

LEDGERS AND THE UNADJUSTED TRIAL BALANCE

P R E P A R E D B Y : L U I S M E I N G

OBJECTIVES:

01

Recording Methods

02

Ledger

03

Unadjusted Trial Balance



1.1 Recording Methods

Cash Accounting

- report when you receive and pay revenues and expenses as cash inflow and outflow

Accrual Accounting

- reports revenues and expenses as you earn or incur them, not when you exchange cash or receive payment from another party

Hybrid Accounting

- may be allowable under special circumstances, but will not normally result in financial statements that can be audited

2.1 Ledger

Ledger



- is a record containing bookkeeping entries
- summarized information for all of a company's financial transactions over a period

2.1 Ledger

Ledger



Cash A/C (\$)		Trade Receivables A/C (\$)	
Jan 01	400,000	Jan 02	1000
Jan 29	20,000	Jan 03	15,000
		Jan 07	800
		Jan 30	1,000
Jan 30	402,200		
		Jan 30	4,000
Salary A/C (\$)		Service Revenue A/C (\$)	
Jan 30	10,000		
Jan 30	10,000		
		Jan	50,000
		Jan 30	50,000

2.1 Ledger

Ledger



	Dr		Cr			
	Date	Particulars	Amount (\$)	Date	Particulars	Amount
Cash A/C	15.9.17	To Capital A/C	XXX			

	Dr		Cr			
	Date	Particulars	Amount (\$)	Date	Particulars	Amount
Capital A/C				15.9.17	By Cash A/C	XXX

3.1 Unadjusted Trial Balance

Unadjusted Trial Balance

- prepared before any adjusting entries are made
- Detection of any errors
- Management use

3.1 Unadjusted Trial Balance

Unadjusted Trial Balance

The unadjusted trial balance has three columns:

- Account names in the first column
- Debit balances as of the second column
- Credit balances as of the third column

3.1

Bob's Donut Shoppe, Inc.
Unadjusted trial balance
As of January 31, 2020

Account name	Debit (\$)	Credit (\$)
Cash	41,350	
Accounts Receivable	3,000	
Inventory	18,800	
Renovation and improvements	25,000	
Accounts payable		19,000
Long-term liabilities		24,500
Common stock		50,000
Dividends	500	
Revenues		3,600
Cost of goods sold	1,200	
Office rent expense	750	
Supplies expense	3,000	
Utilities expense	500	
Wages expense	2,500	
Interest expense	500	
Totals	<u>97,100</u>	<u>97,100</u>