

Name: _____

ACCOUNTING I

Chapter 4--Posting to a General Ledger

Lesson 4-1: Using Accounts and Preparing and Maintaining a Chart of Accounts

Learning Targets:

- Construct a chart of accounts for a service business organized as a proprietorship.
- Demonstrate correct principles for numbering accounts.
- Apply file maintenance principles to update a chart of accounts.
- Complete the steps necessary to open general ledger accounts.

A. Account Form

- Remember a _____ is a _____ record of all transactions in _____ order.
- The journal doesn't provide us a quick account balance at a glance.

B. Relationship of a T Account to an Account Form

ACCOUNT										ACCOUNT NO.									
DATE		ITEM	POST. REF.	DEBIT				CREDIT				BALANCE							
												DEBIT				CREDIT			

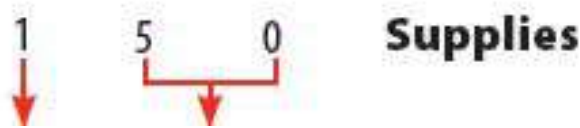
- The form used to show account balances quickly has a balance debit and credit column. This form is known as _____.
- The _____ is calculated and _____ as each _____ is recorded in the account.

C. Chart of Accounts

- Define Ledger:
- Define General Ledger:
- Define Account Number:
- A list of account titles and numbers showing the location of each account in a ledger is known as a _____.
- What are the Balance Sheet divisions? 1. _____ 2. _____ 3. _____

- What are the Income Statement divisions? 1. _____ 2. _____

D. Account Numbers



_____ (Label the parts of the account number.)

E. Assigning Account Numbers

- Define File maintenance:
- Even if accounts are not used, they are usually not _____ from the chart of accounts.
- Assets are listed in order of liquidity (ability to be turned to cash).
- Liabilities and expenses are listed in alphabetical order.
 - So we add new accounts where they go A-Z by putting them between accounts already existing.
 - **ie. 530 - Communication Expense**
 - 540 – Equipment Expense**
 - Dry Cleaning Expense would be what account number? _____
 - Miscellaneous Expense would be what account number? _____

F. Opening an Account in the General Ledger

- Define Opening an account:
- Accounts are arranged in the GL the same way they are arranged in the _____ of _____.
- The two steps needed to open an account are:
 - 1.
 - 2.

Lesson 4-2: Posting from the General Journal to the General Ledger and Proving Cash

Learning Targets:

- Post amounts from a general journal.
- Demonstrate how to prove cash.

A. Posting an Amount from the Debit Column of the General Journal

- Define Posting:

GENERAL JOURNAL										PAGE 1
DATE		ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT				
1	Jan. 2	Cash	R1	110	2 0 0 0 00					
2		Michael Delgado, Capital				2 0 0 0 00				
3										

1

ACCOUNT Cash

ACCOUNT NO. 110

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
Jan. 2		G1	2 0 0 0 00		DEBIT	CREDIT
					2 0 0 0 00	
					</	

- Posting sorts _____ so that all debits and credits affecting each account are brought _____.
- The Post Ref column on the GENERAL JOURNAL is for the _____ of the account. **We DO NOT fill this in until after we _____ the transactions! This is the last step to posting!**
- List the five steps to posting:
 - 1.
 - 2.
 - 3.
 - 4.
 - 5.

B. Posting an Amount from the Credit Column of the General Journal

GENERAL JOURNAL										PAGE 1
DATE		ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT		CREDIT			
Jan. 2	2	Cash	R1	110	2 0 0 0 00					
		Michael Delgado, Capital				310		2 0 0 0 00		

ACCOUNT Michael Delgado, Capital										ACCOUNT NO. 310
DATE		ITEM	POST. REF.	DEBIT		CREDIT		BALANCE		
					DEBIT	CREDIT				
Jan. 2	2		G1			2 0 0 0 00		2 0 0 0 00		

- Follow the same steps as above to post the Credit amount. Remember the account balance!
- Each amount in the Debit and Credit columns of a general journal is posted to the account written in the _____ column.

C. Posting a Debit Amount to an Account with a Balance

DATE	ACCOUNT TITLE	DEB. NO.	POST. REF.	DEBIT	CREDIT
Jul 5	Supplies	312	150	220.00	
	Accounts Payable—Canyon Office Supplies		210		220.00
Jul 9	Accounts Payable—Canyon Office Supplies	C3	210	100.00	
	Cash				100.00

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE
Jul 2		G1	165.00		165.00
Jul 5		G1	220.00		385.00

Remember! GL ACCOUNT BALANCE

Dr + Dr = Dr

Cr + Cr = Cr

Dr + Cr = can be Dr or Cr (whichever is more!)

D. Journal Page with Posting Completed

- The Post Ref column is _____ filled in with account numbers now that posting is complete! This is your way of knowing that you've posted items.
- Posting will go smoothly if you consistently follow the _____ of posting.

E. General Ledger with Posting Completed

DATE		ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
						DEBIT	CREDIT
Jul.	2		G1	165.00		165.00	
	5		G1	220.00		385.00	
	19		G1	105.00		490.00	
	28		G2	130.00		620.00	

- Once posting is complete, you can see the account balance of any account quickly.
- Usually the balance in an account's general ledger (GL) will be the account's Normal Balance (NB), so accounts usually always have a debit balance or always have a credit balance! (There are a few exceptions we will mention in the future!)

F. Proving Cash

- Define Proving Cash:
- In proving cash, we make sure the balance on our last check stub equals the balance in the _____.

Lesson 4-3: Journalizing Correcting Entries and Correcting Posting Errors

Learning Targets:

- Analyze incorrect journal entries and prepare correcting entries.
- Demonstrate how to correct errors made during the posting process.

A. Memorandum for Correcting Entry

- Define Correcting entry:

DELGADO WEB SERVICES	
MEMORANDUM	No. 15
25402 Riverchase Road Billings, MT 59102-1820	
<i>A cash payment of \$120.00 for Advertising, March 31, 20--, was debited in error to Miscellaneous Expense</i>	
Signed: <i>Michael Delgado</i>	Date: <i>April 17, 20--</i>

- If an incorrect transaction has already been posted, we must create a _____ (the source doc) and journalize another transaction to fix the error in the journal and ledger.

B. Journal Entry to Record a Correcting Entry

GENERAL JOURNAL							PAGE 7	
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT			
17	Advertising Expense	M15		120 00				29
	Miscellaneous Expense				120 00			29
								30

- The journal entry must _____ the money to the account it should have been recorded in and _____ the money from the account where it was recorded and posted in error.

C. Correcting an Error in Posting to the Wrong Account

ACCOUNT <i>Supplies</i>					ACCOUNT NO. 150	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
Feb. 2		G3	250.00		250.00	
15		G3	150.00		400.00	
12		G4	100.00		500.00	

ACCOUNT <i>Prepaid Insurance</i>					ACCOUNT NO. 160	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
Feb. 3		G3	325.00		325.00	
12		G4	100.00		425.00	

- The two steps to correct a posting error to the wrong account are:
 - 1.
 - 2.
- Errors are corrected in a way that does not cause _____ about what the correct information is.

D. Correcting an Incorrect Amount and an Amount Posted to the Wrong Column

ACCOUNT <i>Miscellaneous Expense</i>					ACCOUNT NO. 540	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
May 6		G9	450.00		450.00	
31		G10	30.00	30.00	420.00	

- If an incorrect amount was entered in an account, follow these steps to correct the account:
 - 1.
 - 2.
 - 3.
- If an amount was posted to the wrong column, follow these steps to correct the account:
 - 1.
 - 2.
 - 3.
- General ledger accounts are part of the _____ of a business.