PREMIER TRAINING Home Study Courses





Balancing off

PREMIER TRAINING Specialists in Accountancy Training



Telephone: 01469 515444

Balancing off accounts

	Account title	Nominal ledger code		
				1500
		DEBT	ORS	
Jun 2001		£		£
1	Balance b/d	12486.00	12 CB Receipts	5500.30
5	SOB	2645.35	17 SROB	125.65
8	SOB	860.00	26 CB Receipts	3800.20
17	SOB	1280.66		
24	SOB	225.47		
28	SOB	8574.28		ѫ
		26071.76	/	
			space opposite	
			where balance will	
			be inserted	

A page in a ledger holds one account and looks like this:

At the end of the period we need to "close off" and extract a balance. We also need to leave the account laid out in such a way that it can easily be checked later by the auditors. We start by working out which is the greater - debits or credits and entering the total of that column at the bottom, always making sure that there is space exactly opposite for a similar entry on the other side.

Telephone: 01469 515444

Next we enter the same total exactly opposite at the bottom of the other column and must then calculate the "missing" figure required to achieve a balance. This is then entered as the balance "carried down" at the end of the month.

		DEBT	ORS		
Jun 2001		£			£
1	Balance b/d	12486.00	12	CB Receipts	5500.30
5	SOB	2645.35	17	SROB	125.65
8	SOB	860.00	26	CB Receipts	3800.20
17	SOB	1280.66			
24	SOB	225.47			
28	SOB	8574.28	30	Balance c/d	16645.61
		26071.76			26071.76
Jul 2001					
1	Balance b/d	16645.61			•
				missing figure	

1500

Once in balance the month can be "ruled off" as complete and the balance brought down as the opening balance for the next month. To audit the account it is simply a matter of checking that the columns add up and that carried down and brought down are the same. This is a much easier process than having to subtract one from another when checking later. Furthermore as in the example above it leaves the account clear ready for the next period's activity, at the end of which the process will be repeated.

Do not be tempted to add in unnecessary subtotals on the lower side as this just makes the account more difficult to audit later.