* + 1. **Balancing off ledger accounts**
       1. At the end of an accounting period, each ledger account is balanced off to determine the closing position. The process involves the following steps:
       2. **Step 1** – Add up the debit and credit side of the ledger account and use the **higher total for both columns.**
       3. **Step 2 –** One side of the ledger account won’t add up to this total, so a ‘balancing figure’ is inserted to make it balance to the total. This is known as the **balance carried down** (c/d) or **balance carried forward** (c/f).
       4. **Step 3 –** At the start of the next accounting period this becomes the **balance brought down** (b/d) or **balance brought forward** (b/f) on the opposite side of the ledger account as the opening balance for the next financial period.

An example:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **DR Cash CR** | | | | | |
| **Date** | **Details** | **£** | **Date** | **Details** | **£** |
| 1 | Receipt | 100 | 2 | Payment | 60 |
|  |  |  | **31 Dec** | **Balance c/d** | **40** |
|  |  | 100 |  |  | 100 |
| **1 Jan** | **Balance b/d** | **40** |  |  |  |