

FINANCE AT A GLANCE

The post-adjustment trial balance

Lesson 57

Having posted the adjusting entries to the books, we need to make sure that none of the entries has gone astray. To check on this, we need to generate another trial balance. This time, it is the so-called post-adjustment trial balance. We simply use the ledger ending balances in Lesson 56, add up the debit balances, and add up the credit balances, as shown below.

Post-adjustment Trial Balance

As of January 31, 2010

	Debit	Credit
Cash	592,500	
Accounts receivables	50,000	
Inventories	65,000	
Prepaid expenses	500	
Fixed assets	250,000	
Accounts payables		50,000
Accrued liabilities		2,550
Long-term debt		400,000
Capital stock		500,000
Sales		50,000
Accumulated depreciation		4,168
Cost of goods sold	35,000	
Salaries	5,000	
Rent	2,000	
Sales and marketing expenses	2,000	
Utilities	550	
Depreciation	4,168	
	-----	-----
	1,006,718	1,006,718

So far, so good. The post-adjustment trial balance shows total debits equals total credits. The accounting process continues in the next lesson.