

# Chapter 3 – TRIAL BALANCE

## Methods of Preparing Trial Balance

1. **Totals Method:** Record total debits and credits from each ledger account. Totals must match to confirm accuracy.

Trial Balance of ----- As on --/--/---

S.No	Particular (Name of Ledger Account)	L.F	Dr. Total ₹	Cr. Total ₹
	Total:		XXXX	XXXX

2. **Balance Method:** Record only the ending balances (debit or credit). Simplifies by listing only accounts with balances.

Trial Balance of ----- As on --/--/---

S.No	Particular (Name of Ledger Account)	L.F	Dr. Balance ₹	Cr. Balance ₹
	Total:		XXXX	XXXX

3. **Compound Method:** Combines totals and balances for each account. Totals must match for both columns.

Trial Balance of ----- As on --/--/---

S.No	Particular (Name of Ledger Account)	L.F	Dr. Total ₹	Cr. Total ₹	Dr. Balance ₹	Cr. Balance ₹
	<b>Total:</b>		<b>XXXX</b>	<b>XXXX</b>	<b>XXXX</b>	<b>XXXX</b>

Section	Details
<b>Types of Accounts &amp; Their Balances</b>	<ul style="list-style-type: none"> <li>- <b>Personal Accounts (Debtors):</b> Debit</li> <li>- <b>Personal Accounts (Creditors):</b> Credit</li> <li>- <b>Real Accounts (Assets):</b> Debit</li> <li>- <b>Nominal Accounts (Expenses):</b> Debit</li> <li>- <b>Nominal Accounts (Incomes):</b> Credit</li> <li>- <b>Valuation Accounts (Provisions/Reserves):</b> Credit</li> </ul>
<b>Treatment of Closing Stock</b>	<ul style="list-style-type: none"> <li>- Shown as a footnote in trial balance unless adjusted.</li> <li>- <b>Appears in trial balance when:</b> <ul style="list-style-type: none"> <li>a) Gross Profit/Loss or Trading A/c is included</li> <li>b) Adjusted purchases are shown</li> <li>c) COGS is shown</li> </ul> </li> </ul>
<b>Suspense Account</b>	<ul style="list-style-type: none"> <li>- Used when trial balance doesn't match due to unidentified errors.</li> <li>- No specific account type (not real, personal, or nominal).</li> <li>- Marked in red ink.</li> <li>- Eliminated once errors are corrected.</li> </ul>