



Business Virtual Learning

HS/Accounting I

Topic: Post Closing Trial Balance

April 30, 2020



Lesson Topic: Post-closing Trial Balance

Lesson Objectives:

1. Prepare a Post-closing trial balance
2. Understand the purpose of the post-closing trial balance

Lesson Instructions:

1. Read the information on the slides and answer the questions on the last slide. Put them in a google doc and send to your teacher.

Lesson Topic - Post-Closing Trial Balance

After you have journalized and posted the four closing entries, it is important to double check to see that:

1. Debits and credits are still equal
2. The accounting equation is in balance:
 - a. $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$

Only general ledger accounts with balances are included on a post-closing trial balance. The **permanent accounts** (assets, liabilities, and owner's capital) have balances and do appear on a post-closing trial balance. Because the **temporary accounts** (**Income Summary**, revenue, expense, and drawing) are closed and have zero balances, they do not appear on a post-closing trial balance.

Lesson Topic - Post-Closing Trial Balance

ACCOUNT Sales					ACCOUNT NO. 410				
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE				
					DEBIT	CREDIT			
Jan. 10		G1		1 100 00		1 100 00			
12		G1		500 00		1 600 00			
16		G1		400 00		2 000 00			
18		G1		535 00		2 535 00			
24		G2		1 320 00		3 855 00			
29		G2		1 280 00		5 135 00			
31		G2		685 00		5 820 00			
31		G3	5 820 00						

Temporary accounts in the ledger will have 0 balance.



ACCOUNT Advertising Expense					ACCOUNT NO. 510				
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE				
					DEBIT	CREDIT			
Jan. 17		G1	383 00		383 00				
31		G2	14 00		397 00				
31		G3		397 00					

ACCOUNT Supplies					ACCOUNT NO. 150				
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE				
					DEBIT	CREDIT			
Jan. 2		G1	165 00		165 00				
5		G1	220 00		385 00				
19		G1	105 00		490 00				
28		G2	130 00		620 00				
31		G3		530 00	90 00				

Permanent accounts in the ledger will show their updated balance.



ACCOUNT Prepaid Insurance					ACCOUNT NO. 160				
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE				
					DEBIT	CREDIT			
Jan. 1		G1	900 00		900 00				
31		G3		150 00	750 00				

Preparing a Post-Closing Trial Balance

1. Write the heading on the three line.
2. Write the titles of all general ledger accounts with balances in the Account Title column.
3. On the same line with each account title, write each account's balance in either the debit or credit column.
4. Rule a single line across both amount columns below the last amount, and add each amount column.
5. Compare the two column totals. The two column totals must be the same. If the two column totals are not the same, the errors must be found and corrected before any more work is completed.
6. Compare the two column totals. The two column totals must be the same. If the two column totals are not the same, the errors must be found and corrected before any more work is completed.
7. Rule double lines across both amount columns to show that the totals have been verified as correct.

Image of Post-Closing Trial Balance

1 Heading

*Delgado Web Services
Post-Closing Trial Balance
January 31, 20--*

ACCOUNT TITLE	DEBIT	CREDIT
Cash	2 5 9 7 00	
Petty Cash	1 0 0 00	
Accounts Receivable—Main Street Services	3 0 0 00	
Accounts Receivable—Valley Landscaping	4 0 0 00	
Supplies	9 0 00	
Prepaid Insurance	7 5 0 00	
Accounts Payable—Canyon Office Supplies		1 2 0 00
Accounts Payable—Mountain Graphic Arts		1 0 5 00
Michael Delgado, Capital		4 0 1 2 00
Totals	4 2 3 7 00	4 2 3 7 00

2 Account Titles

3 Account Balances

4 Single Rule

5 Compare Totals

6 Totals

7 Record Totals

8 Double Rule

Lesson Questions - Closing Entries

1. What type of accounts are listed on the post-closing trial balance?
2. Why are temporary accounts not listed on the post-closing trial balance?
3. Explain the purpose of the post-closing trial balance.
4. What are the steps to preparing the post-closing trial balance?