

## CHAPTER FOUR

### JOURNALIZING AND POSTING TRANSACTIONS

## CHART OF ACCOUNTS

- A list of all accounts
- In numeric order
- See inside back cover of textbook

### JESSICA JANE'S CAMPUS DELIVERY CHART OF ACCOUNTS

Assets (100-199)	
101	Cash
122	Accts. Rec.
141	Supplies
145	Prepaid Ins.
185	Delivery Eq.

← Assets begin with 1

### JESSICA JANE'S CAMPUS DELIVERY CHART OF ACCOUNTS

Assets (100-199)	
101	Cash
122	Accts. Rec.
141	Supplies
145	Prepaid Ins.
185	Delivery Eq.

Liabilities (200-299)	
202	Accounts Pay.

← Liabilities begin with 2

### JESSICA JANE'S CAMPUS DELIVERY CHART OF ACCOUNTS

Assets (100-199)	
101	Cash
122	Accts. Rec.
141	Supplies
145	Prepaid Ins.
185	Delivery Eq.

Liabilities (200-299)	
202	Accounts Pay.

Owner's Eq. (300-399)	
311	Jessica Jane, Capital
312	Jessica Jane, Drawing

↘ Owner's Equity begins with 3

### JESSICA JANE'S CAMPUS DELIVERY CHART OF ACCOUNTS

Assets (100-199)		Revenues (400-499)	
101	Cash	401	Delivery Fees
122	Accts. Rec.		
141	Supplies		
145	Prepaid Ins.		
185	Delivery Eq.		

Liabilities (200-299)	
202	Accounts Pay.

Owner's Eq. (300-399)	
311	Jessica Jane, Capital
312	Jessica Jane, Drawing

↘ Revenues begin with 4

## JESSICA JANE'S CAMPUS DELIVERY CHART OF ACCOUNTS

Assets (100-199)		Revenues (400-499)	
101	Cash	401	Delivery Fees
122	Accts. Rec.		
141	Supplies	Expenses (500-599)	
145	Prepaid Ins.	511	Wages Exp.
185	Delivery Eq.	521	Rent Exp.
		525	Tele. Exp.
Liabilities (200-299)			
202	Accounts Pay.		
Owner's Eq. (300-399)			
311	Jessica Jane, Capital		
312	Jessica Jane, Drawing		

Expenses begin with 5

## JESSICA JANE'S CAMPUS DELIVERY CHART OF ACCOUNTS

Assets (100-199)		Revenues(400-499)	
101	Cash	401	Delivery Fees
122	Accts. Rec.		
141	Supplies	Expenses (500-599)	
145	Prepaid Ins.	511	Wages Exp.
185	Delivery Eq.	521	Rent Exp.
		525	Tele. Exp.
Liabilities (200-299)			
202	Accounts Pay.		
Owner's Eq. (300-399)			
311	Jessica Jane, Capital		
312	Jessica Jane, Drawing		

## SOURCE DOCUMENTS

- Analyze "what happened?"
- Objective evidence of transaction
- Filed for future reference

## JOURNAL

- Listing of all transactions
- "Book of Original Entry"
- Simplest form - "General Journal"
- Entering transaction "Journalizing"

## EXAMPLE

Invested \$2,000 cash in business



**NEW!**  
DATED  
TRANSACTIONS

## INVESTED \$2,000

CASH		JANE, CAPITAL	
DR.	CR.	DR.	CR.
\$2,000	+	-	+
			\$2,000

NOW WE WILL  
"JOURNALIZE"  
THIS TRANSACTION

GENERAL JOURNAL					
	DATE	DESCRIPTION	PR	DEBIT	CREDIT
1	2000 JUNE 1				
2					

**ENTER DATE**  
Year and month only written on  
first line of each page

GENERAL JOURNAL					
	DATE	DESCRIPTION	PR	DEBIT	CREDIT
1	2000 JUNE 1	CASH			
2					

**ENTER ACCOUNT DEBITED**  
Align with left margin

GENERAL JOURNAL					
	DATE	DESCRIPTION	PR	DEBIT	CREDIT
1	2000 JUNE 1	CASH		2000 00	
2					

**ENTER THE AMOUNT OF THE DEBIT**

GENERAL JOURNAL					
	DATE	DESCRIPTION	PR	DEBIT	CREDIT
1	2000 JUNE 1	CASH		2000 00	
2		JANE, CAPITAL			2000 00

**ENTER THE ACCOUNT NAME & AMOUNT OF CREDIT**

GENERAL JOURNAL					
	DATE	DESCRIPTION	PR	DEBIT	CREDIT
1	2000 JUNE 1	CASH		2000 00	
2		JANE, CAPITAL			2000 00
3		Owner's original			
4		investment in business			

**ENTER THE EXPLANATION**  
Indent even further

GENERAL JOURNAL					
	DATE	DESCRIPTION	PR	DEBIT	CREDIT
1	2000 JUNE 1	CASH		2000 00	
2		JANE, CAPITAL			2000 00
3		Owner's original			
4		investment in business			
5					

**SKIP A LINE**  
Leave a blank line  
between transactions

## COMPOUND ENTRY

- Answer two questions:
  - What did we get?
  - How did we get it?
- If we got more than one thing, more than one debit
- If we used more than source of financing, more than one credit
- List all debits first, then credits

## COMPOUND ENTRY

Performed services, \$1,050  
collected \$430 cash,  
\$620 due in 30 days

## "T" ACCOUNT ANALYSIS

CASH.		ACCOUNTS RECEIVABLE	
DR.	CR.	DR.	CR.
+	-	+	-
		<u>DELIVERY FEES</u>	
		CR.	
		+	

Performed services, \$1,050  
collected \$430 cash, \$620 due in 30 days

CASH	
Dr.	Cr.
+	-
\$430	

INCREASED

Performed services, \$1,050  
collected \$430 cash, \$620 due in 30 days

ACCOUNTS RECEIVABLE	
Dr.	Cr.
+	-
\$620	

INCREASED

Performed services, \$1,050  
collected \$430 cash, \$620 due in 30 days

DELIVERY FEES	
Cr.	Dr.
+	-
\$1,050	

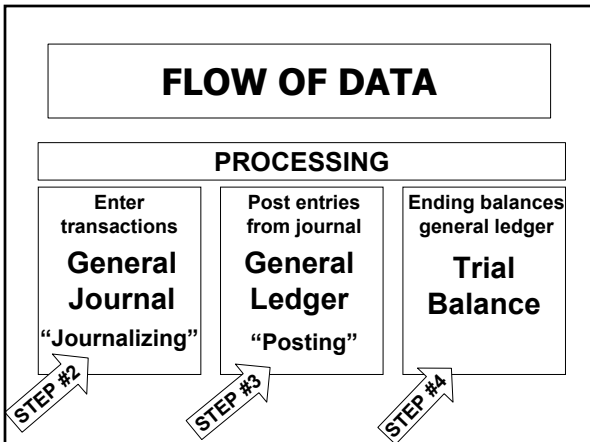
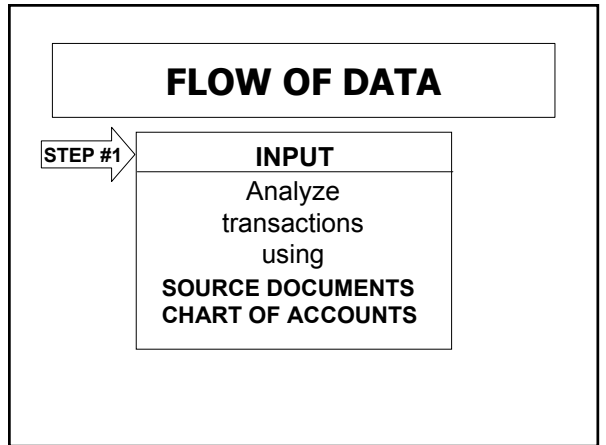
INCREASED



FOUR-COLUMN ACCOUNT							
Account <b>CASH</b>				Account No. <b>101</b>			
DATE	ITEM	PR	DR.	CR.	BALANCE	DR.	CR.

FOUR-COLUMN ACCOUNT							
Account <b>CASH</b>				Account No. <b>101</b>			
DATE	ITEM	PR	DR.	CR.	BALANCE	DR.	CR.
2000 June 1							

FOUR-COLUMN ACCOUNT							
Account <b>CASH</b>				Account No. <b>101</b>			
DATE	ITEM	PR	DR.	CR.	BALANCE	DR.	CR.
2000 June 1							



- ### TRIAL BALANCE

  - Lists ending balance of each account
  - All accounts in one report
  - Proves Debits = Credits
  - Prepared after all transactions journalized and posted

**Jessica Jane's Campus Delivery  
Trial Balance  
June 30, 20--**

Account Title	Acct No.	Debit	Credit
Cash	101	370 00	
Accounts Receivable	122	650 00	
Supplies	141	80 00	
Prepaid Insurance	145	200 00	
Delivery Equipment	185	3600 00	
Accounts Payable	202		1800 00
Jessica Jane, Capital	311		2000 00
Jessica Jane, Drawing	312	150 00	
Delivery Fees	401		2150 00
Wages Expense	511	650 00	
Rent Expense	521	200 00	
Telephone Expense	525	50 00	
		<b>5950 00</b>	<b>5950 00</b>

**FINDING AND  
CORRECTING ERRORS**



**CORRECTING ENTRY  
METHOD**

- See Peachtree Lesson 30A
- Used when incorrect entry
  - journalized
  - posted
- Entry made to correct accounts

**THREE QUESTIONS**

- What is proper entry?**
- What is entry as recorded?**
- What correcting entry is needed?**

Net effect of entry as recorded  
and correcting entry  
will be proper entry

**\$400 rent expense payment  
incorrectly debited to Repair Expense**

	DATE	DESCRIPTION	PR	DEBIT	CREDIT
1	Proper entry	Rent Expense		400 00	
2		Cash			400 00
3					
4					
5					
6					
7					
8					
9					

**\$400 rent expense payment  
incorrectly debited to Repair Expense**

	DATE	DESCRIPTION	PR	DEBIT	CREDIT
1	Proper entry	Rent Expense		400 00	
2		Cash			400 00
3					
4	As recorded	Repair Expense		400 00	
5		Cash			400 00
6					
7					
8					
9					

<b>\$400 rent expense payment incorrectly debited to Repair Expense</b>						
	DATE	DESCRIPTION	PR	DEBIT	CREDIT	
1	Proper entry	Rent Expense		400 00		
2		Cash			400 00	
3						
4	As recorded	Rent Expense		400 00		
5		Cash			400 00	
6						
7	Correcting entry	Rent Expense		400 00		
8		Repair Expense			400 00	
9						

<b>\$400 rent expense payment incorrectly debited to Repair Expense</b>						
	DATE	DESCRIPTION	PR	DEBIT	CREDIT	
1	Proper entry	Rent Expense		400 00		
2		Cash			400 00	
3						
4	As recorded	Rent Expense		<del>400 00</del>		
5		Cash			400 00	
6						
7	Correcting entry	Rent Expense		400 00		
8		Repair Expense			<del>400 00</del>	
9						

## TWO TYPES OF ERRORS

See Peachtree Lesson 30B

- Transposition errors
- Slide errors

Divide the difference by 9

## TRANSPPOSITION ERRORS

Occurs when two digits are reversed

<b>Correct entry</b>	<b>Entry with error</b>
251.89	251.89
263.12	<b>623.12</b> ←
<u>121.75</u>	<u>121.75</u>
636.76	996.76

$$(996.76 - 636.76) / 9 = 40$$

## SLIDE ERRORS

Decimal point is "slid" right or left

<b>Correct entry</b>	<b>Entry with error</b>
386.42	386.42
50.23	<b>502.30</b> ←
<u>248.53</u>	<u>248.53</u>
685.18	1,137.25

$$(1,137.25 - 685.18) / 9 = 50.23$$

End of Chapter 4!

