



224en11

TRIAL BALANCE AND ACCOUNTING ERRORS



Notes

You have learnt the method of recording transactions in journal and its sub-divisions. You have also learnt their posting to various accounts in the ledger. This process of recording and posting continues throughout the year. At the end of the year it becomes necessary to check the arithmetical accuracy of the books of accounts before the preparation of final accounts. For this purpose we prepare a statement called Trial Balance. In this unit you will learn about the preparation of Trial Balance and the extent up to which it can be relied upon for testing the accuracy of accounts. You will also learn about the errors that may be disclosed and that may not be disclosed by the preparation of Trial Balance and the method of locating such errors.



OBJECTIVES

After studying this chapter, you will be able to:

- define trial balance;
- describe the objectives of preparing a trial balance;
- explain the causes of disagreement of a trial balance;
- identify the types of errors disclosed and not disclosed by a trial balance;
- describe the procedure for locating the errors;
- explain the limitations of trial balance;
- prepare the trial balance and
- explain the meaning and disposal of suspense account.

11.1 MEANING OF TRIAL BALANCE

Numerous transactions take place in business everyday. They are first recorded in books of original entry i.e., Journal Proper or one of its sub-divisions. Then they are posted to the appropriate accounts in the ledger. Each ledger account is balanced periodically so as to ascertain the net effect of various transactions posted therein. In the process, some accounts may get closed; the final accounts are prepared for ascertaining the profit or loss and the financial position of the business. The quality and reliability of the results obtained depend, largely on the correctness of the entries made

FRIG AND TOBAC COMPANY Trial Balance Sheet December 31, 2017		
	Debit	Credit
Cash	\$ 10,000	
Accounts receivable	4,000	
Equipment	40,000	
Accumulated Depreciation		\$ 4,000
Accounts payable	4,000	
Salaries payable	2,000	
Interest payable	1,200	
Notes payable	30,000	
Unearned interest	5,000	
Capital stock		100,000
Retained earnings		55,000
	\$ 100,000	\$ 100,000

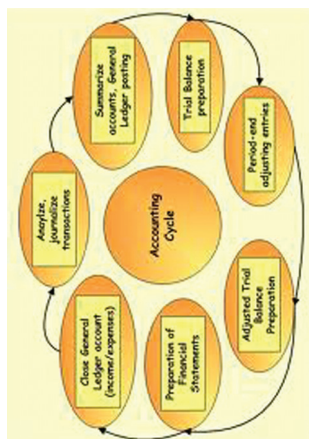
Dear Student, both side of Trial Balance must agree like above & correct. -Teacher Sir.

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Trial Balance & Accounting Errors

in various books of accounts and their ledger posting. Hence, it is necessary to ascertain the accuracy of these entries and ledger postings before we proceed with the preparation of final accounts. For this purpose, we prepare a statement called 'Trial Balance', which shows balances of all the ledger accounts. The names of each account having debit balances are shown in the debit column and if it shows a credit balance, the amount is entered in the credit balances column. You know that the total of the debit balances column must tally with the total of the credit balance column, because for every debit there is a corresponding credit and vice versa. When the two totals tally, it is considered as a preliminary proof of the arithmetical accuracy of the accounts. It is an assurance that entries in the journal and posting into ledger have been correctly done and that equality between debits and credits has been maintained throughout. However, if the two totals do not tally it implies that there are some errors in the books of accounts.

Trial Balance can thus, be defined as a statement (or a schedule) listing, in separate columns, the debit and credit balances of all ledger accounts on a particular date. It indicates that the books of accounts have been prepared in accordance with the rules of double entry and ensures, to a great extent, the arithmetical accuracy of accounting entries. Trial Balance provides a check on arithmetical accuracy of the recording of financial transactions in different books such as journal and the ledger. Such a check can be performed by preparing a statement called trial balance. Trial balance is a statement prepared by taking up the debit and credit totals or balances of all ledger accounts on a particular date.

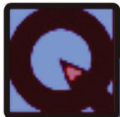
11.2 OBJECTIVES OF PREPARING A TRIAL BALANCE

- i) **To check arithmetical accuracy :** With the help of trial balance we can identify the arithmetical error, committed by the accountant or his assistant, because in such a situation the trial balance will not agree. Under such situations it is assumed that some errors have been committed. After identifying such errors the same are rectified.
- ii) **To prepare final accounts of the enterprise :** Trial balance becomes the basis of preparing final accounts. If we do not prepare trial balance and just start preparing final accounts, it may be possible that we forget to record some transactions that were not recorded while preparing the final accounts because information about the same was not available at that time.
- iii) **Comparative study of each account :** Trial balance helps in comparing the present balance of an account with the previous period balance. By preparing trial balance, we can estimate whether closing balance of accounts will increase or decrease within two accounting periods. It can also be used as a tool to decide whether there is need to decrease the rate

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of depreciation for showing improved profit position.

- iv) **To make financial budget :** Previous years trial balance figures are also helpful to estimate the future amount. In other words, we can make different financial budgets with the help of trial balance.



INTEXT QUESTIONS 11.1

Given below are some statements. Some of these statements are correct and some of these statements are incorrect. Write 'correct' if the statement is correct and 'incorrect' if it is not correct.

- i. Trial Balance is an essential part of the accounting process.
- ii. Trial Balance is prepared only once in a year.
- iii. If the totals of the two columns of a Trial Balance are equal it means the posting has been done correctly.
- iv. Debit Balances of the accounts are written in the Debit column and Credit balances in the credit column of the Trial Balance.
- v. The Assets and Expenses accounts have the credit balance.

11.3 CAUSES FOR THE DISAGREEMENT OF A TRIAL BALANCE

As mentioned earlier, when the Trial Balance does not tally it means that some errors have been committed while preparing the accounts. Let us, now analyze the errors which usually affect the Trial Balance and lead to its disagreement.

- i) **Omission of posting in one account :** You are aware that both the debit and credit aspects of a transaction have to be posted in the ledger accounts. If you post it to the debit of one account and forget its posting to the credit of the other concerned account, it is bound to affect the Trial Balance. For example, an amount of ₹ 200 received from Ali, correctly entered on the debit side of the cash book but is not posted to the credit side of Ali's Account, because of this error the totals of the debit column of the trial balance will be more than the total of the credit column and hence the trial balance will not agree.
- ii) **Double posting in one account :** If by mistake you post an entry two times to the debit or to the credit of an account it would result in extra debit or credit and as such cause disagreement in the Trial Balance for example ₹ 4000 received from Ashok were credited twice in his account will increase the total of the credit column by ₹ 4000 and the trial balance will not agree.
- iii) **Posting in the wrong side of an account :** When an entry is posted in the

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wrong side of an account i.e. instead of debit side it is posted in the credit side and vice-versa, it would also cause disagreement of the Trial Balance. In such a situation, the difference will be for double the amount. For example, ₹ 300 received from Khan which is correctly entered on the debit side of the Cash Book, but while posting it to Khan's Account it is wrongly posted to the debit side of his account instead of the credit side. This would mean that a debit of ₹ 600 (₹ 300 in Cash Account and ₹ 300 in Khan's Account) has no corresponding credit. With the result the total of the Credit column of the trial balance will be lesser by ₹ 600.

- iv) **Posting wrong amount in an account :** If you post an entry to the correct side of an account but commit an error in writing the amount, this would affect the Trial Balance. Suppose, in the above example you post the entry correctly on the credit side of Khan's Account but the amount is wrongly written as ₹ 200. It would cause a difference of ₹ 100. In the Trial Balance, the credit side will be lesser by ₹ 100.
- v) **Wrong Casting of the subsidiary books :** If any subsidiary book is overcast or undercast, it affects the concerned account in ledger. Suppose the correct total of Sales Journal is ₹ 5,600, but it has been totalled as ₹ 5,300 when now posted to the credit of Sales Account, the Sales Account will be short by ₹ 300, and the Trial Balance will not tally.
- vi) **Omitting to post the total of a subsidiary book :** If the total of a subsidiary book is not posted to the concerned account, it would affect the Trial Balance. Such mistake relates only to the account where posting was to be done and as such affects only one account. For example, if the totals of the Sales Book ₹ 18,900 are not posted to the credit of Sales Account, the credit side on the Trial Balance will be lesser by ₹ 18,900.
- vii) **Wrong totaling or balancing of an account :** When an account is wrongly totaled or wrongly balanced, this would affect the Trial Balance. Suppose total of the debit side of Shyam's Account has been written as ₹ 1,300 instead of ₹ 1,100. It would lead to wrong balance in Shyam's Account. Consequently, the debit total in the Trial Balance will be higher by ₹ 200. Similarly, if the totaling is correctly done but a mistake is committed in balancing the account, it would also cause a difference in the Trial Balance.
- viii) **Omission of an account from Trial Balance :** You know that all accounts which show some balance must be included in the Trial Balance. If you forget to write the balance of any account in the Trial Balance, it will not tally. In practice cash book balances are often omitted from Trial Balance.

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- ix) **Writing the balance of an account in the wrong column of the Trial Balance :** If the balance of an account which is to be shown in the debit column of the Trial Balance is actually shown in the credit column, the Trial Balances will not tally. It will be affected by double the amount.
- x) **Wrong totaling of the Trial Balance :** If an error is committed in totaling the amount columns of the Trial Balance itself, the Trial Balance will not tally.

Thus, you have learnt about various errors which may cause difference in the Trial Balance. Note that these errors affect only one aspect (debit or credit). This upsets the debit-credit equality leading to the disagreement of the Trial Balance

11.4 ERRORS NOT DISCLOSED BY TRIAL BALANCE

Agreement of the trial balance is not a conclusive proof of the accuracy of the accounts. There may be certain errors which might have been crept into the accounts but do not affect the agreement of the trial balance. Such errors have been discussed below :

- i) **Errors of Complete Omission :** If a transaction is completely omitted from being recorded in the books of accounts, such an omission will not affect the agreement of the trial balance for example a credit purchase of ₹ 6000 from Ravi was omitted from being recorded in the Purchase Book. Because of this omission the totals of the purchases book and Ravi's account will not be affected and hence trial balance will also not be affected.
- ii) **Errors of commission :** These types of errors happen due to the negligence of accountants and cannot be located by preparing trial balance. Suppose a sales of ₹ 10,000 was recorded in books as ₹ 100. The balances both the accounts i.e sales accountant and cash account will be affected only by ₹ 100 and hence the trial balance will not be affected.
- iii) **Compensating Errors :** Suppose, an accountant posted ₹ 500 less in the debit side of purchase account and at the same time he also posted ₹ 500 less in credit side of sales account. In this case an error has been compensated by another error. Such errors are called compensating error and will not affect the trial balance.
- iv) **Errors of principles :** When an accounting principle has been violated while recording a transaction in the books of accounts, such errors are called errors of principle e.g. the purchase of an asset if recorded in the purchases account will be an error of principle but since the purchase account will be debited and the suppliers accounts will be credited with the same amount this error will not affect the trial balance

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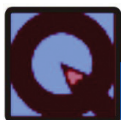


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MODULE - III**Ledger and Trial Balance****Notes****Trial Balance & Accounting Errors****11.5 ERRORS DISCLOSED BY TRIAL BALANCE**

If the Trial Balance does not tally, it will indicate that certain errors have been committed which have affected the agreement of the Trial Balance. The accountant will then proceed to locate such errors. On location such errors are rectified. Errors disclosed by trial balance have been explained below:

- i) **Wrong Casting :** If the total of the Cash Book or some other Subsidiary Book is casted wrong, the Trial Balance will not tally. For example, the total of the Purchase book has been casted ₹ 2000 more. When this total will be posted to the debit side of the purchase account, it will also show an excess debit of ₹ 2000 and hence, the Trial Balance will not agree.
- ii) **Posting to the Wrong Side of an Account :** If instead of posting an amount on the debit side of an account, it is posted on the credit side, or vice versa, the Trial balance will not tally. For example, goods for ₹ 2,000 purchased from Sohan. If instead of posting the amount on the credit side of Sohan's account it is posted to his debit, the debit side of the Trial Balance will exceed the credit side by ₹ 4,000.
- iii) **Posting of Wrong Amount :** The Trial Balance will not tally if the posting in an account is made with an incorrect amount. For example, goods for ₹ 600 have been purchased from Anil. If, it has been correctly entered in the Purchase Book or purchase account, but while posting to Anil's account, in credit side (correct side) the amount posted is ₹ 60 instead of ₹ 600, the Trial Balance will not tally.
- iv) **Omission of Posting of One aspect of a Transaction :** For example, if ₹ 500 has been received from Shyam and correctly entered in the Cash Book but if it is omitted to be posted on the credit side of Shyam's Account, the Trial Balance will not tally.
- v) **Posting an amount twice in an Account :** For example ₹ 500 has received from Vinod and correctly entered in the Cash Book, but if it is posted twice on the credit side of Vinod's account, the Trial Balance will not tally.
- vi) **Errors of Totaling and Balancing of Accounts in the Ledger :** Errors may occur in the totaling of debit or credit sides of accounts in the Ledger or in the balancing of accounts in the Ledger. Because the balances of accounts are transferred to the Trial Balance, resulting in transferring wrong balances in the Trial Balance. This will result into the disagreement of the trial balance.


INTEXT QUESTIONS 11.2
Fill in the blanks with suitable word or words

- i. Trial Balance is said to have agreed when its _____ are equal.
- ii. The agreement of Trial Balance is a proof of _____ accuracy of the ledger posting.
- iii. There is a _____ column and a _____ column for balances of accounts in a Trial Balance.
- iv. Cash in hand is written in the _____ column of the Trial Balance.

11.6 PROCESS OF LOCATING THE ERRORS

If an error exists in the books, it affects the accuracy of results of business operations revealed by the financial statements. Therefore, the errors must be located for rectification. The task of locating errors is, however not easy. The location of errors will be easier if the following steps are systematically taken.

- i. Check the total of the trial balance.
- ii. Compare the ledger account balances carried to the trial balance.
- iii. Verify the total of subsidiary books and their posting to ledger accounts.
- iv. Verify that all journal entries have been correctly posted to the different ledger accounts.
- v. If you find that you have an unbalanced trial balance, in other words the debits don't equal the credits, it indicates that some errors have been committed during the course of accounting process. Such errors have to be found and corrected. The first step in finding an error is to simply add the credit and debit columns again to verify your totals. If they still don't agree then subtract the smaller totals from the bigger and look for the missing amount in the smaller column. If you find it, you've found your error.
- vi. There are other standard techniques to track down an error in a trial balance. If the debits and credits are not equal, see if the numeral 2 divides equally the difference. If it does, look for an account, incorrectly in the column with the larger total that equals half the difference. If you find this, you've found your error.
- vii. Another technique is to use the numeral 9 to find a transposition error. If the numeral 9 divides evenly the difference between the credits and debits, you have a transposition error. Go back over your credit and debit entries to try to find your transposition error.

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S Firth Trial balance as at 31/12/2011		
	debits	credits
Petty cash	25	
Bank overdraft	4130	
Accounts receivable		4500
Land & buildings	30000	
Office equipment	1500	
Accounts payable	3700	
Mortgage	2000	
Drawings	800	
Salaries	8200	
Rent received	250	
Office expenses	1200	
Purchases	52000	
Sales		85000
Stock	3000	
Sales discount		250
Purchases returns	200	
Sales returns		350
Purchases discount	120	
Capital - S Firth		8345

Trial Balance & Accounting Errors

11.7 PREPARATION OF A TRIAL BALANCE

After recording all financial transactions in the subsidiary books and journal proper the same are posted into the ledger. The ledger accounts are then, balanced. The Balances of the ledger accounts are then transferred to the relevant columns of the trial balance to verify that the debits are equal to the credits. The trial balance is the next step in the accounting cycle. Trial balance is not an account. It is only a statement that lists the balances of ledger accounts including cash and bank balances. It is prepared on a particular date. It is prepared on a sheet with two amount columns for debit and credit balances. The accounts having debit balances are entered in the debit amount column and the accounts having credit balances are entered in the credit amount column. The sum of each column should be equal. It is actually the first step in the “end of the accounting period” process. In practice the trial balance is prepared with debit and credit balances of various accounts in the ledger along with balances in the cash book. The following is the format of a Trial Balance :

Trial Balance of (Name of the Firm) As on (Date of Preparation)

Name of the Account	Debit Balance Amount (₹)	Credit Balance Amount (₹)

It can be well understood with the help of the following example.

Example: Journalise the following transactions, post them into ledger, balance the accounts and prepare a trial balance :

Date	Particulars	Amount (₹)
2012		
May 1	Commission received	10,000
May 2	Rent paid	5,000
May 5	Interest received	6,000
May 7	Brokerage paid	2,000


Notes
Solution
JOURNAL

Dr.			Cr.	
Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2012				
May 1	Cash Account Dr. To Commission received Account (Being commission received)		10,000	10,000
May 2	Rent Account Dr. To Cash Account (Being rent paid)		5,000	5,000
May 5	Cash Account Dr. To Interest received Account (Being interest received)		6,000	6,000
May 7	Brokerage Account Dr. To Cash Account (Being brokerage paid)		2,000	2,000

Dr.			Rent Account				Cr.	
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)	
2012				2012				
May 2	To Cash A/c		5,000	May 31	By Balance c/d		5,000	
			5,000				5,000	
June 1	To Balance b/d		5,000					

Dr.			Commission Account				Cr.	
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)	
2012				2012				
May 31	To Balance c/d		10,000	May 01	By Cash A/c		10,000	
			10,000				10,000	
				June 1	Balance b/d		10,000	

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Trial Balance & Accounting Errors

Dr.				Interest Received Account				Cr			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)				
2012				2012							
May 31	To Balance c/d		6,000	May 5	By Cash		6,000				
			6,000				6,000				
				June 1	By Balance b/d		6,000				

Dr.				Brokerage Account				Cr			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)				
2012				2012							
May 7	To Cash		2,000	May 31	By Balance c/d		2,000				
			2,000				2,000				
June 1	To Balance b/d		2,000								

Dr.				Cash Account				Cr			
Date	Particulars	J.F.	Amount (₹)	Date	Particulars	J.F.	Amount (₹)				
2012				2012							
May 1	To Commission A/c		10,000	May 2	By Rent		5,000				
May 5	To Interest Received A/c		6,000	May 7	By Brokerage		2,000				
			16,000	May 31	By Balance c/d		9,000				
June 1	To Balance b/d		9,000				16,000				

Trial Balance as on 31st May 2012

Name of Account	Debit Balance (₹)	Credit Balance (₹)
Rent A/c	5,000	
Brokerage A/c	2,000	
Cash A/c	9,000	
Commission A/c		10,000
Interest Received A/c		6,000
Total	16,000	16,000

11.8 LIMITATIONS OF A TRIAL BALANCE

- i) As there are certain errors which are not disclosed by a trial balance. Therefore again it can be said that the agreement of a trial balance is not a conclusive proof of the accuracy of accounts.
- ii) A trial balance gives only condensed information of each account.

Trial Balance & Accounting Errors

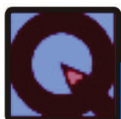
- iii) It does not give the information about the profit or loss made by the business in the accounting period.
- iv) If trial balance is not prepared accurately, the final accounts prepared from such a trial balance would not be reliable.
- v) It does not ensure that all the transactions have been actually recorded in the subsidiary books.
- vi) It is prepared only by those enterprises which make use of double entry system.

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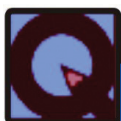
INTEXT QUESTIONS 11.3

Few errors have been committed in the books of Ram. State with reasons which errors would affect the trial balance.

- i. Sales ₹ 2500 to Shyam omitted from being recording in the books of accounts.
- ii. Purchase journal was overcast by ₹ 2000.
- iii. Sales journal was under cast by ₹ 3000
- iv. Amount paid to Anil wrongly posted to the debit of Sunil's account.
- v. Bank overdraft shown in the debit column in the trial balance.
- vi. Sales of ₹ 3000 to Rohtas entered in sales journal as sales to Ram.
- vii. Wages paid for installation of machine debited to wages account.

11.9 SUSPENSE ACCOUNT

When the trial balance does not agree, because of errors committed by the accountant during the accounting process and he decides to prepare the final accounts then the difference is written on the shorter column against an account called 'Suspense Account'. After wards the errors that affect the trial balance are rectified through the suspense account. Once all such errors are rectified the suspense account opened to artificially balance the trial balance will finally be balanced.



INTEXT QUESTIONS 11.4

I. Fill in the blanks with suitable word or words :

- i. If there is the error in totaling the Subsidiary Day Books, the totals of Trial Balance will _____.
- ii. The Trial Balance will not agree if there is an error in carrying out _____ from ledger.
- iii. Agreement of Trial Balance is not a _____ of the correctness of posting.

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- iv. When the total of the two columns of Trial Balance are not equal, the difference is put in _____ Account to make the Trial Balance agree.

II. Multiple Choice Questions

- i. Which of the following errors will not affect the Trial Balance.
- Wrong balancing of an account
 - Writing an amount in the wrong account but on the correct side
 - Wrong totaling of an account
 - None of the above
- ii. Which of the following is not the main objective of preparing a Trial Balance ?
- To check arithmetical accuracy
 - To prepare final accounts
 - To have comparative study of each account
 - To present trial balance in court as a proof of transaction
- iii. Which of the following errors will affect the Trial Balance?
- Repairs to buildings have been debited to building account
 - The total of purchases journal is Rs. 10,000 short
 - Carriage paid on new machinery has been debited to the carriage account.
 - None of the above
- iv. Which of the following errors will be disclosed by Trial Balance?
- Error of complete omission
 - Wrong casting
 - Compensating error
 - Error of Principles
- v. Which of the following errors will not be disclosed by Trial Balance?
- Error of complete omission
 - Posting of wrong amount
 - Posting an amount twice in an account
 - Posting to the wrong side of an account

**WHAT YOU HAVE LEARNT**

- It is necessary to prepare a Trial Balance before preparing the final accounts. It verifies the arithmetical accuracy of the books of accounts.

Trial Balance & Accounting Errors

- When a Trial Balance does not tally, it means there are errors in books of account. A series of steps are taken to locate such errors.
- There are certain errors which affect the Trial Balance and there are some which do not.
- Errors of principle, errors of complete omission, certain errors of commission in subsidiary books, and the compensating errors are not disclosed by the Trial Balance.
- The limitations of a trial balance are that it does not give the information about the profit or loss made by the business in the accounting period and trial balance gives only condensed information in a summary form for each account.
- **Errors :**
 - **Compensating Errors :** A group of errors wherein the effect of an error is counter-balanced (or compensated) by the effect of one or more errors, as a result of which the agreement of Trial Balance remains unaffected.
 - **Errors of Principle :** An error committed by ignoring or misapplying some principle of accounting while recording a transaction in the books of account.
 - **Errors of Complete Omission :** When a transaction is completely omitted from being recorded in the books of accounts the resultant errors are called errors of complete omission.
 - **Errors of Partial Omission :** When transaction is partly omitted from being recorded in the books of accounts the resultant errors are errors of partial omission.
 - **Errors of Commission :** A clerical error committed by the accountant while recording or posting of a transaction is called error of commission.



TERMINAL EXERCISE

1. Why do you consider Trial Balance as a test of the arithmetical accuracy of the books of accounts? List the errors that will be disclosed by the Trial Balance.
2. If the Trial Balance does not tally, it means there are some errors in books of accounts. State the procedure of locating errors.
3. State the limitations of Trial Balance.
4. Is the Trial Balance a conclusive proof of the accuracy of the books of accounts? Discuss the errors not disclosed by the Trial Balance.

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Ledger and Trial Balance



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Ledger and Trial Balance



Notes

Trial Balance & Accounting Errors

5. Explain with examples the different types of errors that are usually committed in recording of transactions?
6. What do you mean by Trial Balance? Discuss the objectives of preparing a Trial Balance.
7. What is a Suspense Account? What does its appearance in Trial Balance indicate?
8. Prepare a Trial Balance of M/s Jai Jawan Jai Kisan Enterprises as on 31.12.2012 from the following balances.

Account	Amount ₹	Account	Amount ₹
Cash in hand	31,000	Sales A/c	76,000
Cash at Bank	12,000	Opening Stock	10,000
Capital A/c	80,000	Rent A/c	2,000
Drawings A/c	28,000	Wages A/c	6,000
Debtors A/c	20,800	Carriage Inward A/c	500
Creditors A/c	17,800	Machine A/c	1,500
Purchases A/c	62,000		
Closing Stock	5,000		

9. Prepare a Trial Balance as on 31.3.2013 from the following balances :

Account	Amount ₹
Cash in Hand	3,200
Cash at Bank	12,600
Capital A/c	27,450
Furniture A/c	12,300
Building A/c	15,000
Wages A/c	3,500
Sales A/c	20,000
Rent A/c	250
Bank Charges A/c	400
Depreciation A/c	200



ANSWER TO INTEXT QUESTIONS

- 11.1** (i) correct (ii) incorrect (iii) incorrect (iv) correct (v) incorrect
- 11.2** (i) debit and credit totals (ii) airthmatic (iii) debit, credit
(iv) debit
- 11.3** Errors ii), iii) and v) would affect the trial balance.

Trial Balance & Accounting Errors

- 11.4 I. (i) not agree (ii) balance (iii) proof (iv) suspense
 II. (i) b (ii) d (iii) b (iv) b (v) a.



ANSWER TO TERMINAL EXERCISE

8. Total of Trial Balance ₹ 1,73,800.
 9. Total of Trial Balance ₹ 47,450.

ACTIVITY FOR YOU

- Ask your parents regarding the various expenditure and income of a particular month, pass journal entries for the same and then post them in the ledger. After closing the ledger accounts find the balances and prepare a trial balance, which should be tallied, so as to ensure that the books of accounts prepared by you are arithematically correct.

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Notes

Mukta Vidya Vani



Mukta Vidya Vani is a pioneering initiative of the National Institute of Open Schooling (NIOS) for using Streaming Audio for educational purposes. This application of ICT will enhance accessibility as well as quality of programme delivery of NIOS Programmes. This is a rare accomplishment of NIOS as the first Open and Distance Learning Institute to start a two way interaction with its learners, using streaming audio and the internet.

Keeping in mind the fact that the transmission is done through the web, the NIOS website (www.nios.ac.in) has a link that will take any user to the Mukta Vidya Vani. Mukta Vidya Vani thus enables a two way communication with any audience that has access to an internet connection, from the studio at its Headquarters in NOIDA, where NIOS has set up a state-of-art studio, which will be used for this purpose as well as for recording educational audio programmes meant for NIOS learners, though others can also take advantage of this facility.

Mukta Vidya Vani is a modern interactive, participatory and cost effective programme, involving an academic perspective along with the technical responsibilities of production of audio and video programmes, which are one of the most important components of the multi channel package offered by the NIOS. These programmes will attempt to present the topic/ theme in a simple, interesting and engaging manner, so that the learners get a clear understanding and insight into the subject matter.

NIOS has launched a scheme to motivate the learners to participate in the Mukta Vidya Vani by sending their Audio CD's to the respective regional centre on various subjects such as-

1. Poetry / Shloka recitation
2. Story telling
3. Radio Drama
4. Music
5. Talks on various topic related to the NIOS curriculum including Painting, Vocational Subjects etc.
6. Quiz
7. Mathematics puzzles etc.

The selected CD can be webcast on Mukta Vidya Vani and the winner participant be rewarded suitably.

Learners may visit the NIOS website and participate in live programmes from 2pm to 5pm on all week days and from 10.30am to 12.30pm on Saturdays, Sundays and all Public Holidays. The Subject Experts in the Studio will respond to their telephonic queries during this time. A weekly schedule of the programmes for webcast is available on the NIOS website. The Studio telephone number are 0120-4626949 and Toll Free No. 1800-180-2543.



MODULE - IV

Maximum Marks

12

Hours of Studies

32

Depreciation, Provisions and Reserves

This module will help the learners to understand the methods of spreading the cost of fixed assets throughout their working life using the concept of Depreciation. They will also be able to describe the need and importance of creating Provisions and Reserves.

- Lesson 12** : **Depreciation**
Lesson 13 : **Provisions and Reserves**