Ch. 5 Posting to a General Ledger

Account Form

A journal is a permanent record of DR and CR transactions recored in chronological order. A journal does NOT show all changes in a single account. An account form summarizes all changes to one account in one place.

A group of accounts is called a ledger.

All accounts needed to prepare financial statements is a general ledger.

1. The form has DR and CR columns just like the T-account
2. Opening an Account: On the form-put account title and account number at top of page
3. Use the form to create a general ledger for all accounts that are listed in Chart of Accounts
4. Accounts in GL are arranged in same order appear in financial statements:
   - Assets, Liabilities, Owner's Equity, Revenue, Expenses
5. Assign accounts account numbers in Chart of Accounts and transfer in ledger use
6. File maintenance-arranging accounts in ledger, assigning a/c # and keeping records
7. Expenses-alpha order the expense accounts in chart and ledger

Posting

Transferring a transaction reported in the journal to the general ledger is posting.

1. All DR and CR of each account type are together
2. Amounts are recorded in general amount or special amount columns.
   - Separate amounts in Journal's General Amount Columns are posted INDIVIDUALLY in their ACCOUNT TITLE column. (Like supplies)
   - Separate amounts in Journal's Special Amount Columns are NOT posted INDIVIDUALLY; the TOTALS are posted to ACCOUNT named in heading of special amount column. (Like sales)

Sequential Order for Posting to General Ledger

1. Write date in Date column of the Account Form
2. Write the Journal Page number that the transaction is coming FROM in the POST. REF. (posting reference) column
3. Write the DR or CR amount FROM Journal in the DR or CR column on GL.
4. Write in the new balance on the GL.

5. LAST STEP!-Go to Journal and write the account number in the POST. REF. column of the journal.

Check Marks-Amounts are NOT posted

1. Journal check marks- after posting journal entries to the GL- the POST. REF column in the journal should not be left blank.
   - Totals in a journal and totals Brought Forward are not posted INDIVIDUALLY- instead put a check mark in the POST. REF. column to indicate that it was not an oversight, but still not to be posted with an individual account number.
2. Separate amounts in the special amount columns: SALES CREDIT, CASH DR, CASH CR are not posted INDIVIDUALLY. They get a check mark. Their TOTALs are posted instead. Then the account number is written in ( ) under the Special Column total line.
3. Since General Account columns have individual postings, check-marks in ( ) go under the General Account column total line...as the totals were not posted.

Correcting Entries

1. Errors are simple-rule through the item and write correction above.
2. If improper journalizing and posting, then should have an additional journal entry- Correcting Entry in journal.
3. Account error- Prepare a memorandum as a source document to describe the correction.

See image below as an example slightly different look than in textbook.

GENERAL JOURNAL

Page 1

Date 2008		Description	F	Debit	Credit
Aug	2	Equipment	125	1,500	
		Cash	101		500
		Accounts Payable	200		1,000
		Purchase of computer with $500			
		cash and $1,000 store credit.			

GENERAL LEDGER

Equipment Account #125

Date 2008		Description	F	Debit	Credit	DR CR	Balance
Jul	31					DR	2,500
Aug	2		J1	1,500		DR	4,000

Cash Account #101

Date 2008		Description	F	Debit	Credit	DR CR	Balance
Jul	31					DR	5,500
Aug	2	Computer pmt	J1		500	DR	5,000

Accounts Payable Account #200

Date 2008		Description	F	Debit	Credit	DR CR	Balance
Jul	31					CR	1,000
Aug	2	Purchased computer	J1		1,500	CR	2,500