

Financial Accounting
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Lecture – 44
4.0 Recap and way forward

Hi, if you are watching this, I am sure you are making progress. In the last set of videos, we discussed the process of ledger posting and, in this video, I am going to give you a recap of the learnings from the ledger posting and also, a preview of the things to come.

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What you should know by now?

- ✓ Posting the journal entries into ledger accounts
- ✓ Balancing the accounts
- ✓ Preparing customer account, asset account
- ✓ Accounting for profit or loss on sale of assets



By now you should be very well aware of the process of ledger posting. You should know what the debit and credit balances stand for and which types of accounts have what kind of balances. You should also be familiar with the process of preparing a ledger account for a given item. For example, if you have to prepare a customer account, an asset account, a bank account, a depreciation account, or any given account, you should be familiar with that process.

You should also know how to account for profit or loss on the sale of an asset. We have done all this in the previous videos and if you have any doubts, any clarifications I would request you to go back and revisit the videos. Now, let us move forward.

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What is next?



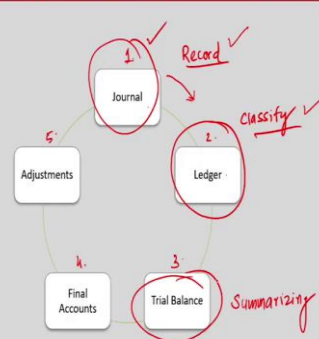
Summarizing all account balances
Preparing Trial balance



In the following videos we are going to look at the next step.

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1.1.3 Preparation of Financial Statements: Accounting cycle



And, again let me take you back to the slide from the initial videos. The slide tells you that you are now on step 3 now. We have already learnt the process of recording and classifying the transactions in journal and ledger respectively. Now, it is the time for the 3rd step and the 3rd step is summarizing. So, accounting is an art of recording, classifying and summarizing the transactions. The 3rd step is what is coming your way and this new statement, the 3rd statement, 3rd book is called a trial balance. So, in the following video I am going to take you through the

trial balance, the process of preparing the trial balance and other details related to this step in the accounting cycle.

I will see you in the next video.