

Posting to Ledger and Unadjusted Trial Balance

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After journalizing all the transaction for the month, it is necessary to post, or move, all of the debits and credits to the ledger. Remember the ledger is where the t-accounts are kept. It is important not to skip this step, because if shortcuts are taken, accounts can easily become unbalanced. Also, transferring the info from the journal to the ledger will mean there will always be a backup of information.

The first step in the posting process is to find the debit account of the first journal entry in the ledger. Then move the date of the journal entry to the t-account. Next move the debit amount from the journal to the ledger.

To mark that this is complete, place the page number of the journal in the post reference column in the ledger. Then place the account number from the ledger in the post reference column on the journal. This will give you a record of where things have been recorded in case you make an error and need to retrace your steps.

You will continue this same posting process with the credit account on the first transaction and all remaining transactions.

If you are working with a 4-column ledger, you will also track the account balances as you post your transactions to the ledger. You can see how this works in the learning unit 4 Demo Problem.

Once you have posted all transactions to the ledger, you can calculate account balances for each t-account and put together an Unadjusted Trial Balance. Completing this step will again ensure that all accounts are in balance before moving forward in the accounting cycle. The sooner mistakes are caught, the easier they are to fix.

To set up the Unadjusted Trial Balance, start with a three-line heading that is similar to those used with the financial statements. Start with the name of the company. Next list the name of the statement, Unadjusted Trial Balance. Finally list the date the trial balance is being prepared. The trial balance is just a list of all the accounts with their debit or credit balances. So, transfer the account names with their debit or credit balances from the ledger to the Unadjusted Trial Balance. Once all accounts have been listed add up the debits and then add up the credits. Debits should equal credits.

After completing the Unadjusted Trial Balance, if the debit column does not equal the credit column, you will need to correct errors before moving on. To look for errors, you can start with these tips:

- Calculate the difference between the debit and credit columns.
- If the difference is 10, 100, or 1,000 you have an error in your addition.
- If the difference is divisible by 9, you have a transposition or a slide. A transposition means that you reversed 2 numbers. For example, maybe you wrote \$345 instead of \$435. A slide means

that you slid all numbers to the right or left of the decimal point. So you may have written \$34.50 instead of \$345.

- If the difference is not divisible by 2 or 9, you most likely omitted an account balance in the amount of the difference. Go back to the ledger and look for an account balance that may have been omitted.

If you still can't find your error, you will need to go back through your work transaction by transaction until you find the mistake. Remember that it is crucial to be in balance before moving on in the accounting cycle.

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