

# College Accounting



**Chapter 4:** Posting from a General Journal to a General Ledger

# Goals of Chapter 4:



- Define accounting terms related to posting from a general journal to a general ledger
- Identify accounting concepts and practices related to posting from a general journal to a general ledger
- Prepare a chart of accounts for a service business organized as a proprietorship
- Post amounts from a general journal to a general ledger
- Prove cash
- Analyze and journalize correcting entries

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# 4-1: Preparing a Chart of Accounts

- Ledger: a group of accounts
  
- General Ledger:
  - ❑ a ledger that contains all accounts in the chart of accounts
  - ❑ Needed to prepare the financial statements of any company

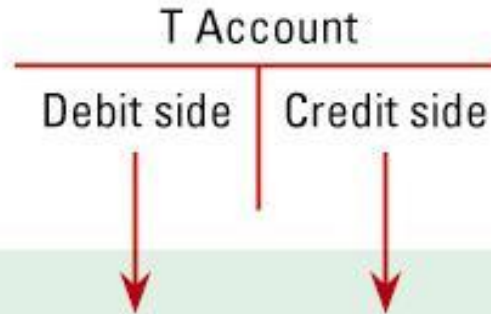
# 4-1: Preparing a Chart of Accounts

## RELATIONSHIP OF A T ACCOUNT TO AN ACCOUNT FORM

1

2

Information needed to trace entry back to journal page



ACCOUNT				ACCOUNT NO.			
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	

3

Balance columns

*Should normally be on the Normal Side for each account type*

# 4-1: Preparing a Chart of Accounts

## CHART OF ACCOUNTS



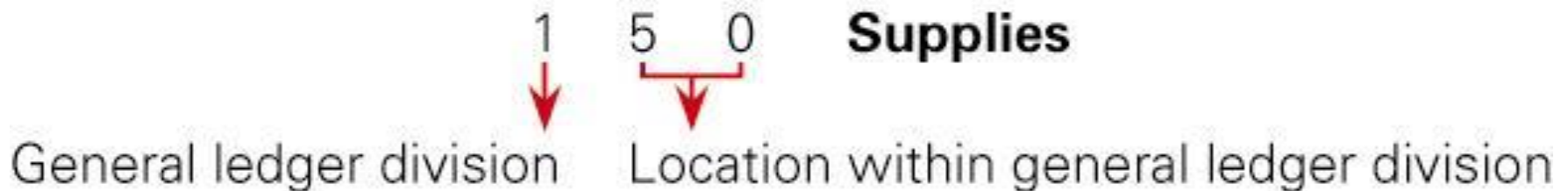
### CHART OF ACCOUNTS

Balance Sheet Accounts	Income Statement Accounts
(100) ASSETS	(400) REVENUE
110 Cash	410 Sales
120 Petty Cash	
130 Accounts Receivable—Oakdale School	(500) EXPENSES
140 Accounts Receivable—Campus Internet Cafe	510 Advertising Expense
150 Supplies	520 Insurance Expense
160 Prepaid Insurance	530 Miscellaneous Expense
	540 Rent Expense
(200) LIABILITIES	550 Supplies Expense
210 Accounts Payable—Supply Depot	560 Utilities Expense
220 Accounts Payable—Thomas Supply Co.	
(300) OWNER'S EQUITY	
310 Kim Park, Capital	
320 Kim Park, Drawing	
330 Income Summary	

Account Title: corresponds to the Chart of Accounts for that business.

# 4-1: Preparing a Chart of Accounts

Account Number: the number assigned to an account from the Chart of Accounts and used in the ledger



The basic Account numbering system that most small businesses use corresponds to the order the accounts appear in the financial statements

100's = Assets

200's = Liabilities

300's = Owner's Equity

400's = Revenues

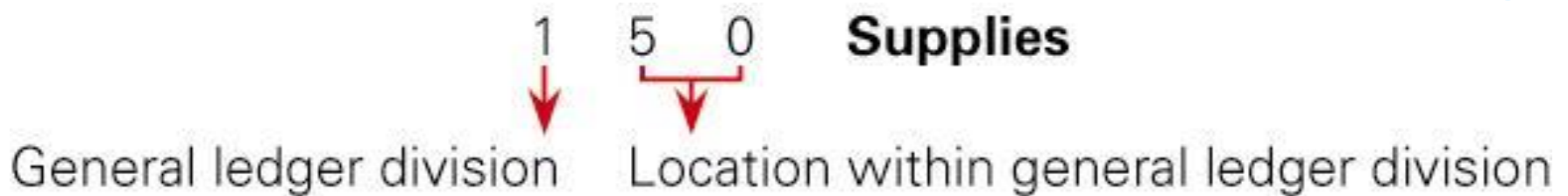
500's = Expenses

Need to memorize this numbering concept

The numbering system is scalable depending upon the size of the business

# 4-1: Preparing a Chart of Accounts

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- Businesses generally leave gaps between account numbers when creating the Chart of Accounts.
- Within the general division points, you want to leave number gaps of 10 or more to allow for the addition of new accounts.
- File Maintenance: the process of arranging or assigning accounts, deleting account numbers and keeping records current.

# 4-1: Preparing a Chart of Accounts

Opening an Account: writing an account title and number on the top line of an Account Form for the General Ledger

## OPENING AN ACCOUNT IN A GENERAL LEDGER

ACCOUNT <i>Cash</i>			ACCOUNT NO. <i>110</i>													
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE											
					DEBIT	CREDIT										

1. Write the account title after the word *Account* in the heading.
2. Write the account number after the words *Account No.* in the heading.



# 4-2: Posting from General Journal to General Ledger

Posting: transferring information from a journal entry to a ledger account

GENERAL JOURNAL										PAGE 1	
DATE	ACCOUNT TITLE		DOC. NO.	POST. REF.	DEBIT		CREDIT				
1 <sup>20-</sup> Aug. 1	Cash		R1	110	500000						1
2	Kim Park, Capital								500000		2
3											3

ACCOUNT Cash										ACCOUNT NO. 110	
DATE	ITEM	POST. REF.	DEBIT		CREDIT		BALANCE				
			DEBIT		CREDIT		DEBIT	CREDIT			
<sup>20-</sup> Aug. 1		G1	500000				500000				

1. Write the date.
2. Write the journal page number.
3. Write the debit amount.
4. Write the new account balance.
5. Return to the journal and write the account number.

# 4-2: Posting from General Journal to General Ledger

## POSTING AN AMOUNT FROM THE CREDIT COLUMN OF A GENERAL JOURNAL

GENERAL JOURNAL										PAGE 1
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT					
1 <sup>20--</sup> Aug. 1	Cash	R1	110	500000						
2	Kim Park, Capital		310		500000					

ACCOUNT Kim Park, Capital										ACCOUNT NO. 310
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE					
					DEBIT	CREDIT				
<sup>20--</sup> Aug. 1		G1		500000		500000				

1. Write the date.
2. Write the journal page number.
3. Write the credit amount.
4. Write the new account balance.
5. Return to the journal and write the account number.

# 4-2: Posting from General Journal to General Ledger

## POSTING A DEBIT AMOUNT TO AN ACCOUNT WITH A DEBIT BALANCE

GENERAL JOURNAL							PAGE 1
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
7	Supplies	M1	150	500 00		7	
8	Accounts Payable—Supply Depot		210		500 00	8	
ACCOUNT <i>Supplies</i>							ACCOUNT NO. 150
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
Aug. 3		G1	275 00		275 00		
7		G1	500 00		775 00		

1. Write the date.
2. Write the journal page number.
3. Write the debit amount.
4. Write the new account balance.
5. Return to the journal and write the account number.

# 4-2: Posting from General Journal to General Ledger

## POSTING A DEBIT AMOUNT TO AN ACCOUNT WITH A CREDIT BALANCE

GENERAL JOURNAL							PAGE 1
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
9	11 Accounts Payable—Supply Depot	C3	210	30000		9	
10	Cash				30000	10	

ACCOUNT Accounts Payable—Supply Depot							ACCOUNT NO. 210
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
20-Aug. 7		G1		50000		50000	
11		G1	30000			20000	

1. Write the date.
2. Write the journal page number.
3. Write the debit amount.
4. Write the new account balance.
5. Return to the journal and write the account number.



# 4-2: Posting from General Journal to General Ledger

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## JOURNAL PAGE WITH POSTING COMPLETED

GENERAL JOURNAL							PAGE 1
	DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT	
1	Aug. 1	Cash	R1	110	5 000 00		1
2		Kim Park, Capital		310		5 000 00	2
3		3 Supplies	C1	150	2 750 00		3
4		Cash		110		2 750 00	4
5		4 Prepaid Insurance	C2	160	1 200 00		5
6		Cash		110		1 200 00	6
7		7 Supplies	M1	150	5 000 00		7
8		Accounts Payable—Supply Depot		210		5 000 00	8
9		11 Accounts Payable—Supply Depot	C3	210	3 000 00		9
10		Cash		110		3 000 00	10
11		12 Cash	T12	110	2 950 00		11
12		Sales		410		2 950 00	12
13		12 Accounts Receivable—Oakdale School	S1	130	3 500 00		13
14		Sales		410		3 500 00	14
15		12 Rent Expense	C4	540	3 000 00		15
16		Cash		110		3 000 00	16
17			C5	560	4 000 00		17

(continued on next slide)

# 4-2: Posting from General Journal to General Ledger

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## JOURNAL PAGE WITH POSTING COMPLETED

16		<i>Cash</i>		110				4 000		16
17	12	<i>Utilities Expense</i>	C5	560						17
18		<i>Cash</i>		110					4 000	18
19	13	<i>Accounts Receivable—Campus Internet Cafe</i>	R3	140						19
20		<i>Sales</i>		410					1 000 00	20
21	14	<i>Advertising Expense</i>	C7	510						21
22		<i>Cash</i>		110					7 800	22
23	14	<i>Cash</i>	T14	110						23
24		<i>Sales</i>		410					4 45 00	24
25	17	<i>Petty Cash</i>	C8	120						25
26		<i>Cash</i>		110					1 00 00	26
27	18	<i>Cash</i>	R2	110						27
28		<i>Accounts Receivable—Oakdale School</i>		130						28
29	18	<i>Kim Park, Drawing</i>	C6	320						29
30		<i>Cash</i>		110					1 25 00	30
31	18	<i>Advertising Expense</i>	C9	510						31
32		<i>Cash</i>		110					1 25 00	32
33	20	<i>Supplies</i>	M2	150						33
34		<i>Accounts Payable—Thomas Supply Co.</i>		220						34

*(continued  
from  
previous  
slide)*

# 4-3: Completed General Ledger, Proving Cash, and Making Correcting Entries

ACCOUNT <i>Cash</i>		ACCOUNT NO. 110									
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE						
					DEBIT	CREDIT					
<sup>20-</sup> Aug. 1		G1	500000			500000					
	3	G1		27500		472500					
	4	G1		120000		352500					
	11	G1		30000		322500					
	12	G1	29500			352000					
	27	G2									
	28	G2		20000		412200					
	28	G2	119000			531200					
	31	G2		3000		528200					
	31	G2		50000		478200					
	31	G2	19000			497200					
	31	G2		800		496400					

GENERAL LEDGER WITH POSTING COMPLETED

ACCOUNT <i>Petty Cash</i>		ACCOUNT NO. 120									
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE						
					DEBIT	CREDIT					
<sup>20-</sup> Aug. 17		G1	10000			10000					

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# 4-3: Completed General Ledger, Proving Cash, and Making Correcting Entries

**GENERAL LEDGER  
WITH POSTING  
COMPLETED**

ACCOUNT <i>Kim Park, Capital</i>					ACCOUNT NO. 310		
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
20- Aug. 1		G1		500000		500000	

ACCOUNT <i>Kim Park, Drawing</i>					ACCOUNT NO. 320		
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
20- Aug. 12		G1	12500		12500		
		G2	50000		62500		

ACCOUNT <i>Income Summary</i>					ACCOUNT NO. 330		
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	

*(continued on next slide)*



# 4-3: Completed General Ledger, Proving Cash, and Making Correcting Entries

- PROVING CASH - determining that the amount of cash in our bank records proves with the balance of the cash account in the general ledger.
- Cash can be proved at any time, but should be proven at the end of each fiscal period (month, quarter, semi-annual or annual)

NO. 15      \$ \_\_\_\_\_  
 Date \_\_\_\_\_ 20\_\_  
 To \_\_\_\_\_  
 For \_\_\_\_\_

BAL. BRO'T. FOR'D. ....	4,964	00
AMT. DEPOSITED ... <input type="checkbox"/> <input type="checkbox"/>		
Date		
SUBTOTAL .....		
OTHER:		
_____		
SUBTOTAL:		
AMT. THIS CHECK .....		
BAL. CAR'D. FOR'D. ....		

ACCOUNT <i>Cash</i>					ACCOUNT NO. 110	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
31		G2	19000		496400	

## 4-3: Completed General Ledger, Proving Cash, and Making Correcting Entries

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- If you discover an accounting error **AFTER** posting has taken place, the error should be analyzed and a correcting entry made to correct the mistake.
- Correcting Entry: a journal entry made to correct an error in the ledger.
  - A MEMORANDUM is the Source Document for a Correcting Entry

MEMORANDUM		TechKnow Consulting	No. 15
<i>A cash payment of \$140.00 for advertising, October 30, 20--, was debited in error to Miscellaneous Expense.</i>			
Signed:	<i>Kim Park</i>	Date:	<i>November 13, 20--</i>

# 4-3: Completed General Ledger, Proving Cash, and Making Correcting Entries

## JOURNAL ENTRY TO RECORD A CORRECTING ENTRY

November 13. Discovered that a payment of cash for advertising in October was journalized and posted in error as a debit to Miscellaneous Expense instead of Advertising Expense, \$140.00. Memorandum No. 15.

Advertising Expense	
140.00	
Miscellaneous Expense	
	140.00

GENERAL JOURNAL							PAGE 7
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
13	Advertising Expense	M15		140 00		28	
	Miscellaneous Expense				140 00	29	

**1** Date

**2** Debit

**4** Source Document

Credit

**3**

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# TERMS REVIEW

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- ledger
- general ledger
- account number
- file maintenance
- opening an account
- posting
- proving cash
- correcting entry