Reading Guide •Chapter 4: Posting to the General Ledger Lesson 4-1: Using Accounts and Preparing and Maintaining a Chart of Accounts Objectives: LO1: _____ LO2: _____ A. Account Form • Remember a _____ is a _____ record of all transactions in • 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. BALANCE DATE ITEM DEBIT CREDIT The form used to show account balances quickly has a balance credit-debit column. This form is known 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 arrange by what they appear on. What are the Balance Sheet divisions? 1. ______ 2. _____ 3. _____ 3. What are the Income Statement divisions? 1. ______ 2. _____ 2.

D. Account Numbers

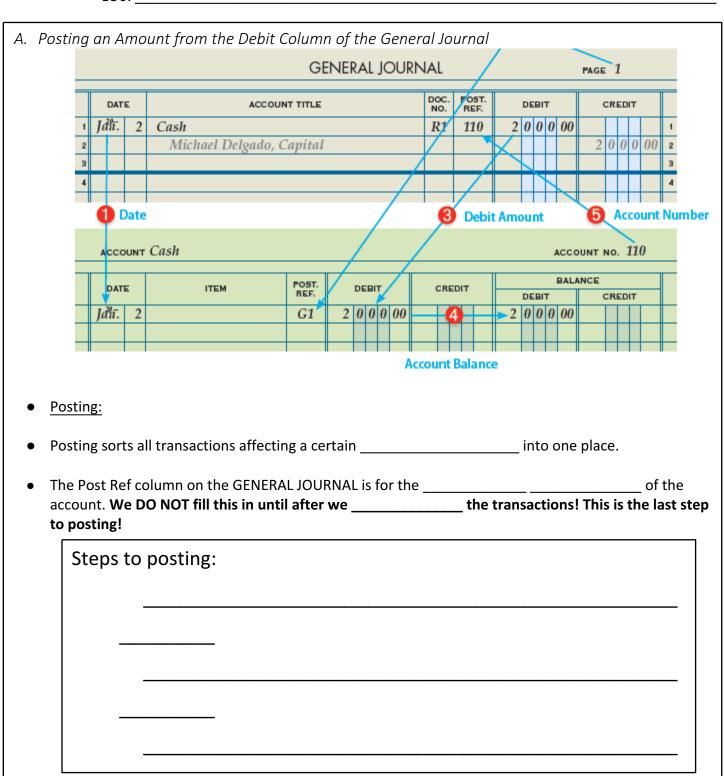


E. Assigning Account NumbersFile maintenance:	
Even if accounts are not used, they are usually not	from the chart of accounts.
Assets are listed in order of liquidity (ability to be turne	d to cash).
 Liabilities and expenses are listed in alphabetical order. So we add new accounts where they go A-Z by posterior Ie. 530 - Communication Expense 540 - Equipment Expense Dry Cleaning Expense would be what number? 	outting them between accounts already existing.
 F. Opening an Account in the General Ledger (GL) Opening an account: Accounts are arranged in the GL the same way they are 	e 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:			
	106.			



Remember! GL ACCOUNT BALANCE

Dr + Dr = Dr

- 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

- 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)

				DOC.	POST.					П					F
	DAT	E	ACCOUNT TITLE	NO.	REF.					CREDIT					
-1	Jdħī.	2	Cash	R1	110	2	0	0 0	00			L	Ш		1
2			Michael Delgado, Capital		310					-	0	0	0	00	2
3		2	Supplies	C1	150		1	6 5	00						3
4			Cash		110						1	6	5	00	4
Б		3	Prepaid Insurance	C2	160		9	0 0	00		L		Ц		Б
6			Cash		110						9	0	0	00	6
7		5	Supplies	M1	150		2	2 6	00			L	Ц		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	-	L		Ш		11
12			Sales		410						1	0	0	00	12
13		12	Accounts Receivable—Main Street Services	S1	130		5	0 0	00		Г				13
14			Sales		410						5	0	0	00	14
15		12	Communications Expense	C4	530			80	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			Т			3	5	0	00	22
23		16	Accounts Receivable—Valley Landscaping	S2	140		4	0 0	00				П		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	10	00						33
34			Cash		110						5	1	0	00	34
95															90

E. General Ledger with Posting Completed

ACCOUNT Supplies ACCOUNT										DUNT	NO	. 1	50									
T	_		POST				_			 	_					BAL	ANCE				ſ	
DAT	E	ITEM	POST. REF.		DEBIT			DEBIT CREDIT				т	DEBIT					CREDIT			Т	L
Jďħï.	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					Ī	
	28		G2		1	3	0	00					6	2	0	00			П		ſ	

- 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!)

IN pro	ving 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?

F. Proving Cash
Proving Cash:

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

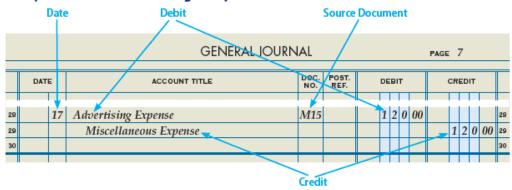
A. Memorandum for Correcting Entry



A cash payment of \$120.00 for Advertising, March 31, 20--, was debited in error to Miscellaneous Expense

Signed: Michael Delgado Date: April 17, 20--

- 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



- Sometimes the journal entry is correct, but was posted incorrectly.
 - o 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?