



LESSON 5-1

Preparing a Chart of Accounts

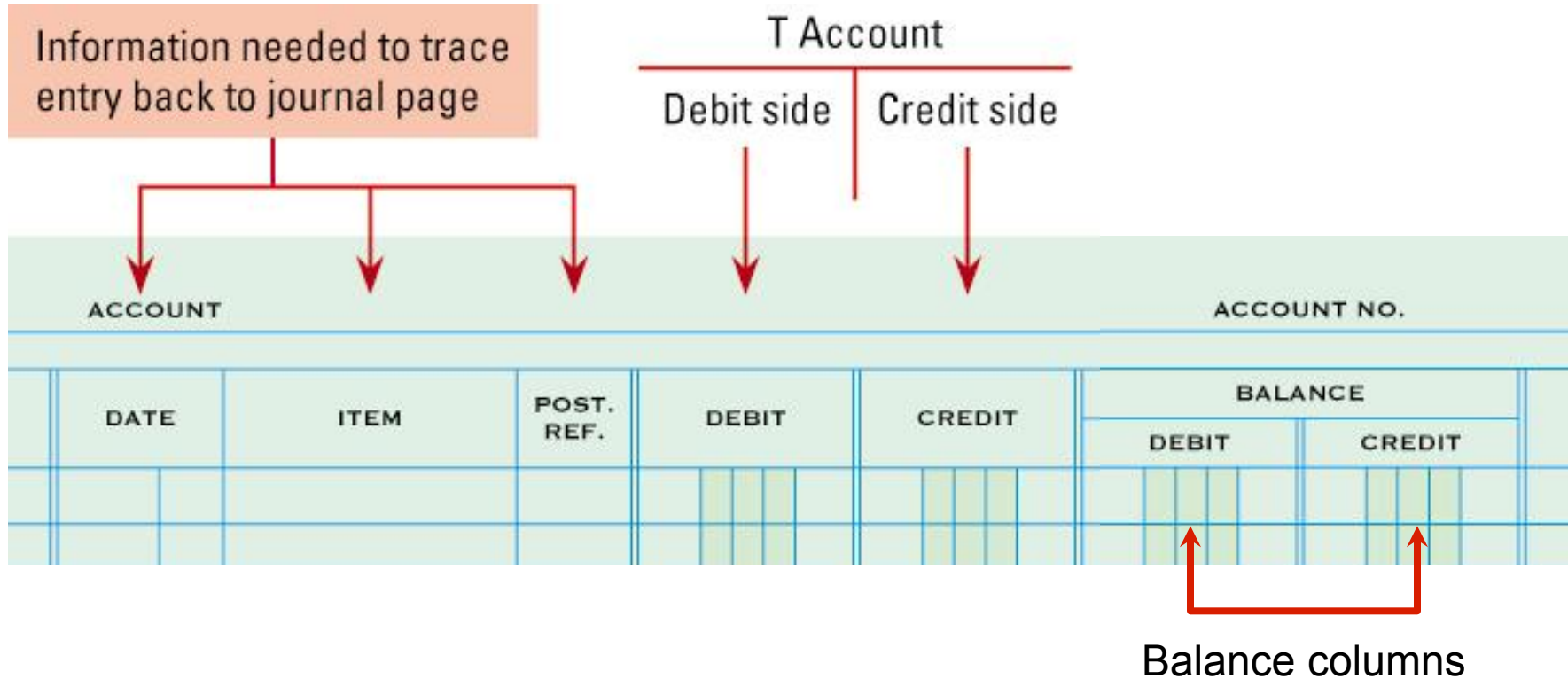


TERMS REVIEW

1. ledger
 2. general ledger
 3. account number
 4. file maintenance
 5. opening an account
- Arranging accounts, assigning numbers, keeping records
 - Number assigned to account
 - Contains all the accounts
 - Writing an account title and number on the heading of an account
 - A group of accounts



RELATIONSHIP OF A T ACCOUNT TO AN ACCOUNT FORM



Also known as balance-ruled account form



CHART OF ACCOUNTS

Assets - most liquid

Liabilities & OE -

Alphabetically



7549 Broadway
Portland, OR 97202-2531

Arrange in the same order appear on financial statements. Assets, Liabilities, Owner's Equity, Revenue, and Expenses

CHART OF ACCOUNTS

Balance Sheet Accounts

- (100) ASSETS
- 110 Cash
 - 120 Petty Cash
 - 130 Accounts Receivable—Oakdale School
 - 140 Accounts Receivable—Campus Internet Cafe
 - 150 Supplies
 - 160 Prepaid Insurance
- (200) LIABILITIES
- 210 Accounts Payable—Supply Depot
 - 220 Accounts Payable—Thomas Supply Co.
- (300) OWNER'S EQUITY
- 310 Kim Park, Capital
 - 320 Kim Park, Drawing
 - 330 Income Summary

Income Statement Accounts

- (400) REVENUE
- 410 Sales
- (500) EXPENSES
- 510 Advertising Expense
 - 520 Insurance Expense
 - 530 Miscellaneous Expense
 - 540 Rent Expense
 - 550 Supplies Expense
 - 560 Utilities Expense

ACCOUNT NUMBERS

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Work Together

3. Prepare a Chart of Accounts

1. Start with Assets, Liabilities, etc...
2. Number by 10s with in Grouping

Example:

Cash - 100

Accts Rec - Amber Jorgenson - 110

?? - How do you arrange Assets? How do you arrange Liabilities and OE? What are the General Ledger Divisions?

See page 97



Work Together

4. Add the two new accounts:

1. Gasoline Expense
2. Utilities Expense

?? - What is the General Ledger Division? What order do they go?
What is their Account Number?

See page 98

The image shows the cover of an accounting textbook. The title 'Accounting' is prominently displayed at the top in a bold, white font. Below the title, there is a colorful illustration of a building facade with various windows and architectural details. The authors' names, 'SILBERSTEIN, LEAMAN, BOSS', are printed at the bottom of the cover.

Work Together

5. In Working Papers, Open Cash

?? What is written 1st and where? What is written next? What form would we be using (official name)?

See page 99



LESSON 5-2

Posting from a General Journal to a General Ledger



TERM REVIEW

page 101

- posting



POSTING AN AMOUNT FROM THE DEBIT COLUMN OF A GENERAL JOURNAL

GENERAL JOURNAL										PAGE 1
DATE	ACCOUNT TITLE		DOC. NO.	POST. REF.	DEBIT		CREDIT			
1 Aug. 20--	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			
1 Aug. 20--		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.



POSTING AN AMOUNT FROM THE CREDIT COLUMN OF A GENERAL JOURNAL

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

ACCOUNT Kim Park, Capital		ACCOUNT NO. 310				
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
1 Aug. 20--		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.

POSTING A DEBIT AMOUNT TO AN ACCOUNT WITH A DEBIT BALANCE

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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	
²⁰⁻ 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.



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 D				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.

JOURNAL PAGE WITH POSTING COMPLETED

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GENERAL JOURNAL							PAGE 1	
	DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
1	²⁰⁻ Aug. 1	Cash	R1	110	5 0 0 0 0 0			1
2		Kim Park, Capital		310		5 0 0 0 0 0		2
3	3	Supplies	C1	150	2 7 5 0 0			3
4		Cash		110		2 7 5 0 0		4
5	4	Prepaid Insurance	C2	160	1 2 0 0 0 0			5
6		Cash		110		1 2 0 0 0 0		6
7	7	Supplies	M1	150	5 0 0 0 0			7
8		Accounts Payable—Supply Depot		210		5 0 0 0 0		8
9	11	Accounts Payable—Supply Depot	C3	210	3 0 0 0 0			9
10		Cash		110		3 0 0 0 0		10
11	12	Cash	T12	110	2 9 5 0 0			11
12		Sales		410		2 9 5 0 0		12
13	12	Accounts Receivable—Oakdale School	S1	130	3 5 0 0 0			13
14		Sales		410		3 5 0 0 0		14
15	12	Rent Expense	C4	540	3 0 0 0 0			15
16		Cash		110		3 0 0 0 0		16
17	12	Utilities Expense	C5	560	4 0 0 0			17

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JOURNAL PAGE WITH POSTING COMPLETED

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16		<i>Cash</i>		110				3 000 00	16
17	12	<i>Utilities Expense</i>	C5	560		40 00			17
18		<i>Cash</i>		110				40 00	18
19	12	<i>Cash</i>	R2	110		2 000 00			19
20		<i>Accounts Receivable—Oakdale School</i>		130				2 000 00	20
21	12	<i>Kim Park, Drawing</i>	C6	320		1 250 00			21
22		<i>Cash</i>		110				1 250 00	22
23	13	<i>Accounts Receivable—Campus Internet Cafe</i>	R3	140		1 000 00			23
24		<i>Sales</i>		410				1 000 00	24
25	14	<i>Advertising Expense</i>	C7	510		78 00			25
26		<i>Cash</i>		110				78 00	26
27	14	<i>Cash</i>	T14	110		4 450 00			27
28		<i>Sales</i>		410				4 450 00	28
29	17	<i>Petty Cash</i>	C8	120		1 000 00			29
30		<i>Cash</i>		110				1 000 00	30
31	18	<i>Advertising Expense</i>	C9	510		1 250 00			31
32		<i>Cash</i>		110				1 250 00	32
33	20	<i>Supplies</i>	M2	150		50 00			33
34		<i>Accounts Payable—Thomas Supply Co.</i>		220				50 00	34



Work Together 5.2



LESSON 5-3

Completed General Ledger, Proving Cash, and Making Correcting Entries



TERMS REVIEW

page 108

- proving cash
- correcting entry

GENERAL LEDGER WITH POSTING COMPLETED

ACCOUNT <i>Cash</i>			ACCOUNT NO. 110				
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
²⁰⁻ Aug. 1		G1	500000		500000		
3		G1		27500	472500		
4		G1		120000	352500		
11		G1		30000	322500		
12		G1	29500		352000		
27		G2		7000	452200		
28		G2		20000	412200		
28		G2	119000		531200		
31		G2		3000	528200		
31		G2		50000	478200		
31		G2	19000		497200		
31		G2		800	496400		

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

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GENERAL LEDGER WITH POSTING COMPLETED



ACCOUNT <i>Accounts Receivable—Oakdale School</i>					ACCOUNT NO. 130				
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE				
					DEBIT		CREDIT		
²⁰⁻ Aug. 12		G1	35000		35000				
12		G1		20000	15000				

ACCOUNT <i>Accounts Receivable—Campus Internet Cafe</i>					ACCOUNT NO. 140				
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE				
					DEBIT		CREDIT		
²⁰⁻ Aug. 13		G1	10000		10000				

ACCOUNT <i>Supplies</i>					ACCOUNT NO. 150				
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE				
					DEBIT		CREDIT		
²⁰⁻ Aug. 3		G1	27500		27500				
7		G1	50000		77500				
20		G1	5000		82500				
28		G2	20000		102500				

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GENERAL LEDGER WITH POSTING COMPLETED



ACCOUNT		<i>Prepaid Insurance</i>										ACCOUNT NO. 160	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		DEBIT	CREDIT					
²⁰⁻ Aug. 4		G1	120000			120000							

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

ACCOUNT		<i>Accounts Payable—Thomas Supply Co.</i>										ACCOUNT NO. 220	
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		DEBIT	CREDIT					
²⁰⁻ Aug. 20		G1		5000				5000					

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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			

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GENERAL LEDGER WITH POSTING COMPLETED

ACCOUNT *Sales*ACCOUNT NO. *410*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
²⁰⁻ Aug. 12		G1		29500		29500
12		G1		35000		64500
13		G1		10000		74500
14		G1		44500		119000
21		G2		99500		218500
28		G2		119000		337500
31		G2		19000		356500

ACCOUNT *Advertising Expense*ACCOUNT NO. *510*

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
²⁰⁻ Aug. 14		G1	7800		7800	
18		G1	12500		20300	
31		G2	1000		21300	

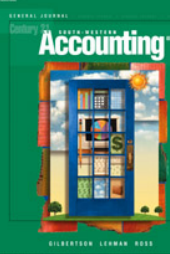
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GENERAL LEDGER WITH POSTING COMPLETED

ACCOUNT <i>Supplies Expense</i>					ACCOUNT NO. 550				
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE				
					DEBIT		CREDIT		

ACCOUNT <i>Utilities Expense</i>					ACCOUNT NO. 560				
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE				
					DEBIT		CREDIT		
²⁰⁻ <i>Aug.</i> 12		<i>G1</i>	4000		4000				
27		<i>G2</i>	7000		11000				

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PROVING CASH

NO. **15** \$ _____

Date _____ 20__

To _____

For _____

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

SUBTOTAL:			
AMT. THIS CHECK			
BAL. CAR'D. FOR'D.			

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

MEMORANDUM FOR A CORRECTING ENTRY

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MEMORANDUM



No. 15

*A cash payment of \$140.00 for advertising,
October 30, 20--, was debited in error to
Miscellaneous Expense.*

Signed: Kim Park Date: November 13, 20--



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	
	Miscellaneous Expense				140 00

1 Date (points to 13)
2 Debit (points to 140 00 in Advertising Expense)
3 Credit (points to 140 00 in Miscellaneous Expense)
4 Source Document (points to M15)