ 10,000; Sales Ledger Balance ₹ 1,20,000; Purchase Ledger Balance ₹ 60,000; Salaries ₹ 24,000; Carriage Inwards ₹ 4,000; Carriage Outward ₹ 6,000; Discount Allowed ₹ 10,000; Building ₹ 80,000; Outstanding Expenses ₹ 10,000; Prepaid Insurance ₹ 2,000 ; Depreciation ₹ 4,000 ; Cash at Bank ₹ 80,000 ; Loan A/c (Cr) ₹ 66,000; Profit & Loss A/c(Cr) ₹ 20,000; Bad Debts Recovered ₹ 2,000 ; Stock at 31.03.2022 ₹ 1,20,000; Interest Received ₹ 10,000; Accrued Interest 4,000; Investment 20,000; Provision for Bad Debts (01.04.2021) ₹ 6,000 ; General Reserve ₹ 20,000.

Solution -

Trial Balance of Mr. Sen
as on 31st March, 2022

Dr.		Cr.	
Heads of Accounts	(₹)	Heads of Accounts	(₹)
Adjusted Purchase	8,00,000	Capital	80,000
Petty Cash	10,000	Sales	10,00,000
Sales Ledger Balance	1,20,000	Current A/c	10,000
Salaries	24,000	Purchase Ledger Balance	60,000
Carriage Inward	4,000	Outstanding Expenses	10,000
Discount Allowed	10,000	Loan A/c	66,000
Building	80,000	Profit & Loss A/c(Cr.)	20,000
Prepaid Insurance	2,000	Bad Debts Recovered	2,000
Depreciation	4,000	Interest Received	10,000
Cash at Bank	80,000	Provision for Bad debts	6,000
Stock (31.03.2022)	1,20,000	General Reserve	20,000
Accrued Interest	4,000		
Investment	20,000		

Carriage outward		6,000
	12,84,000	12,84,000

Meri bhi sun lo

- Closing Stock will appear in Trial Balance since there is adjusted purchase.
- Adjusted purchase = Opening Stock + Purchase - Closing Stock.
- It may be noted that if only adjusted purchase is considered then the matching concept is affected. Hence, to satisfy the matching concept, closing stock is also considered in Trial Balance.

Question 2

ICMAI MAT

Solution Module Page no.

The given trial balance of MM Bakery for the quarter January to March, 2022 has been prepared by an intern.

Ledger Accounts	Dr. (₹)	Cr. (₹)
Cost of Goods Sold	7,50,000	
Closing Stock		1,20,000
Sundry Debtors		1,80,000
Sundry Creditors		90,000
Fixed assets	1,50,000	
Opening Stock	1,80,000	
Expenses		60,000
Sales		9,00,000
Capital	2,70,000	
	13,50,000	13,50,000

You are the senior accountant of the concern and has been given responsibility to check the same and redraft it if required.

Solution:

The Trial Balance drafted by the intern has tallied, but it has some errors. The correct Trial Balance is redrafted and presented hereunder:

Redrafted Trial Balance of MM bakery as on 31.03.2022

Ledger Accounts	Dr. (₹)	Cr. (₹)	Remarks
1. Cost of Goods Sold.	7,50,000		Expenses
2. Closing Stock 1,20,000 Asset	1,80,000		Asset
3. Sundry Debtors.		90,000	Asset
4. Sundry Creditors			Liability
5. Fixed assets	1,50,000		Asset
6. Wages, Salaries & other expenses	60,000		Expenses
7. Sales		9,00,000	Income
8. Capital		2,70,000	Equity
	12,60,000	12,60,000	

The total of debit side of the Trial Balance of SR Ltd. as at 31.3.2021 is ` 2,92,000 and that of the credit side is ` 1,80,800. After detailed checking, the following errors were identified:

Question 3

ICMAI MAT

Solution Module Page no.

The total of debit side of the Trial Balance of SR Ltd. as at 31.3.2021 is ₹ 2,92,000 and that of the credit side is ₹ 1,80,800. After detailed checking, the following errors were identified:

Name of Accounts	Correct Figures (as it should be)	Figures as it appears in the Trial Balance
Opening stock	12,000	8,000
Salaries	28,800	50,400
Accounts Receivable	83,200	1,26,400
Trade Creditors	64,800	14,400

You are required to ascertain the correct total of the Trial Balance.

Ans: ₹2,31,200

Solution:

Prob 02

SR Ltd

Calc for correct Total of Trial Bal.

Particulars	Dr (₹)	Cr (₹)
Balances	292000	180800
OPSTOCK (12000-8000)	+4000	-
Salaries (50400-28800)	-21600	-
ACCOUNT REC (126400-83200)	-43200	-
Trade Creditors (64800-14400)	-	+50400
	<u>231200</u>	<u>231200</u>

Question 4

YKTC

Solution Module Page no.

A book-keeper draws a trial balance on 31st December 2024 in which he casts total debit of Rs.46,500 And total credit of Rs.21,300. on checking the books of accounts following were discovered.

	Correct ledger balance	Figure shown in trial balance
Closing stock (not yet adjusted)	4,500	4,500 (Dr. Side)
Provision for discount on creditors	350	360 (Cr. Side)
Leasehold property	9,700	9,350 (Cr. Side)
Loan on mortgage	6,400	4,600 (Cr. Side)
Bank overdraft	9,980	9,980 (Dr. Side)

Solution:

Prq 4

Calc for correct Total of Trial Bal.

Particulars	Dr (₹)	Cr (₹)
Balances	46500	21300
Cr. St (not adj)	- 4500	-
Prov. for disc on crs	+ 350	- 360
Leasehold land	+ 350	-
Loan on mortgage (6400 - 4600)	-	+ 1800
Banks o/d	- 9980	+ 9980
	<u>32720</u>	<u>32720</u>

PREVIOUS YEARS EXAM QUESTIONS

Question 1

Exam Dec 23

From the following details, prepare an Adjusted Trial Balance as at 31-3-23.

	₹		₹
Purchase	65,000	Sundry Creditors	35,000
Carriage Inward	1,000	Plant and Machinery	10,000
Wages	6,000	Buildings	5,000
Salaries	10,000	Furniture	3,000
Rent, rates and taxes	1,800	Bills Receivable	10,000
Insurance	1,500	Sundry Debtors	40,000
Interest paid	1,000	Capital	66,000
Sales	95,000	Sundry Expenses	5,000
Cash and Bank	21,500	Opening Stock	21,000
Bills Payable	5,800		

- Salaries and wages due to be paid, 2,000 and 1,000 respectively.
- Insurance was paid to the extent of 300 advances.
- A sum of, 500 to be written off as bad debt out of sundry debtors and a provision of 5% to be created for doubtful debts.
- Sundry expenses include ₹ 2,000 spent for the personal purpose of the proprietor.
- Sales for the period include ₹ 500 worth of goods (cost price) taken by the proprietor for personal consumption. He has also taken goods worth ₹ 1,000 (cost price) for personal consumption which has not been recorded in the books.
- Depreciation to be provided as follows

Plant and Machinery	10%
Buildings	5%
Furniture	10%
- Closing Stock ₹ 20,000

Solution:

Particulars	₹ (Dr)	₹ (Cr)
Purchase (WN1)	43500	
Cl. Stock	20000	
Carriage Inward	1000	
Wages (6000 + 1000)	7000	
O/s Wage		1000
Salary (10000 + 2000)	12000	



O/s Salaries		2000
Rent, Rates and Taxes	1800	
Insurance (1500 - 300)	1200	
Prepaid Ins	300	-
Int Paid	1000	-
Sales (WN2)		94500
Cash at Bank	21500	
B/Payable		5800
Sundry Creditors		35000
Bad Debt (500 + 1950) + Prov.	2450	
Plant and Machinery (10000-10%x10000)	9000	-
Depn on Plant & Machinery	1000	-
Building (5000 - 5%x 5000)	4750	
Depn on Buildings	250	-
Furniture (3000 - 10% x 3000)	2700	
Depn on Furn	300	-
Bills Receivable	10000	
Debtors	39000	
P.B.D.D	--	1950
Capital	--	66000
Sundry exp (5000 - 2000)	3000	-
Drawing (500 + 1000 + 2000)	3500	
Op. St	21000	
TOTAL	206250	206250

Calculation for sales:

Sales		95000
(-)Drawing		500
Sales		94500

Calculation for Purchase

Purchase		65000
(-) Cl.St Adjustment		20000
(-) Drawings		500
(-) Drawings		1000
		43500

Calculation for Debtors

Debtors		40000
(-) Drawings		500
(-) Bad Debt		500



	39000
(-) P.B.D.D	1950

Question 2

Exam June 18

A bookkeeper extracted the following Trial Balance as on 31st March, 2018:

Heads of Accounts	Dr Balance (₹)	Cr Balance (₹)
Furniture	20,000	.....
Capital	....	2,00,000
Debtors	2,00,000	.....
Stock (1 st April, 2017)	1,04,000	....
Creditors	....	80,000
Trade Expenses	50,000	.....
Sales	.....	8,58,000
Wages	30,000	....
Stock (31 st March, 2018)	98,000	....
Machinery	.....	50,000
Purchases	6,25,000	.....
Wife's loan to the business	50,000	.....
Discount allowed	.....	4,000
Drawings made by the Proprietor	.....	45,000
Motor Van	60,000	.....
Total	12,37,000	12,37,000

You are required to:

- i. State the errors giving reasons,
- ii. Redraft the Trial Balance correctly

Solution:

Heads of Accounts	Dr (Rs.)	Cr. (Rs.)
Furniture	20,000	-----
Capital	-----	2,00,000
Debtors	2,00,000	-----
Stock(1stApril,2017)	1,04,000	-----
Creditors	-----	80,000
Trade Expenses	50,000	-----
Sales	-----	8,58,000
Wages	30,000	-----
Machinery	50,000	-----
Purchases	6,25,000	-----



Wife's loan to the business	-----	50,000
Discount Allowed	4,000	-----
Drawings made by the Proprietor	45,000	-----
Motor Van	60,000	-----
Total	11,88,000	11,88,000

Summary of Errors:

- Stock (31st March, 2018):** Incorrectly included in the Trial Balance as a debit. Closing stock is usually an adjustment outside the trial balance.
Closing Stock: Closing Stock (₹98,000) has been excluded from the redrafted Trial Balance. In the standard accounting practice, Closing Stock is typically an adjustment item presented outside the Trial Balance, as it is valued at the end of the accounting period and used to determine the Cost of Goods Sold and the value of inventory on the Balance Sheet. If the Trial Balance was prepared after adjusting entries for closing stock (i.e., by crediting Trading A/c and debiting Closing Stock A/c), then it would appear. However, given the context of identifying errors in a *given* trial balance, its presence as a debit often indicates a misapplication of principles in a raw trial balance extraction.
- Machinery:** Incorrectly shown with a credit balance instead of a debit balance.
- Wife's loan to the business:** Incorrectly shown with a debit balance instead of a credit balance.
- Discount allowed:** Incorrectly shown with a credit balance instead of a debit balance.
- Drawings made by the Proprietor:** Incorrectly shown with a credit balance instead of a debit balance.