***Week two lesson***

***Subject: Book keeping***

***Class: SS1***

***Topic: Trial Balance.***

***Balancing the Ledger Accounts***: the ledger account must be balanced off before extracting the trial balance at regular intervals during the financial year.

***Procedures to balance ledger accounts***

(a). In order to balance an account it will be necessary to:

(I). Add all the items on the debit side.

(II). Add all the items on the credit side.

(III). Compare both totals(i.e the total of the debit and credit).

(b). A "debit balance" is an excess of debit items over credit items. While a "credit balance" is an excess of credit items over debit items. Example: if the total of debit items is #2500, and the total of credit items is #700, the difference between the two sides will be #1800. The #1800 is a debit balance, because the total of the debit side is higher than the total of the credit side.

***Meaning of Trial Balance:*** Trial Balance can be defined as the schedule or list that shows the debit and credit balances extracted from the ledgers, to show the arithmetical accuracy of the ledgers. The technique ensures that debit and credit balances as displayed in the ledgers are compiled. The objective of the trial balance is to test or prove the arithmetical accuracy of the book keeping.

***Uses of Trial Balance:***

(a). The trial balance helps in testing the accuracy of the double entry.

(b). It helps in the preparation of the financial statements.

***Rules of Trial Balance***

(i). All assets must be put on the debit side.

(ii). All liabilities must be put on the credit side.

(iii). All income or gain must be put on the credit side.

(iv). All expenses must be put on the debit side.

***Summary***: In the preparation of the trial balance, all the ledger accounts must be prepared and the balance extracted and entered in the trial balance i.e the totals of debit and credit must be equal. When there is a difference between the two sides, then some errors have been made. The trial balance must balance after preparation.

***Assignment***:

(1). The following transactions relates to Jennifer enterprises for the month of May, 2020. May 1st: Sales #6000; May 3: paid rent #500; May 6: purchases #2400; May 10: Sales #8500. You are required to prepare a ledger account and balance off the account.

(2). Turn to chapter ten, page 33 of your Accounting and Bookkeeping workbook , to answer all the questions (i.e 1-6).

***Instructions***: Submit question one to my WhatsApp page on Friday 22nd May. This is the number: 08062433021.

Use your workbook for the question two. Keep it. I will tell you when to submit it.

Teacher: pst. Smart Okwara.