

Distinguish, differentiate, compare and explain what is the difference between the Trial Balance and Balance Sheet. Comparison and Differences.

## Differences between Trial Balance and Balance Sheet

S.No.	Basis of difference	Trial Balance	Balance Sheet
1	Meaning	Trial Balance showing the equality of both column i.e. Debit and Credit.	Balance Sheet showing the financial position of an entity.
2	Purpose	It is prepared to authenticate the arithmetical accuracy of recording and posting of all business transaction.	It is prepared to show the true or fair financial position of an entity.
3	Accounts Included	It includes all type of accounts. i.e. Real, Personal and Nominal accounts.	It includes only two type of accounts. i.e. Real and Personal accounts.
4	Dependency	The trial balance is dependent on the ledger account and subsidiary books not on the balance sheet.	The balance sheet is prepared from the trial balance but it also can be prepared from ledger accounts.
5	Net Profit/ Loss	Trail balance does not contain any information about Net profit/loss.	Balance Sheet does provide information about net Profit/loss for the year under the head of capital.
6	Time of Preparation	It is prepared before preparation of Financial Statements.	It is prepared after preparing trading and Profit&Loss account.
7	Uses	It has internal use only.	It has internal as well as external use.
8	Financial Statements	The trial balance is not a part of the financial statement but it is the base of financial statements.	The balance sheet is the part of financial statements.