

College Accounting



Chapter 3: Journals, Source Documents, and Recording Entries in a Journal

Goals of Chapter 3:



- Define accounting terms related to journalizing transactions
- Identify accounting concepts and practices related to journaling transactions record in a general journal transactions to set up a business
- Record in a general journal transactions to buy insurance for cash and supplies on account
- Record in a general journal transactions that affect owner's equity and receiving cash on account
- Start a new journal page

3.1: Journals and Journalizing

page 57

- **Journal**: a form for recording transactions in **chronological** order.
- **Journalizing**: recording transactions in a journal
- **Entry**: information recorded in a journal
 - **Double Entry Accounting**:
 - All transactions have 2 parts – a debit and a credit
 - All transactions affect at least 2 accounts
 - Debits must equal credits

3.1: Journals and Journalizing

- **General Journal**: journal used to record any transaction and has only 2 amount columns

GENERAL JOURNAL											PAGE
DATE		ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT			CREDIT			
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9

3.1: Journals, Journalizing, Source Documents

page 58

- **Source Document**: a business paper from which information is obtained for a journal entry.

Accounting Concept : 


- **Objective Evidence**:
 - ❑ Businesses must have a source document/tangible proof of all recorded transactions

3.1: Types of Source Documents

- **Check:** a business form ordering a bank to pay cash from a bank account.
 - The source document for cash payments


NO. 1 \$ 275.00
Date August 3 20--
To Port City Supply
For Supplies

BAL. BRO'T. FOR'D.	0 00
AMT. DEPOSITED	8 1 -- 5,000 00
SUBTOTAL	5,000 00
OTHER:	
SUBTOTAL	5,000 00
AMT. THIS CHECK	275 00
BAL. CAR'D. FOR'D.	4,725 00

 7549 Broadway
Portland, OR 97202-2531

NO. 1 24-317
1230
August 3, 20--

PAY TO THE ORDER OF Port City Supply \$ 275.00
Two hundred seventy-five ^{no}/₁₀₀ DOLLARS

 Pacific national bank
Portland, OR


FOR Supplies Kim Park

For Classroom Use Only

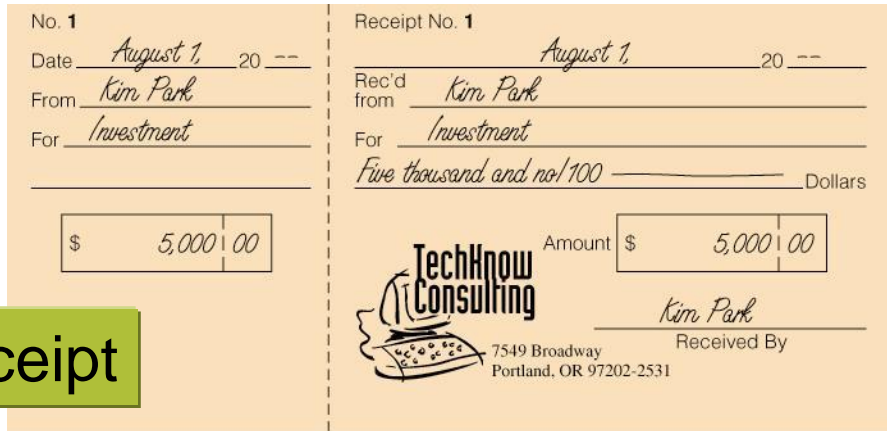
⑆ 23003 175⑆ 43 452119⑆

3.1: Types of Source Documents

- **Invoice**: a form describing the goods or services sold (or purchased), the quantity and the price.
- **Sales Invoice**: an invoice used as a source document for a sale on account.
 - Also called sales ticket or sales slip
 - They are pre-numbered, multi-part forms to track all sales

 7549 Broadway Portland, OR 97202-2531	Sold to: <u>Oakdale School</u> <u>5211 SE Oak Street</u> <u>Portland, OR 97208-5392</u>	No. <u>1</u> Date <u>8/12/--</u> Terms <u>30 days</u>
Description		Amount
Computer Network Setup		\$350.00
Total		\$350.00

3.1: OTHER SOURCE DOCUMENTS



No. 1
Date August 1, 20 --
From Kim Park
For Investment

Receipt No. 1
August 1, 20 --
Rec'd from Kim Park
For Investment
Five thousand and no/100 Dollars

Amount \$ 5,000 | 00

TechKnow Consulting
7549 Broadway
Portland, OR 97202-2531

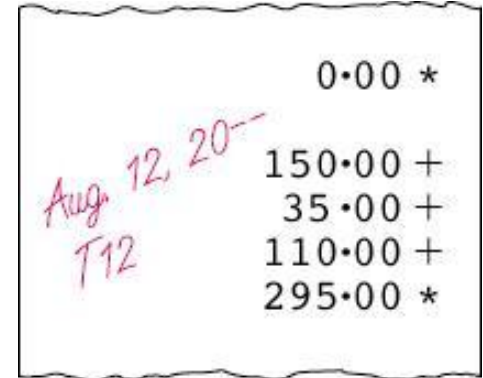
Received By Kim Park

receipt

Receipt: form giving written acknowledgement for cash received from other than sales transactions

Calculator Tapes: source document for total daily sales

calculator tape



Aug 12, 20--
T12

0.00 *
150.00 +
35.00 +
110.00 +
295.00 *

memorandum



MEMORANDUM
TechKnow Consulting
7549 Broadway
Portland, OR 97202-2531
No. 1

*Bought supplies on account from
Supply Depot, \$500.00*

Signed: Kim Park Date: August 7, 20--

Memorandums: A form on which brief message is written describing the transaction.

3.1: RECORDING TRANSACTIONS IN GENERAL JOURNALS: RECEIVED CASH FROM OWNER AS AN INVESTMENT

Pg 60

August 1. Received cash from owner as an investment, \$5,000.00.
Receipt No. 1.

GENERAL JOURNAL							PAGE 1
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
Aug. 1	Cash	R1		5000.00			
	Kim Park, Capital				5000.00		

1. Write the date in the Date column.
2. Write the title of the account debited.
Write the debit amount.
3. Write the title of the account credited.
Write the credit amount.
4. Write the source document number in the Doc. No. column.

Cash	
5,000.00	
Kim Park, Capital	
	5,000.00

3.1: RECORDING TRANSACTIONS IN GENERAL JOURNALS: PAID CASH FOR SUPPLIES

August 3. Paid cash for supplies, \$275.00. Check No. 1.

GENERAL JOURNAL							PAGE 1
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
3	Supplies	C1		275.00		3	
4	Cash				275.00	4	

1. Write the date in the Date column.
2. Write the title of the account debited.
Write the debit amount.
3. Write the title of the account credited.
Write the credit amount.
4. Write the source document number in the Doc. No. column.

Supplies	
275.00	
Cash	
	275.00

3.2: RECORDING TRANSACTIONS IN GENERAL JOURNALS: PAID CASH FOR INSURANCE

August 4. Paid cash for insurance, \$1,200.00. Check No. 2.

GENERAL JOURNAL							PAGE 1
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
4	Prepaid Insurance	C2		1 200 00		5	
	Cash				1 200 00	6	

- Write the date in the Date column.
- Write the title of the account debited.
Write the debit amount.
- Write the title of the account credited.
Write the credit amount.
- Write the source document number in the Doc. No. column.

Prepaid Insurance	
1,200.00	
Cash	
	1,200.00

3.2: RECORDING TRANSACTIONS IN GENERAL JOURNALS: *BOUGHT SUPPLIES ON ACCOUNT*

August 7. Bought supplies on account from Supply Depot, \$500.00.
Memorandum No. 1.

GENERAL JOURNAL							PAGE 1
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
7	Supplies	M1		500.00		7	
8	Accounts Payable—Supply Depot				500.00	8	

- Write the date in the Date column.
- Write the title of the account debited. Write the debit amount.
- Write the title of the account credited. Write the credit amount.
- Write the source document number in the Doc. No. column.

Supplies	
500.00	
Accts. Pay.—Supply Depot	
	500.00

3.2: RECORDING TRANSACTIONS IN GENERAL JOURNALS: PAID CASH ON ACCOUNT

page 65

August 11. Paid cash on account to Supply Depot, \$300.00. Check No. 3.

GENERAL JOURNAL							PAGE 1
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
9 11	Accounts Payable—Supply Depot	C3		300.00		9	
10	Cash				300.00	10	

- Write the date in the Date column.
- Write the title of the account debited.
Write the debit amount.
- Write the title of the account credited.
Write the credit amount.
- Write the source document number in the Doc. No. column.

Accts. Pay.—Supply Depot	
300.00	
Cash	
	300.00

3.3: TRANSACTIONS THAT AFFECT OWNER'S EQUITY: RECEIVED CASH FROM SALES

August 12. Received cash from sales, \$295.00. Tape No. 12.

GENERAL JOURNAL							PAGE 1
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
11						11	
12	Cash	T12		295.00		11	
12	Sales				295.00	12	

1. Write the date in the Date column.
2. Write the title of the account debited.
Write the debit amount.
3. Write the title of the account credited.
Write the credit amount.
4. Write the source document number in the Doc. No. column.

Cash	
295.00	

Sales	
	295.00

3.3: TRANSACTIONS THAT AFFECT OWNER'S EQUITY: *SOLD SERVICES ON ACCOUNT*

page 69

August 12. Sold services on account to Oakdale School, \$350.00. Sales Invoice No. 1.

GENERAL JOURNAL

PAGE 1

DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT
12	Accounts Receivable—Oakdale School	S1		350 00	
	Sales				350 00

- Write the date in the Date column.
- Write the title of the account debited.
Write the debit amount.
- Write the title of the account credited.
Write the credit amount.
- Write the source document number in the Doc. No. column.

Accts. Rec.—Oakdale School	
350.00	
Sales	
	350.00

3.3: TRANSACTIONS THAT AFFECT OWNER'S EQUITY: PAID CASH FOR AN EXPENSE

page 70

August 12. Paid cash for rent, \$300.00. Check No. 4.

GENERAL JOURNAL							PAGE 1
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
	2			2			
15 1 12	Rent Expense	C4	4	300 00		15	
16	Cash 3				3 300 00	16	

1. Write the date in the Date column.
2. Write the title of the account debited.
Write the debit amount.
3. Write the title of the account credited.
Write the credit amount.
4. Write the source document number in the Doc. No. column.

Rent Expense	
300.00	
Cash	
	300.00

3.3: TRANSACTIONS TO BE JOURNALIZED: *RECEIVED CASH ON ACCOUNT*

page 71

*August 18. Received cash on account from Oakdale School, \$200.00.
Receipt No. 2.*

GENERAL JOURNAL							PAGE 1
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
27	18 Cash	R2		200 00		27	
28	Accounts Receivable—Oakdale School				200 00	28	

- Write the date in the Date column.
- Write the title of the account debited. Write the debit amount.
- Write the title of the account credited. Write the credit amount.
- Write the source document number in the Doc. No. column.

Cash	
200.00	
Accts. Rec.—Oakdale School	
	200.00

3.3: TRANSACTIONS THAT AFFECT OWNER'S EQUITY: PAID CASH TO OWNER FOR PERSONAL USE

page 72

August 18. Paid cash to owner for personal use, \$125.00. Check No. 6.

GENERAL JOURNAL													PAGE 1
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT				CREDIT					
29	18	Park, Drawing	C6		2	5	00					29	
30		Cash			4			1	2	5	00	30	

1. Write the date in the Date column.
2. Write the title of the account debited.
Write the debit amount.
3. Write the title of the account credited.
Write the credit amount.
4. Write the source document number in the Doc. No. column.

Kim Park, Drawing	
125.00	
Cash	
	125.00

3.4: JOURNAL PAGES: A COMPLETED JOURNAL PAGE

GENERAL JOURNAL										PAGE 1			
	DATE		ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT			CREDIT				
1	²⁰⁻ Aug.	1	Cash	R1		5	0	0	0	0	0	1	
2			Kim Park, Capital							5	0	0	2
3		3	Supplies	C1		2	7	5	0			3	
4			Cash							2	7	5	4
5		4	Prepaid Insurance	C2		1	2	0	0			5	
6			Cash							1	2	0	6
33		20	Supplies	M2		5	0	0				33	
34			Accounts Payable—Thomas Supply Co.							5	0	0	34
35												35	

3.4: JOURNAL PAGES: *STARTING A NEW GENERAL JOURNAL PAGE*

GENERAL JOURNAL

PAGE 2

	DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT			CREDIT			
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9

3.4: JOURNAL PAGES: STANDARD ACCOUNTING PRACTICES

1. If error, cancel by drawing a line through incorrect item. Write correct item immediately above
2. Incorrect entry – draw lines through all parts & correct on next blank lines (if no entry in between)
3. If entire incorrect entry followed by correct entries, cross out incorrect entry and correct neatly by writing correct entry above incorrect
4. Abbreviated words are permitted when limited space
5. Dollar and cents signs, and decimals are not used on ruled accounting paper
6. 2 “0’s” or a straight line across the cents column are used to indicate even dollar amounts
7. Neatness is very important

GENERAL JOURNAL							PAGE 14
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
9	27	Miscellaneous Expense	C10	7000		9	
		Cash			7000	10	
11	27	Utility Expense	C10	7000		11	
12		Cash			7000	12	
13	28	Supplies	C11	2000		13	
14		Cash			2000	14	
15	28	Cash	T28	119000		15	
16		Sales			119000	16	
17	31	Miscellaneous Expense	C12	2000		17	
18		Advertising		1000		18	
19		Cash			3000	19	
20						20	

TERMS REVIEW

- journal
- journalizing
- entry
- general journal
- double-entry accounting
- source document
- check
- invoice
- sales invoice
- receipt
- memorandum