

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

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**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**

**Ques:** From the following ledger accounts of Rohan Bros prepare Trial Balance by Total Method:

**Ledger Accounts**

Dr.				Capital Account				Cr.			
Date	Particulars	JF	Amount ₹	Date	Particulars	JF	Amount ₹				
Apr 30	To Balance c/d		10,000	Apr 1	By Cash A/c		10,000				
				May 1	By Balance b/d		10,000				

Dr.				Cash Account				Cr.			
Date	Particulars	JF	Amount ₹	Date	Particulars	JF	Amount ₹				
Apr 1	To Capital A/c		10,000	Apr 3	By Bank A/c		6,000				
Apr 15	To Gupta A/c		625	Apr 12	By Mahavir A/c		990				
				Apr 20	By Furniture A/c		300				
				Apr 30	By Balance c/d		3,335				
			10,625				10,625				
May 1	To Balance b/d		3,335								

Dr.				Purchases Account				Cr.			
Date	Particulars	JF	Amount ₹	Date	Particulars	JF	Amount ₹				
Apr 5	To Mahavir A/c		1,500								

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Dr.				Bank Account				Cr.			
Date	Particulars	JF	Amount ₹	Date	Particulars	JF	Amount ₹				
Apr 3	To Cash A/c		6,000	Apr 22	By Drawings A/c		600				
				Apr 30	By Rent A/c		200				
				Apr 30	By Balance c/d		5,200				
			6,000				6,000				
May 1	To Balance b/d		5,200								

Dr.				Mahavir Account				Cr.			
Date	Particulars	JF	Amount ₹	Date	Particulars	JF	Amount ₹				
Apr 12	To Cash A/c		990	Apr 5	By Purchases A/c		1,500				
Apr 12	To Discount Received A/c		10								
Apr 12	To Balance c/d		500								
			1,500				1,500				
				May 1	By Balance b/d		500				

Dr.				Sales Account				Cr.			
Date	Particulars	JF	Amount ₹	Date	Particulars	JF	Amount ₹				
				Apr 9	By Gupta A/c		650				

Dr.				Gupta Account				Cr.			
Date	Particulars	JF	Amount ₹	Date	Particulars	JF	Amount ₹				
Apr 15	To Sale A/c		650	Apr 9	By Cash A/c		625				
				Apr 15	By Discount Allowed A/c		25				
			650				650				

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Dr. Furniture Account				Cr.			
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
Apr 20	To Cash A/c		300	Apr 30	By Balance c/d		300
May 1	To Balance b/d		300				

Dr. Discount Allowed Account				Cr.			
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
Apr 15	To Gupta's A/c		25				

Dr. Discount Received Account				Cr.			
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
				Apr 12	By Mahavir's A/c		10

Dr. Drawings Account				Cr.			
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
Apr 22	To Bank A/c		600	Apr 30	By Balance c/d		600
May 1	To Balance b/d		600				

Dr. Rent Account				Cr.			
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
Apr 30	To Bank A/c		200				

Dr. Salary Account				Cr.			
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
Apr 30	To O/S Salary A/c		300				

Dr. Outstanding Salary Account				Cr.			
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
				Apr 30	By Salary A/c		300

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**Solution:**

Trial Balance of Rohan Bros as on April 30		
Name of Account	Debit Total (₹)	Credit Total (₹)
Capital Account		10,000
Cash Account	10,625	7,290
Purchases Account	1,500	
Bank Account	6,000	800
Mahavir Account	1,000	1,500
Sales Account		650
Furniture Account	300	
Discount Allowed A/c	25	
Discount Received A/c		10
Drawings Account	600	
Rent Account	200	
Salary Account	300	
Outstanding Salary A/c		300
<b>Total</b>	<b>20,550</b>	<b>20,550</b>

**Assignment on Trial Balance using Totals Method**

**Ques 1:** From the following ledger accounts of ABC Enterprises prepare Trial Balance by Total Method. [Hint: Total of Debit and Credit side is 1,25,000]  
Kamlesh Ledger Amount will not be recorded in trial balance as it both side are equal

Dr.				Cr.			
Cash Account							
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
1-Mar	To Capital A/c		60,000	2-Mar	By Furniture A/c		10,000
				4-Mar	By Purchases A/c		25,000
				10-Mar	By Kamlesh		15,000
				18-Mar	By Purchases A/c		8,000
				20-Mar	By Rent A/c		1,000
				31-Mar	By Balance c/d		1,000
	<b>Total</b>		<b>60,000</b>		<b>Total</b>		<b>60,000</b>
1-Apr	To Balance b/d		1,000				

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Dr.				Cr.			
Purchase Account							
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
4-Mar	To Cash A/c		25,000				
5-Mar	To Kamlesh		15,000				
16-Mar	To Sohan		6,000				
18-Mar	To Cash A/c		8,000				

Dr.				Cr.			
Kamlesh Account							
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
10-Mar	To Cash A/c		15,000	5-Mar	By Purchases A/c		15,000
			15,000				15,000

Dr.				Cr.			
Sohan Account							
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
31-Mar	To Balance c/d		6,000	16-Mar	By Purchases A/c		6,000
				1-Apr	By Balance b/d		6,000

Dr.				Cr.			
Capital Account							
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
31-Mar	To Balance c/d		60,000	1-Mar	By Cash A/c		60,000
				1-Apr	By Balance b/d		60,000

Dr.				Cr.			
Furniture Account							
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
2-Mar	To Cash A/c		10,000	31-Mar	By Balance c/d		10,000
1-Apr	By Balance b/d		10,000				

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Dr.				Cr.			
Rent Account							
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
2-Mar	To Cash A/c		1,000	31-Mar	By Balance c/d		1,000
1-Apr	By Balance b/d		1,000				

**Ques 2:** From the following ledger accounts of Nari Shakti Enterprises prepare Trial Balance by Total Method. [Hint: Total of Debit and Credit side is 87,150]  
**Hari Ledger Amount will not be recorded in trial balance as it both side are equal.**

Dr.				Cr.			
Cash Account							
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
Jan 6	To Sales A/c		36,000	Jan 27	By Salary A/c		1,200
Jan 14	To Hari		18,000	Jan 29	By Drawings A/c		4,000
Jan 26	To Commission Rec.		750	Jan 30	By Wages A/c		7,200
Jan 28	To Hari		12,000	Jan 30	By Machinery A/c		8,000
				Jan 31	By Balance c/d		46,350
			66,750				66,750
1-Feb	To Balance b/d		46,350				

Dr.				Cr.			
Hari Account							
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
Jan 8	To Sales A/c		30,000	Jan 14	By Cash A/c		18,000
				Jan 28	By Cash A/c		12,000
			30,000				30,000

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Dr. Sales Account				Cr.			
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
				Jan 6	By Cash A/c		36,000
				Jan 8	By Hari		30,000

Dr. Salary Account				Cr.			
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
Jan 27	To Cash A/c		1,200				

Dr. Commission Received Account				Cr.			
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
				Jan 26	By Cash A/c		750

Dr. Wages Account				Cr.			
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
Jan 30	To Cash A/c		7,200				

Dr. Drawings Account				Cr.			
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
Jan 29	To Cash A/c		4,000	Jan 31	By Balance c/d		4,000
Feb 1	To Balance b/d		4,000				

Dr. Machinery Account				Cr.			
Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
Jan 30	To Cash A/c		8,000	Jan 31	By Balance c/d		8,000
Feb 1	To Balance b/d		8,000				

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