**Illustration**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| BANK | | | | |
| Date | Ledger account | Amount £ | Date | Ledger account | | Amount £ |  |  |
| 1/1  4/1 | Capital  Sales | 15,000  5,000 | 2/1  31/1 | Rent expense  Balance c/d | | 500  19,500 |  | 2. Balancing figure entered as balance carried down on the last day of the month |
|  | TOTAL | 20,000 |  | TOTAL | | 20,000 |  |  |
| 1/2 | Balance b/d | 19,500 |  |  | |  |  |  |

1. The debit side adds up to the HIGHER amount so is used for both totals.

3. Balance is brought down on the

opposite side to reflect its true position on the

first day of the following month.

This is an ASSET which is a DEBIT balance.

**EVERY LEDGER ACCOUNT MUST BE BALANCED OFF USING THIS METHOD IN A MANUAL BOOKKEEPING SYTEM**