

The Account Ledger



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Slower ->

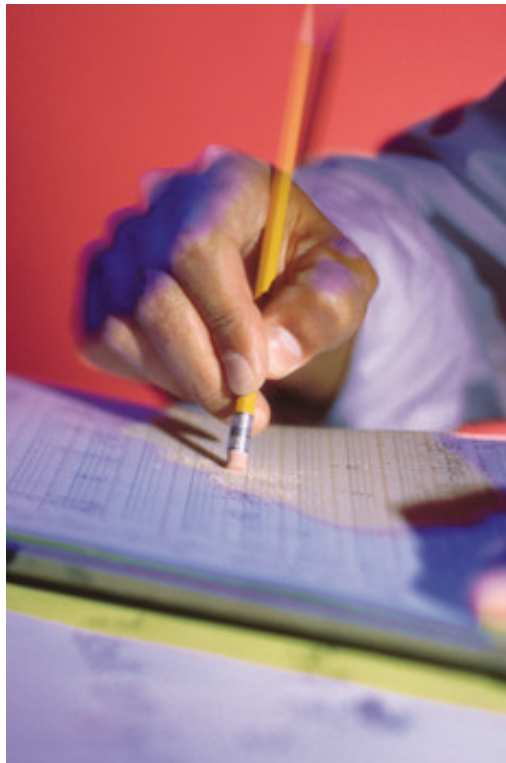


You have an account. You are writing checks on your account. Fantastic!!!

Your next step is to keep track of what you spend. This is how it works.

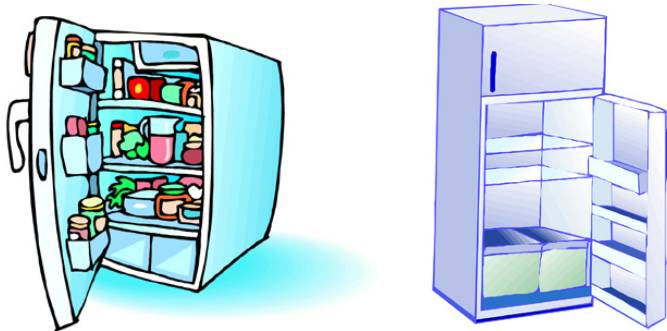
1. You put money into your account.
2. You write checks to use the money in your account.
3. Now, you keep track of what you are spending. You want to keep a balance.

A *ledger* is your way of keeping track of what you have left in your account.



Keeping Track of Spending and Depositing

Think of grocery shopping. You start the week with a full refrigerator or pantry. Then you find that you need more food. How do you know? You look into your frig and you notice that it is getting empty.



How can you look into your bank account? You use a ledger. That is how you keep track of your spending and of your deposits.

Your bank account is like your refrigerator. You put money (food) into it; you take money (food) out of it. Your ledger is your way of keeping track of all of those transactions.

How do you look into your account?

When you open an account, the bank will give you a **ledger**. It is a booklet with columns. You enter amounts in the columns.

Examine the columns below. Read each of the explanations.

Date	Check #	✓	Description	Debit	Credit	Balance

When you complete a transaction (debit or credit), write the date of the transaction.

Date	Check #	✓	Description	Debit	Credit	Balance
2/19/10						

Enter the date of each transaction in this column.

Enter the number of the check you used.

Date	Check #	✓	Description	Debit	Credit	Balance
2/19/10	1111					

Enter the number of the check you used. If you didn't use a check, leave it blank.

Enter a description for your transaction. Read each of the explanations.

Date	Check #	✓	Description	Debit	Credit	Balance
2/19/10	1111		furniture (dining set)			

Give the transaction a name. This is your reminder.

Identify the transaction: debit or credit. A check payment is a debit. A deposit is a credit.

Date	Check #	✓	Description	Debit	Credit	Balance
2/19/10	1111		furniture (dining set)	\$ 295.89		

Enter the amount of the transaction under the debit or credit column.

Add or subtract the amount from the balance that you had before (previous balance.)

Date	Check #	✓	Description	Debit	Credit	Balance
2/19/10	1111		furniture (dining set)	\$ 295.89		\$ 783.62

Enter the new balance. Show how the transaction changed what you had in your account.

Put a checkmark in the third column when you see the transaction in you bank statement. That means that your check cleared or your deposit went through.

Examine the examples in John’s ledger, below.

Date	Check #	✓	Description	Debit	Credit	Balance
						957.03
3/9/10	2456	✓	car lube/Four Corners Tires	36.79		920.25
3/14/10	2457		groceries/City Store	94.58		825.66
3/16/10	2458		Denton’s Café (lunch)	8.44		817.22
4/11/10			Pay Check		1,900.82	2,718.04



In the ledger above, John had \$957.03 in his account. He wrote checks for his car lube, groceries and lunch. He deducted each transaction from his original balance. That left \$817.22 in his account.



Next, John deposited his paycheck. That added \$1,900.82 to his account. That leaves his account with a balance of \$2,718.04.

Complete the ledger below for Donna and for Gerry and Cindy.

Donna had eight transactions between September 22 and October 15, 2010. She started with a balance of \$503.76.

She wrote six checks, from 1861 to 1866, as follows. (No audio.)

1. 9/22: \$45.03 - Computer add-ons
2. 9/23: \$39.50 - Groceries
3. 9/24: \$132.44 - Tuition
4. 10/1: \$12.96 - Office supplies
5. 10/7: \$27.52 - Gift for Herman's BDay
6. 10/11: \$32.98 - Vet bill-Spot

She deposited two payments for services, as follows:

1. 10/13: \$303.90 - Federal Bank carpet cleaning
2. 10/15: \$75.00 - House cleaning - Smiths

Date	Check #	✓	Description	Debit	Credit	Balance

What is her final balance? _____

Continue reading on your own.

Gerry and Cindy had five transactions between May 2 and May 10, 2012. They had a joint account. They started with a balance of \$1,677.53.

They wrote four checks, from 2045 to 2048, as follows.
(No audio.)

- 1. 5/2: \$98.33 - Electricity
- 2. 5/2: \$65.98 - Phone
- 3. 5/2: \$76.51 - Water
- 4. 5/10: \$123.96 - Groceries

They deposited Shirley's paycheck.

- 5/5: \$1,749.62 - Medical coding

Date	Check #	√	Description	Debit	Credit	Balance

What is their final balance? _____

Practice using the ledger below if you don't have an account. The check number is deleted. Write down everything you spend or receive for the next month. Under the Balance column, write the amount of money you have today. Then keep a balance as you go.

You may also practice with other sheets. You may print the page below and practice.

You may also click on the links below to practice more.

Practice Ledger in Excel: This page has the totals entered automatically. You must have Excel 2007 or above on your computer.

Practice Ledger in Word 2007. You must have Word 2007 or above on your computer.

[CLICK HERE TO OPEN THE ANSWER SHEET FOR THIS UNIT.](#)