

## How To Fix An Out Of Balance General Ledger

There are two ways the General Ledger gets out of balance. The following options will help you determine which way your General Ledger is out of balance and how to fix it.

**“Debits” do not equal “Credits”.** The first way you can see that your General Ledger is out of balance is where the **“Debits” do not equal the “Credits”**. You can see this on a Trial Balance report (must be run for all accounts) where the Debit Column report total does not equal the Credit Column Report total. You can also see where the debits do not equal the credits on a General Ledger Detail report or a General Ledger Detail by Source report.

See below:

The screenshot shows a window titled "Trial Balance" with a sub-header "abc demo data". The report title is "TRIAL BALANCE FOR PERIOD ENDING 09/31/03". The table below shows account numbers, descriptions, and debit/credit amounts. The report total for debits is 3,735,082.32 and for credits is 3,735,072.32, with a note indicating the report is not in balance.

ACCOUNT NUMBER	DESCRIPTION	DEBIT	CREDIT
	OTHER INCOME & EXPENSE:	2,207.29	79,178.37
	PROVISION FOR INCOME TAXES		
990-00-00	Provision for income taxes	67,050.00	
	REPORT TOTAL:	3,735,082.32	3,735,072.32

\*\* TRIAL BALANCE REPORT NOT IN BALANCE \*\*

(Note the above Trial Balance report is run to show Ending Balances only.)

The screenshot shows a window titled "Trial Balance" with a detailed report. The table below shows account numbers, descriptions, and debit/credit amounts. The report total for debits is 747,854.84 and for credits is 747,854.84, but the beginning balance column shows a total of 10.00, indicating an out-of-balance condition.

ACCOUNT NUMBER	DESCRIPTION	DEBIT	CREDIT	DEBIT	CREDIT
950-01-04	Discounts earned	5,684.59CR	2,528.09	8,212.68CR	
950-02-04	Discounts allowed	.00	2,207.29	2,207.29	
955-00-04	Interest income	27,727.76CR	7,514.92	35,242.68CR	
960-00-04	Miscellaneous	106,144.85CR	70,421.84	35,723.01CR	
	OTHER INCOME & EXPENSE:	139,557.20CR	72,629.13	10,043.01	76,971.08CR
	PROVISION FOR INCOME TAXES				
990-00-00	Provision for income taxes	67,050.00	.00	67,050.00	
	REPORT TOTAL:	10.00	747,854.84	747,854.84	10.00

\*\* TRIAL BALANCE REPORT NOT IN BALANCE \*\*

The above Trial Balance report was run showing Beginning Balance, Activity and Ending Balance. Note the Report Total, Beginning Balance column does not equal zero. This shows that the out of balance occurred in a previous period. An accurate report (when ran for all accounts) should show a Report Total for the Beginning Balance column equal to zero when run for all accounts, the Debit and Credit will be the same amounts and the Ending Balance column will be zero. If one or more of these are true, your General Ledger is out of balance.

**How to fix the above out of balance:**

- a) Run the Trial Balance Report for all accounts showing Beginning Balance, Activity and Ending balance.
- b) If the Report Total, Beginning Balance column does not equal zero, run the Trial balance report again, as in step one, for the previous period. Continue this process until the Beginning Balance, Report total is zero.
- c) You will now need to establish which entry is not a “double sided entry” (meaning the total debits for the entry does not equal the total credits). Chose the General Ledger detail by Source Report off the Reports menu. Print it for all journals, all batches and for the date range of the period that is out of balance. (Note: if your report tends to be a lot of pages, you can print it to deferred print and view it from there).
- d) Review the report to confirm each entry is a double sided entry. See the below entry for an example:

Note CD-0001 (first entry) journal totals: The total debits = the total credits.

Note CD-0002. This is an out of balance entry: the debit totals does not equal the credit totals.

The screenshot shows a window titled "G/L Detail By Source Report" with a table of journal entries. The table has five columns: ACCOUNT, DESCRIPTION, POSTING REMARKS, DEBIT, and CREDIT. Entry CD-0001 (dated 05/31/03) shows four debit entries totaling 100,930.50 and one credit entry of 100,930.50. Entry CD-0002 (dated 05/15/03) shows one debit entry of 6,150.00 and no credit entries. Entry CD-0003 (dated 05/19/03) is partially visible.

ACCOUNT	DESCRIPTION	POSTING REMARKS	DEBIT	CREDIT
CD-0001 05/31/03				
101-01-00	Cash in bank - Reg. checking	A/P CHECK REGISTER		83,873.39
101-01-00	Cash in bank - Reg. checking	A/P CHECK REGISTER		17,057.11
200-01-00	Accounts payable - trade	A/P CHECK REGISTER	83,873.39	
200-02-00	Accounts payable - other	A/P CHECK REGISTER	17,057.11	
JOURNAL CD-0001 TOTALS:			100,930.50	100,930.50
CD-0002 05/15/03				
200-01-00	Accounts payable - trade	A/P CHECK REGISTER /DIV. 01	6,150.00	
CD-0003 05/19/03				

You will need to refer back to the original print out of this register to know what portion of the entry is missing.

The screen below shows the accounts of the originally posted entry:

POSTINGS FOR DATE 05/15/03

SOURCE JOURNAL	POSTING DATE	ACCOUNT	DESCRIPTION	POSTING REMARKS	DEBIT	CREDIT
CD-0002	05/15/03	101-01-00	Cash in bank - Reg. checking	A/P CHECK REGISTER /DIV: 01	6,150.00	6,150.00
		200-01-00	Accounts payable - trade	A/P CHECK REGISTER /DIV: 01		
JOURNAL CD-0002 TOTALS:					6,150.00	6,150.00
SOURCE CD TOTALS:					6,150.00	6,150.00
REPORT TOTALS:					6,150.00	6,150.00

- e) The Cash portion of the entry is missing. A one-sided entry will need to be made to re-enter the portion of the entry that is missing. In order to do a one-sided entry, you must have Supervisor Rights setup for the user code. (Supervisor Rights are setup per user in User Maintenance (off the Security menu) by checking the Supervisor Rights box.) You will then have the ability to make an out of balance or one-sided entry.
- f) Access General Journal Entry off the main menu
- g) Enter the original source journal, batch number and posting date from the original register. In the lines screen of data entry, enter only in the account(s) for the lines that are missing (Click OK after the completion of each line). See below:

Source Journal:  Entry Number:  #..

1. Header | 2. Lines

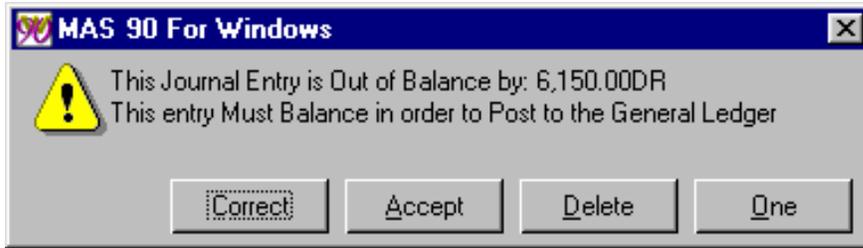
Account No.	Description	Debit	Credit
<input type="text" value="101-01-00"/>	Cash in bank - Reg. checking	<input type="text" value=".00"/>	<input type="text" value="6,150.00"/>
Posting Comment			
<input type="text" value="A/P CHECK REGISTER /DIV:01"/>			

Account No.	Account Description / Comment	Debit	Credit

Net Balance:  Totals:

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h) Click the **Accept** button to accept the entry. The following prompt will appear:



- i) Click the **One** button. (If you do not have the “One” button, you have not setup the user with Supervisor rights, or you have logged in as the user setup with Supervisor Rights.)
- j) You will now be able to print the General Journal and update.
- k) Once this is complete, confirm you are no longer out of balance (debits do not equal credits) by comparing the totals of the Trial Balance report again for the same period. Now run the Trial Balance report for the next period. Follow the above steps until you are no longer out of balance.

Another type of out of balance occurs when the totals per period from the summary file (GL8-used in printing the Trial Balance report and Financial Statements) does not equal the totals per period from the transaction file (GL5-used in printing the detail on the General Ledger Detail report). When this occurs, a **“Out of Balance” line appears below the last transaction of a particular account(s)** when printing the General Ledger Detail Report. See below:

ACCOUNT NO./ PER DATE	JOURNAL	POSTING	REMARKS	BEGINNING BAL	DEBIT	CREDIT	NET CHANGE	ENDING BAL
100-00-00			Cash on hand	500.00				500.00
			OUT OF BALANCE:		10.00			510.00
				500.00	10.00	.00	10.00	510.00
			REPORT TOTAL:	500.00	10.00	.00	10.00	510.00

This “Out of Balance” line can appear even if the report is ran for only one account. It will not, however, appear if the General Ledger Detail Report is print by a Date range instead of by Period.

**The following steps will fix the Out of Balance:**

1. \_\_\_ Make a backup of your General Ledger data files for this company. (Unless you have Alternate Directories, you will want to make a backup of the \MAS90\GLABC directory (use your company code instead of ABC)). If you are familiar with SVDATA, you can use that to make a backup. It is very important that a backup is done prior to completing the following steps. In 4.x you will make a copy of the company in Library Master / Main / Company Maintenance, create a company code, click the ‘COPY’ button, and select the source company.

**NOTE:** If you are using any 4.x version skip to step 5. You will want to Rebuild the following data files before going to step 3. You can Rebuild the data files by accessing the File Analysis and Repair Utilities menu item off the Utilities menu and chose #3-Rebuild Key files. At the System prompt, type in GL and press ENTER. At the company code, type in your 3 digit company and press ENTER. A list of files will appear on your screen. Type “Y” next to the following files:

- G/L ACCOUNTS FILE (GL1)
- G/L DETAIL POSTING FILE (GL5)
- G/L BUDGET & HISTORY FILE (GL8)

After you press ENTER on the last “Y”, press the F10 key twice to bring you down to the bottom of the last page. Answer “YES” to the following prompts:

- ARE ALL SELECTIONS CORRECT? (Yes, No, END): [Yes ]
- DO YOU WANT TO SCAN FILES FIRST? (Yes, No): [Yes ]
- DO YOU WANT TO SAVE ORIGINAL FILES? (Yes, No):[ Yes ]

2. \_\_\_ Once all 3 files are rebuilt, you will want to Rebuild Application Source files for GL for the same company code. Answer “Yes” to rebuild the sort files.
3. \_\_\_ Once you have completed the above step, exit from the Utilities menu and access General Ledger.
4. \_\_\_ If you are using 4.x you will want to recalculate your Account Balances under General Ledger / Utilites / Recalculate Account Balances. (this will recalculate the account balances for all fiscal years) Steps 6 & 7 do not apply please see step 8 for an explanation of the recalculate utility.
5. \_\_\_ Access the Setup menu and chose Fiscal Year Maintenance. You must have Supervisor rights setup for the user code you are using. (Supervisor Rights are setup per user in User Maintenance (off the Security menu) by checking the Supervisor Rights box.)

The screen below will prompt you:

Fiscal Year Maintenance

Fiscal Year  Current Year

Number of accounting periods

Period	Start Date	End Date
1.	01/01/03	01/31/03
2.	02/01/03	02/28/03
3.	03/01/03	03/31/03
4.	04/01/03	04/30/03
5.	05/01/03	05/31/03
6.	06/01/03	06/30/03
7.	07/01/03	07/31/03
8.	08/01/03	08/31/03
9.	09/01/03	09/30/03
10.	10/01/03	10/31/03
11.	11/01/03	11/30/03
12.	12/01/03	12/31/03
13.		

Calculate

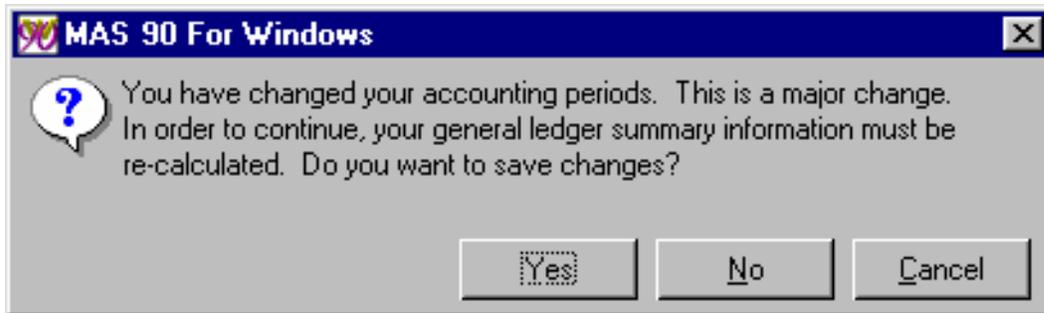
Recalculate

Accept Cancel Delete ?

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6. \_\_\_ The Current Fiscal year setup in your GL options will be displayed in detail. (See above) If you have Supervisor Rights setup, you will have a Recalculate button in addition to the Calculate button.
7. \_\_\_ If you are viewing the year that is "Out of balance", click on the Recalculate button.  
(Recalculate is a utility that will clear the net posting balances, not beginning balances, and rewrite the balances per period based on the records in the GL5 transaction file. Recalculate can be invoked either automatically as a result of the user changing either the Period Ending Dates or by clicking on the Recalculate button. If there are records missing from the GL5 transaction file, the GL8 balances may still be wrong after the Recalculation is done. In some instances, one-sided journal entries may be used to correct the entry or entries (see 1<sup>st</sup>).

The following prompt will appear:



8. \_\_\_ Click the **Yes** button after the Recalculation is completed, the Net Posting Balances will be as accurate as the transaction information they are based upon.
9. \_\_\_ Reprint the General Ledger Detail Report for all accounts to confirm no "Out of Balance" lines are appearing in the detail of any accounts. Also confirm that the Beginning Balance column, Report Total is equal to zero, the Debit/Credit column amounts equal and the Ending Balance column, Report total is also equal to zero.

Whatever action is taken, it is very important that a current backup of all the General Ledger data files is made **prior** to running any utility.