

few reasons. why errors occur are listed below. (11)

- Mistake while transferring balance amount to trial balance.
- Error while balancing an account. Sometimes, a wrong amount is posted in the account.
- When an entry is made in wrong column, debit instead of credit and vice versa.
- Mistake made in casting of the Journal.
- The debit column of the trial balance is incorporated with balances of accounts such as Assets, Expense accounts, Drawing account, Cash balance, Any losses.
- The Credit column of the trial balance is filled with balances such as:— liabilities, Income accounts, Capital account, profits.

Limitation of a trial balance

Trial balance only confirms that the total of all debit balances match the total of all credit balances. Trial balance totals may agree in spite of errors. An example would be an incorrect debit entry being offset by an equal credit entry. Likewise a trial balance gives no proof that certain transactions have not been recorded at all because in such a case, both debit and credit sides of a transaction would be omitted causing the trial balance totals to still agree. ~~Types of accounting errors and their effect on trial~~

Example,

ABC Ltd

(12)

Trial Balance as at 31 dec 2019

Account Title	Debit (₹)	Credit (₹)
Share Capital		15000
furniture & fixture	5000	
Building	10000	
Creditor		5000
Debtors	3000	
Cash	2000	
Sales		10000
Cost of Sales	8000	
General and Administration Expense	2000	
Total	30,000	30,000

- * Title provided at the top shows the name of the entity and accounting period end for which the trial balance has been prepared.
- * Account title shows the name of the accounting ledgers from which the balances have been extracted.
- * Balances relating to assets and expenses are presented in the left column (debit side) whereas those relating to liabilities, income and equity are shown on the right column (credit side).
- * The sum of all debit and credit balances are shown at the bottom of the respective columns.