

# PREPARATION OF MONTHLY TRIAL BALANCE

# Paper Outline

- Objective;
- Introduction;
- Records to be Maintained;
- Working Procedure;
- Accuracy Test;
- Year End Adjustments; and
- Conclusions.

# Objectives

- The objective of the presentation is to guide scheduled officers to overcome their challenge in coming up with their respective Trial Balance (TB).
- Also the presentation attempts to give tips on how to confirm the accuracy and correctness of submitted Trial Balance.

# *Records to be Maintained*

The follows records should be maintained:

- Cash Books
- Source Documents
- Day Book/Register;
- Journal Vouchers (JV);
- Subsidiary Ledger (SL)/Personal Ledger (PL);
- General ledgers (GL);

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# *Working Procedure – Quick wins*

- Adopt a cutoff date of 31/12/2015;
- Undertake Stock-taking of all the Stores;
- Identify and ascertain the value of all pending receipts (receivables) and pending payments (payables) as at 31/12/2015;
- Identify the date of adoption of IPSAS Accrual Basis of Accounting as 01/01/2016
- Prepare Opening Statement of Financial Position via Opening Journal as at 01/01/2016;
- Analyze all cash receipts and payments based on the account type (revenue, Expense/expenditure, assets and liabilities including capital and reserves) for the period;
- Analyze all pending receipts (receivables) and pending payments (payables) for the period;
- Post the analysis to the ledger;
- Extract a trial balance;
- Map the trial balance to the GPFS via notes to the accounts.

# Working Procedure - 2

- Assignment as at cutoff date of December 31, 2016
  - I. Open GL;
  - II. Open Subsidiary ledger (SL)/ Personal Ledger (PL);
  - III. Reclassify paid/pending vouchers in line with Revised Economic Code for each of the Cashbooks;
  - IV. For each of Cashbooks, separately analyze the reclassified vouchers in three above (receipts & payments) monthly - receipts and payments – where the already existing Analysis Sheet is not reliable;
  - V. From the above, sum the analyzed voucher to arrive at total for each line Items ensuring that the sum total of all the individual line items are equal to the cumulative total receipts/payments as per the cashbook summary;

# Working Procedure - 3

- Based on the aggregate position as per previous slide, raise Journal Vouchers (JV) indicating accounts to be Debited/Credited on Cashbook basis as follows:

S/No	Action	Description	Remarks
1	Receipts	Dr – Cashbook Control Account Cr – Revenue Line Item	For Revenue realised as per the Analysis sheet
2	Payments	Dr – Expenditure Line Item Cr – Cashbook Control Account	For Expenditure Incurred as per the Analysis sheet
From Revenue Vouchers sorted as due but not received;			
3	Receipt	Dr - Receivable Cr - Revenue line items	To recognise Accrued Revenue
Payment Vouchers sorted as pending and analyzed shall also be separately journalized on cashbook basis as follows			
4	Payments	Dr – Expenditure Line Items Cr - Payables	To recognise Accrued Payments

# *Working Procedure - 4*

- Accrued Vouchers as receivables is sent to Revenue Unit for posting into Subsidiary/Personal Ledgers to keep record and monitor Receivables;
- Accrued Vouchers as payables shall be sent to the Units namely - Personnel, Other Charges, Capital as the situation demands for posting to the SL/PL to keep record and monitor Payables; and
- The Units are to submit schedule of Receivable/Payables at period end to substantiate the GL balance as at period end as a check and balance in record keeping.



# Accuracy Test

- Carryout Accuracy Test to authenticate the validity of the TB items arrived at. Example of sample test include:
  - ❖ Test Cashbook Control Account Balance to Cash Certificates issued by CPO;
  - ❖ Test Payable Control Account balance to payable list from the various Units;
  - ❖ Test Receivable Control Account balance to Receivables Schedule from the Revenue Unit;
  - ❖ Test Stocks Balance as per the GL to the Stock Schedule as per the Stock Count and Valuations;
  - ❖ Test PPE Purchases to Asset Register/List of Assets purchased in the period/Asset Schedules;
  - ❖ Test Accumulated Depreciation to schedule of same; and
  - ❖ Test list is not exhausted. Try other test as deemed fit.

# Year End Adjustments

## Apply the applicable Depreciations Rates;

- Dr: Depreciation Charge Account
  - Cr: Accumulated Depreciation Accounts
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- Impairments is to be treated similarly.
  - Provisions for Bad and Doubtful Debts is also to be treated similarly.

## Year End Adjustments 2

- Updated the GL with all period end adjustments and draw final TB for the preparation and presentation of the GPFS.
- From the buildup of the records, it is possible to maintain Monthly TB by using NCOA on an Extended TB and arrive at aggregate position as at period end and beyond as per discussions on the subject.

## Use of Template

Preparation of Monthly Trial Balance  
can be done using Template.

# Components of the GPFS

- I. Statement of Financial Performance;
- II. Statement of Financial Position;
- III. Statement of Changes in Net Assets/Equity;
- IV. Cash Flow Statement;
- V. Statement of Comparison of Budget and Actual Amounts; and
- VI. Notes to the Financial Statements and other disclosures.

# Conclusion

- From the suggested approach towards meeting the reporting deadline of submitting Monthly Trial Balance, it is obvious and most probable that the task of generating IPSAS ABA GPFS is feasible and attainable.