

Chart of Difference between the Trial Balance and Balance Sheet

Basis of Difference	Trial Balance	Balance Sheet
Meaning	Trial Balance showing the equality of both column i.e. Debit and Credit.	Balance Sheet showing the financial position of an entity.
Object	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.
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
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.
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.
Necessity	The trial balance is summary of all ledger account balance. It is not necessary to prepare by any act or law. We have prepared it to simplify our process of preparing Financial Statements.	The balance sheet is necessary to prepare by law.
Classification of Accounts	In trial Balance, all accounts are classified into two categories the accounts with the debit balance and the accounts with the Credit balance.	In Balance Sheet, only personal and real accounts are classified into the balance of assets, liabilities and capital.
Time of Preparation	It is prepared before preparation of Financial Statements.	It is prepared after preparing trading and Profit&Loss account.
Effect of Adjusted entries	The trial balance is prepared before any adjustments.	The Balance sheet is prepared after all adjustments.
Name of heading	Debit balance and Credit Balance	Assets and Liabilities(In horizontal form)
Information about Stock or inventories	In the trial balance, Information is provided only for opening stock.	In the Balance Sheet, Information is provided only for cLosing stock.
Uses	It has internal use only.	It has internal as well as external use.
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.