

ACCT 100 - Chapter 4

So far we have spent a lot of time analyzing and recording transactions and learning the rules of debit and credit. We have recorded transactions in column form and in T-accounts. In this chapter we start recognizing transactions using formal accounting documents – the Journal and the Ledger. The ability to record a transaction using proper debits and credits represents the foundation of the accounting process.

To prepare a more professional looking and efficient record of the transactions, we have split the T-account into two different parts.

I. The General Journal – the very first place a transaction gets recorded.

A.

B.

C.

DO NOT total the columns in the journal

II. The General Ledger – each account has its own ledger that contains the detailed transactions for that individual account. The journal provides a great diary of the daily activities of a business but it does not have any totals or account balances.

A. Posting

C. Source Document

- III. Trial Balance – the same as we prepared in Chapter 2. Now, however, we will get the balances for the Trial Balance from the General Ledger instead of the T-accounts.
 - A. What if the debits and credits don't equal?
 - 1. Make sure you have put the balances in the correct debit or credit column. The accounts all should have normal balances.
 - 2. Check the footings; Re-add the Trial Balance itself.
 - 3. Find the difference between the debits and the credits.
 - a. if the difference is evenly divisible by 9, you most likely have made a:
 - 1.
 - 2.
 - b. look for a transaction equal to half the amount or double the amount.
 - c. If you still haven't found the error, go back and re-foot the ledger accounts and double-check the postings.

General Journal

	DATE	DESCRIPTION	PR	DEBIT	CREDIT	
1						1
2						2
3						3
4						4
5						5
6						6
7						7
8						8
9						9
10						10
11						11
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17						17
18						18
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28						28
29						29
30						30
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32						32
33						33
34						34
35						35
36						36
37						37
38						38
39						39
40						40
41						41

General Journal

	DATE	DESCRIPTION	PR	DEBIT	CREDIT	
1						1
2						2
3						3
4						4
5						5
6						6
7						7
8						8
9						9
10						10
11						11
12						12
13						13
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37						37
38						38
39						39
40						40
41						41

EXERCISE 4.6 (continued)

ACCOUNT Automobile

ACCT 139

DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT	BALANCE
Sept.					

ACCOUNT Equipment

ACCT 141

DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT	BALANCE
20X1					
Sept.					

ACCOUNT Accounts Payable

ACCT 202

DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT	BALANCE
20X1					
Sept.					

ACCOUNT Martin Zillow, Capital

ACCT 301

DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT	BALANCE
20X1					
Sept.					

EXERCISE 4.6 (continued)

ACCOUNT Martin Zillow, Drawing

ACCT 302

DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT	BALANCE
20X1					
Sept.					

ACCOUNT Fees Income

ACCT 401

DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT	BALANCE
20X1					
Sept.					

ACCOUNT Telephone Expense

ACCT 517

DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT	BALANCE
20X1					
Sept.					

ACCOUNT Rent Expense

ACCT 520

DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT	BALANCE
20X1					
Sept.					

General Journal

	DATE	DESCRIPTION	PR	DEBIT	CREDIT	
1						1
2						2
3						3
4						4
5						5
6						6
7						7
8						8
9						9
10						10
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41						41

General Journal

	DATE	DESCRIPTION	PR	DEBIT	CREDIT	
1						1
2						2
3						3
4						4
5						5
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General Journal

	DATE	DESCRIPTION	PR	DEBIT	CREDIT	
1						1
2						2
3						3
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41						41

PROBLEM 4.4B (continued)

GENERAL LEDGER

ACCOUNT Office Equipment

ACCOUNT NO. 141

DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20X1						
Dec.						

ACCOUNT Furniture and Fixtures

ACCOUNT NO. 151

DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20X1						
Dec.						

ACCOUNT Accounts Payable

ACCOUNT NO. 202

DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20X1						
Dec.						

ACCOUNT Virginia Richey, Capital

ACCOUNT NO. 301

DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20X1						
Dec.						

ACCOUNT Fees Income

ACCOUNT NO. 401

DATE	DESCRIPTION	POST REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
20X1						
Dec.						

