

Name: \_\_\_\_\_

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

Objectives: LO1: \_\_\_\_\_  
 LO2: \_\_\_\_\_  
 LO3: \_\_\_\_\_  
 LO4: \_\_\_\_\_

### A. Account Form

- Remember a \_\_\_\_\_ is a \_\_\_\_\_ record of all transactions in \_\_\_\_\_ order.
- This doesn't tell us a quick account balance at a glance though.

### 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 credit-debit column. This form is known as \_\_\_\_\_.
- The \_\_\_\_\_ is calculated after \_\_\_\_\_.
- The POST REF column states the journal page number the transaction is on, so we can \_\_\_\_\_ the specific \_\_\_\_\_.

### C. Chart of Accounts

- Ledger:
- General Ledger:
- Account Number:
- Accounts in a general ledger are arranged by what \_\_\_\_\_ they appear on.
- What are the Balance Sheet divisions? 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_
- What are the Income Statement divisions? 1. \_\_\_\_\_ 2. \_\_\_\_\_

### D. Account Numbers



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E. *Assigning Account Numbers*

- 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 number? \_\_\_\_\_**

F. *Opening an Account in the General Ledger (GL)*

- Opening an account:
- Accounts are arranged in the GL the same way they are arranged in the \_\_\_\_\_.

To open an account: 1.

2.

**Check yourself!**

1. Describe the two parts of an account number.
2. List the two steps for opening an account.

## Lesson 4-2: Posting from the General Journal (GJ) to the General Ledger (GL) and Proving Cash

Objectives: LO5: \_\_\_\_\_  
LO6: \_\_\_\_\_

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

GENERAL JOURNAL													PAGE 1			
DATE			ACCOUNT TITLE				DOC. NO.	POST. REF.	DEBIT				CREDIT			
1	Jan.	2	Cash				R1	110	2 0 0 0 00				1			
2			Michael Delgado, Capital										2 0 0 0 00			
3																
4																

1 Date

3 Debit Amount

5 Account Number

ACCOUNT Cash										ACCOUNT NO. 110			
DATE		ITEM		POST. REF.	DEBIT		CREDIT		BALANCE				
									DEBIT		CREDIT		
Jan.	2			G1	2 0 0 0 00				2 0 0 0 00				

4 Account Balance

- Posting:
- Posting sorts all transactions affecting a certain \_\_\_\_\_ into one place.
- 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!**

Steps to posting:

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**Remember! GL ACCOUNT  
BALANCE**

Dr + Dr = Dr  
Cr + Cr = Cr

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

- Follow the same steps as above to post the Credit amount. Remember the account balance!

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

- Once again, remember this!

**Remember! GL ACCOUNT  
BALANCE**

**Dr + Dr = Dr**

**Cr + Cr = Cr**

### D. Journal Page with Posting Completed

- Note that all Post Ref column should be filled in now that posting is complete! This is your way of knowing that you've posted items.
- How can we tell by the image that all checks have been recorded? (No check numbers are missing C1-C9)
- What account number has the entry on Line 20 been posted to? \_\_\_\_\_

	DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT	
1	Jan. 2	Cash	R1	110	2 0 0 0 00		1
2		Michael Delgado, Capital		310		2 0 0 0 00	2
3	2	Supplies	C1	150	1 6 5 00		3
4		Cash		110		1 6 5 00	4
5	3	Prepaid Insurance	C2	160	9 0 0 00		5
6		Cash		110		9 0 0 00	6
7	5	Supplies	M1	150	2 2 0 00		7
8		Accounts Payable—Canyon Office Supplies		210		2 2 0 00	8
9	9	Accounts Payable—Canyon Office Supplies	C3	210	1 0 0 00		9
10		Cash		110		1 0 0 00	10
11	10	Cash	T10	110	1 1 0 0 00		11
12		Sales		410		1 1 0 0 00	12
13	12	Accounts Receivable—Main Street Services	S1	130	5 0 0 00		13
14		Sales		410		5 0 0 00	14
15	12	Communications Expense	C4	530	8 0 00		15
16		Cash		110		8 0 00	16
17	15	Equipment Rental Expense	C5	540	4 0 0 00		17
18		Cash		110		4 0 0 00	18
19	16	Cash	R2	110	2 0 0 00		19
20		Accounts Receivable—Main Street Services		130		2 0 0 00	20
21	16	Michael Delgado, Drawing	C6	320	3 5 0 00		21
22		Cash		110		3 5 0 00	22
23	16	Accounts Receivable—Valley Landscaping	S2	140	4 0 0 00		23
24		Sales		410		4 0 0 00	24
25	17	Advertising Expense	C7	510	3 8 3 00		25
26		Cash		110		3 8 3 00	26
27	18	Cash	T18	110	5 3 5 00		27
28		Sales		410		5 3 5 00	28
29	19	Petty Cash	C8	120	1 0 0 00		29
30		Cash		110		1 0 0 00	30
31	19	Supplies	M2	150	1 0 5 00		31
32		Accounts Payable—Mountain Graphic Arts		220		1 0 5 00	32
33	22	Equipment Rental Expense	C9	540	5 1 0 00		33
34		Cash		110		5 1 0 00	34

### E. General Ledger with Posting Completed

ACCOUNT <i>Supplies</i>				ACCOUNT NO. 150			
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
Jan. 2		G1	1 6 5 00		1 6 5 00		
5		G1	2 2 0 00		3 8 5 00		
19		G1	1 0 5 00		4 9 0 00		
28		G2	1 3 0 00		6 2 0 00		

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

### *F. Proving Cash*

Proving Cash:

IN proving cash, we make sure the balance on our last check stub equals the balance in the \_\_\_\_\_  
\_\_\_\_\_.

#### **Check yourself!**

1. List the five steps of posting from the general journal to the general ledger.
2. When both debit and credit amounts have been posted to an account, what determines whether the balance is a debit or a credit?
3. Which two amounts are compared when proving cash?

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

Objectives: LO7: \_\_\_\_\_  
LO8: \_\_\_\_\_

### A. Memorandum for Correcting Entry

<b>DELGADO WEB SERVICES</b> 25402 Rimrock Road Billings, MT 59102-1820		No. 15
<b>MEMORANDUM</b>		
<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 GJ and GL.

### B. Journal Entry to Record a Correcting Entry

GENERAL JOURNAL									
PAGE 7									
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT				
28	17 Advertising Expense	M15		120 00		28			
29	Miscellaneous Expense				120 00	29			
30						30			

- Sometimes the journal entry is correct, but was posted incorrectly.
  - In that case: 1.
  - 2.
- Remember, errors are corrected in a way that won't cause \_\_\_\_\_!
- GL accounts are \_\_\_\_\_; therefore, use ink!
- **Remember, if an above balance is incorrect, so are all the FOLLOWING balances!**

### Check yourself!

1. What is a correcting entry?
2. When is a correcting entry necessary?
3. What are the three steps for correcting an incorrect amount posted to an account?
4. What are the three steps for correcting an amount posted to an incorrect column?