

# What is a Trial Balance?

## Worksheet

A trial balance is a list of all ledger account balances split into debit and credit columns; if total debits equal total credits, the books are arithmetically balanced.

## Questions

1. What must be true for a trial balance to balance?

- A) Total assets equal total liabilities
- B) Total debits equal total credits
- C) Revenue equals expenses
- D) Cash equals net income

2. Which error will NOT be caught by a trial balance?

- A) A debit posted as a credit
- B) An unequal debit and credit posting
- C) Recording a transaction in the wrong account (correct amount, correct side)
- D) Only posting one side of an entry

3. Where does Accounts Payable normally appear on a trial balance?

- A) Debit column
- B) Credit column
- C) Both columns
- D) Neither column

4. When is a trial balance typically prepared?

- A) Only at company formation
- B) Before closing the books, at period end
- C) Only when the company is audited
- D) Only for tax filing

5. A company's ledger shows: Cash \$12,000 (Dr), Accounts Receivable \$8,000 (Dr), Accounts Payable \$5,000 (Cr), Capital \$15,000 (Cr). Does the trial balance balance?

6. After posting, total debits are \$84,500 and total credits are \$82,300. What is the correction needed?

7. A \$1,000 credit sale was posted as a \$100 debit to Accounts Receivable by mistake (a transposition). How does this affect the trial balance?

8. Define: What is a trial balance?

9. Define: When is a trial balance prepared?

10. Define: Does a balanced trial balance guarantee no errors?

## Answer Key

1. B) Total debits equal total credits - A trial balance checks that the sum of debit balances equals the sum of credit balances.
2. C) Recording a transaction in the wrong account (correct amount, correct side) - A transaction posted to the wrong account but with equal, correctly-sided debit and credit still balances - the trial balance can't detect this error of principle.
3. B) Credit column - Liabilities carry a normal credit balance.
4. B) Before closing the books, at period end - It's a routine end-of-period check before financial statements are drawn up.
5. Total debits = 12,000 + 8,000 = 20,000 Total credits = 5,000 + 15,000 = 20,000 Debits = Credits the trial balance balances.
6. Difference = 84,500 - 82,300 = 2,200 Search for a \$2,200 error (omitted or transposed entry) Correct and re-total until both columns are equal.
7. Correct debit should be \$1,000, but only \$100 was posted Total debits are understated by \$900 The trial balance will NOT balance until the \$900 difference is found and fixed.
8. A report listing all ledger accounts and their balances in debit/credit columns to check that debits equal credits.
9. At the end of an accounting period, before adjusting entries and financial statements.
10. No - errors of omission, commission, or compensating errors can exist even when debits equal credits.

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