

## ACCT 100 - Chapter 4 – Day 2

### Correcting Journal and Ledger Errors

- sometimes errors are made when recording transactions in the journal.
- Erasures are never permitted in the journal or ledger.
- If the error is discovered *before* posting, cross out the incorrect item and write the correct data above it. (*posting method*)
- If the error is discovered *after* posting, a correcting journal entry must be made. (*correcting method*)

When you are in a business setting, you should NOT erase errors. However, when students are doing their homework, you can certainly erase.

### Practice/Reinforcement

#### Exercise 4.5

##### ► Recording a correcting entry.

On June 10, 2019, an employee of Williams Corporation mistakenly debited *Telephone Expense* rather than *Utilities Expense* when recording a bill of \$2,000 for the May utility service. The error was discovered on June 30. Prepare a general journal entry to correct the error.

## Problem 4.3B

### ▶ Recording correcting entries.

#### Objective 4-4

All the journal entries shown below contain errors. The entries were prepared by an employee of New Bellmont Corporation who does not have an adequate knowledge of accounting.

GENERAL JOURNAL							PAGE	1	
	DATE	DESCRIPTION	POST. REF.	DEBIT			CREDIT		
1	2019								1
2	Jan.	1		1	1	0	0	00	2
3							1	1	3
4									4
5									5
6		2		7	5	0	00		6
7							7	5	7
8									8
9									9
10									10
11		3		1	2	5	0	00	11
12				2	5	0	00		12
13							1	3	13
14									14
15									15
16									16
17									17

### INSTRUCTIONS

Examine the journal entries carefully to locate the errors. Provide a brief written description of each error. Assume that *Office Equipment* and *Office Supplies* were recorded at the correct values.

**Analyze:** After the correcting journal entries have been posted, what effect do the corrections have on the reported assets of the company?

## Problem 4.2B

### ► Journalizing and posting transactions.

#### Objectives 4-1, 4-2, 4-3

In June 2019, Ian Lee opened a photography studio that provides services to public and private schools. His firm's financial activities for the first month of operations and the chart of accounts appear below.

Record the transactions in t-accounts – and prepare a trial balance. (We practiced journalizing and posting the last time we met. You should be familiar with the rules of journalize and the manual steps involved in posting to the general ledger.)

DATE	TRANSACTIONS
June 1	Ian Lee invested \$20,000 cash in the business.
2	Issued Check 1001 for \$2,000 to pay the June rent.
5	Purchased desks and other office furniture for \$9,500 from Office Supply, Inc.; received Invoice 5312, payable in 60 days.
6	Issued Check 1002 for \$2,100 to purchase photographic equipment.
7	Purchased supplies for \$550; paid with Check 1003.
10	Issued Check 1004 for \$800 for office cleaning service.
12	Performed services for \$2,600 in cash and \$2,600 on credit. (Use one compound entry.)
15	Returned damaged supplies; received a \$180 cash refund.
18	Purchased a computer for \$2,250 from Dallas Office Supply, Invoice 304; issued Check 1005 for a \$500 down payment. The balance is payable in 30 days. (Use one compound entry.)
20	Issued Check 1006 for \$2,500 to Office Supply, Inc., as payment on account for office furniture, Invoice 5312.
26	Performed services for \$2,500 on credit.
27	Paid \$632 for monthly telephone bill; issued Check 1007
30	Received \$2,300 in cash from credit clients on account.
30	Issued Check 1008 to pay the monthly utility bill of \$750.
30	Issued Checks 1009–1011 for \$6,550 for salaries.