Therefore, a trial balance refers to the list of debit and credit balances extracted from the ledger accounts

When the trial balance is prepared, the total debits must equal to the total credits i.e. the trial balance must agree

However if it fails to balance or does not agree, then we say the trial balance has detected some errors and these errors include:

a. Arithmetic errors
b. Errors of noncompliance to the principle of double entry (single entry errors)

Arithmetic errors: These are errors that arises when there is wrong addition and subtraction of figures in the ledgers

Errors of noncompliance to the principle of double entry (single entry errors): These arise when transactions are recorded only once.

When the trial balance balances or agrees, it may not necessarily mean that no errors are made. This is because there are some errors that do not affect the agreement of trial balance. These errors include:

i. **Error of original entry.** This is an error that arises when a wrong amount is recorded in the source document. It means that the same wrong amount will be journalized, posted to the ledger and trial balance will agree.
ii. **Error of commission.** This is an error that occurs when correct amount is recoded in to wrong person's account.
iii. **Error of complete reversal of entry.** This is an error that arises when correct amounts are recorded on wrong sides of accounts i.e. when an account that is to be credited is debited likewise when an account that is to be debited is credited
iv. **Error of omission.** This is a transaction that occurs and it's not recoded anywhere.
v. **Error of principle.** This is when transaction is recoded in wrong class of account e.g. recording purchase of builder in to the purchase account.
vi. **Compensating error.** This is an error which occurs when two equal or opposite errors cancel out in the trial balance i.e. when wrong amount is recorded in one account and by coincidence an error of the same magnitude is made in another account it cancels out the other.

   Eg if the cash account is under cashed by 1000 shillings and the sales A/c is also under stated by same amount 1000 the error will cancel out in the trial balance.
vii. **Error of transposition.** This arises when the positions or the order of figures are changed. For example instead of entering the correct amount UGX.37,453,600, the cashier can enter UGX.37,543,600, transposing 5 & 4