

Balancing off 'T' accounts (Ledger Accounts)

Balancing off 'T' accounts using Balance c/d and b/d

All debtors, creditors, assets, liabilities & capital accounts will need to be balanced off with a balance carried down on the last day of the month (Bal. c/d) and a balance brought down on the first day of next month (Bal. b/d) before being transferred to the Trial Balance.

Bank Account					
		\$			\$
1 May	Balance b/d	1300	4 May	Purchases	400
2 May	P Arthur	700	30 May	Wages	1000
10 May	R Mark	75			
15 May	Cash	425	31 May	Balance c/d	1100
		<u>2500</u>			<u>2500</u>
1 June	Balance b/d	1100			

Balancing of 'T' accounts through entry into the Income Statement

Sales, Purchases, Returns Inwards, Returns Outwards, Carriages Inwards, Carriages Outwards, Revenue accounts (Rent Received) and expenses are closed by posting them to the Income Statement (Profit and Loss Account). When you enter them in the Trial Balance the balance will be on the opposite side of the Income statement entry.

Sales Account					
		\$			\$
			4 May	H King	700
			11 May	R Wing	1000
			25 May	D Bing	5000
31 May	Income Statement	7000	31 May	R Brad	300
		<u>7000</u>			<u>7000</u>

Wages Account					
		\$			\$
30 May	Bank	1000	31 May	Income Statement	1000
		<u>1000</u>			<u>1000</u>