

Trial Balance in Accounting using Totals Method

Definition: A trial balance is a bookkeeping worksheet in which the balances of all ledgers are compiled into debit and credit account column totals that are equal. A trial balance is prepared periodically, usually at the end of an accounting period, as a part of the closing process.

Methods for Preparation of a Trial Balance

There are three primary methods for preparing a trial balance in accounting:

- (i) Totals Method
- (ii) Balances Method
- (iii) Totals-cum-balances Method

Totals method:

Under this method, total of each side in the ledger (debit and credit) is ascertained separately and shown in the trial balance in the respective columns. The total of debit column of trial balance should agree with the total of credit column in the trial balance because the accounts are based on double entry system. However, this method is not widely used in practice, as it does not help in assuming accuracy of balances of various accounts and preparation of the financial statements.

Steps to Prepare a Trial Balance Using the Total Method

The total method involves listing all the debit and credit totals from the individual ledger accounts. Here's a step-by-step guide to prepare a trial balance using this method:

1. **List All Ledger Accounts:**
 - Identify and list all the ledger accounts involved.
2. **Record Debit Totals:**
 - For each ledger account, record the total debit amount in the trial balance's debit column.
3. **Record Credit Totals:**
 - For each ledger account, record the total credit amount in the trial balance's credit column.
4. **Include Cash Book Totals:**
 - Include the totals from the cash book. Ensure that both debit and credit entries are recorded.
5. **Ensure Accuracy:**



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○ Double-check the totals from each ledger account to ensure accuracy before recording them in the trial balance.

6. Calculate Total Debits and Credits:

○ Sum up the totals in the debit column and the credit column separately.

7. Verify Totals:

○ Ensure that the total of the debit column matches the total of the credit column. If not, identify and correct any discrepancies.

8. Add Suspense Account (if needed):

○ If the totals do not match, a suspense account can be temporarily used to balance the trial balance. The discrepancies should be investigated and resolved promptly.

Solved Question

Question: Below are the extracts from the books of MNO Ltd. as on February 28, 2023. Prepare the Trial Balance Using the Balance Method.



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Cash Book Extracts

Date	Particulars	Debit (Rs.)	Credit (Rs.)
01 Feb 2023	Opening Balance	20,000	
05 Feb 2023	Cash Sales	10,000	
15 Feb 2023	Payments to Suppliers		5,000
20 Feb 2023	Rent Payment		2,000
25 Feb 2023	Cash Receipt from Customer	8,000	
28 Feb 2023	Bank Deposit		3,000

Ledger Extracts

1. Sales Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
05 Feb 2023	Cash		10,000

2. Purchases Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
15 Feb 2023	Cash	5,000	

3. Bank Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
28 Feb 2023	Cash	3,000	

4. Rent Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
20 Feb 2023	Cash	2,000	

5. Capital Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
01 Feb 2023	Opening Balance		20,000



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Solution:

1. List All Ledger Accounts:

Name of Account	Debit Total (Rs.)	Credit Total (Rs.)
Cash	38,000	10,000
Sales		10,000
Purchases	5,000	
Bank	3,000	
Rent	2,000	
Capital		20,000

Calculate Total Debits and Credits:

- Total Debit: 38,000 (Cash) + 5,000 (Purchases) + 3,000 (Bank) + 2,000 (Rent) = 48,000
- Total Credit: 10,000 (Cash) + 10,000 (Sales) + 20,000 (Capital) = 40,000

Add Suspense Account of Rs 8000

Adjustments:

- Add a suspense account with Rs. 8,000 on the credit side to balance the trial balance.

Final Trial Balance:

Name of Account	LF	Debit Total (Rs.)	Credit Total (Rs.)
Cash		38,000	10,000
Sales			10,000
Purchases		5,000	
Bank		3,000	
Rent		2,000	
Capital			20,000
Suspense Account			8,000
Total		48,000	48,000

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Assignment on Trial Balance using Totals Method

Ques 1: Below are the extracts from the books of **ABC Enterprises** as on March 31, 2023. Prepare the Trial Balance Using the Balance Method.

Cash Book Extracts

Date	Particulars	Debit (Rs.)	Credit (Rs.)
01 Mar 2023	Opening Balance	15,000	
10 Mar 2023	Cash Sales	12,000	
15 Mar 2023	Payment to Suppliers		6,500
20 Mar 2023	Wages Payment		4,500
25 Mar 2023	Cash Receipt from Debtors	7,000	
31 Mar 2023	Cash Deposited into Bank		5,000

Ledger Extracts

1. Sales Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
10 Mar 2023	Cash		12,000

2. Purchases Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
15 Mar 2023	Cash	6,500	

3. Bank Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
31 Mar 2023	Cash	5,000	

4. Wages Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
20 Mar 2023	Cash	4,500	

5. Capital Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
01 Mar 2023	Opening Balance		15,000

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Ques 2: Below are the extracts from the books of XYZ Corporation as on September 30, 2023. Prepare the Trial Balance Using the Balance Method.

Cash Book Extracts			
Date	Particulars	Debit (Rs.)	Credit (Rs.)
01 Sep 2023	Opening Balance	18,000	
05 Sep 2023	Cash Sales	9,000	
12 Sep 2023	Payment to Creditors		8,000
15 Sep 2023	Salaries Payment		6,000
20 Sep 2023	Cash Receipt from Customers	11,000	
25 Sep 2023	Cash Withdrawal from Bank		4,000

Ledger Extracts			
1. Sales Account			
Date	Particulars	Debit (Rs.)	Credit (Rs.)
05 Sep 2023	Cash		9,000
2. Purchases Account			
Date	Particulars	Debit (Rs.)	Credit (Rs.)
12 Sep 2023	Cash	8,000	
3. Bank Account			
Date	Particulars	Debit (Rs.)	Credit (Rs.)
25 Sep 2023	Cash	4,000	
4. Salaries Account			
Date	Particulars	Debit (Rs.)	Credit (Rs.)
15 Sep 2023	Cash	6,000	
5. Capital Account			
Date	Particulars	Debit (Rs.)	Credit (Rs.)
01 Sep 2023	Opening Balance		18,000

Question 3: Below are the extracts from the books of PQR Ltd. as on November 30, 2023. Prepare the Trial Balance Using the Balance Method.

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Cash Book Extracts

Date	Particulars	Debit (Rs.)	Credit (Rs.)
01 Nov 2023	Opening Balance	25,000	
07 Nov 2023	Cash Sales	14,000	
13 Nov 2023	Payment to Suppliers		10,000
17 Nov 2023	Rent Payment		3,500
23 Nov 2023	Cash Receipt from Customers	12,000	
30 Nov 2023	Cash Deposit into Bank		8,000

Ledger Extracts

1. Sales Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
07 Nov 2023	Cash		14,000

2. Purchases Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
13 Nov 2023	Cash	10,000	

3. Bank Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
30 Nov 2023	Cash	8,000	

4. Rent Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
17 Nov 2023	Cash	3,500	

5. Capital Account

Date	Particulars	Debit (Rs.)	Credit (Rs.)
01 Nov 2023	Opening Balance		25,000



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Ques 4: Prepare the trial balance for the following information:

Prepare a Trial Balance with the following information:

Sr. No	Name of Account	Balance (₹)	Sr. No	Name of Account	Balance (₹)
(i)	Capital	2,00,000	(ii)	Stock	70,000
(iii)	Cash	1,80,000	(iv)	Debtors	3,00,000
(v)	Creditors	1,00,000	(vi)	Bank Loan	1,50,000
(vii)	Sales	3,00,000	(viii)	Purchases	2,00,000

Ques 5: Prepare the trial balance for the following information:

Prepare a Trial Balance for Shining Brothers Pvt. Ltd. at March 31st, 2017?

Description	Amount	Description	Amount	Description	Amount
Bank Loan	Rs. 14,000	Insurance Expense	Rs. 7,300	Equipments	Rs. 40,000
Marketable Security	6,500	Owner's Investments	95,000	Maintenance Exp.	5,000
Bill Payable	1,000	Rent & Rates Expense	400	Miscellaneous Expenses	4,800
Unearned Revenue	3,500	Acc. Dep. _ Equipments	14,000	Accrued Expenses	1,500
Sundry Debtors	12,000	Accrued Revenue	15,000	Dep. Exp. _ Equipments	2,000
Outstanding Salaries	2,500	Machinery	25,000	Unexpired Insurance	8,500
Prepaid Rent	2,000	Drawings	3,500	Vendor's Payables	500

Ques 6: Prepare the trial balance for the following information:

Prepare Trial Balance of M/s Multiplying enterprise as on 31st December, 2014.

Accounts	Balances (₹)	Accounts	Balances (₹)
Cash in hand	2,500	Debtors	18,200
Cash at Bank	14,500	Creditors	16,600
Capital	70,000	Opening stock	8,700
Drawing	9,000	Wages	6,700
Purchases	60,000	Rent	5,000
Sales	82,000	Salary	8,400
Machine	35,000	Bills Payable	11,400
Furniture	12,000		

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Ques 7: Prepare the trial balance for the following information:

	₹		₹
Capital Accounts	1,25,000	Sales	1,54,500
Furniture and Fittings	6,400	Bank (Cr. Balance)	28,500
Motor Car	62,500	Purchase Returns	1,250
Buildings	75,000	Commission (Cr.)	3,750
Total Debtors	38,000	Sales Return	2,000
Total Creditors	25,000	Advertisement	2,500
Bad Debts	1,250	Interst Account (Dr.)	1,180
Stock (1st April 2017)	34,600	Cash Balance	6,500
Purchases	54,750	Insurance and Tax	12,500
Input IGST A/c	3,000	Salaries	40,820
Input IGST A/c	1,500	Output SGST A/c	1,500

Ques 8: Prepare the trial balance for the following information:

Name of the Account	Amount(₹)	Name of the Account	Amount(₹)
Opening Stock	20,000	Rent	1,200
Furniture	6,000	Bills Payable	2,500
Purchases	85,000	Salaries	5,700
Machinery	62,000	Cash	5,220
Purchase Returns	5,000	Advertisement	880
Debtors	36,000	Bank Overdraft	10,000
Sales	1,60,000	Commission Received	1,440
Creditors	12,750	Interest on Bank Overdraft	1,800
Sales Returns	6,200	Discount (Cr.)	710
Bills Receivables	4,600	Capital	50,000
Drawings	7,800		

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