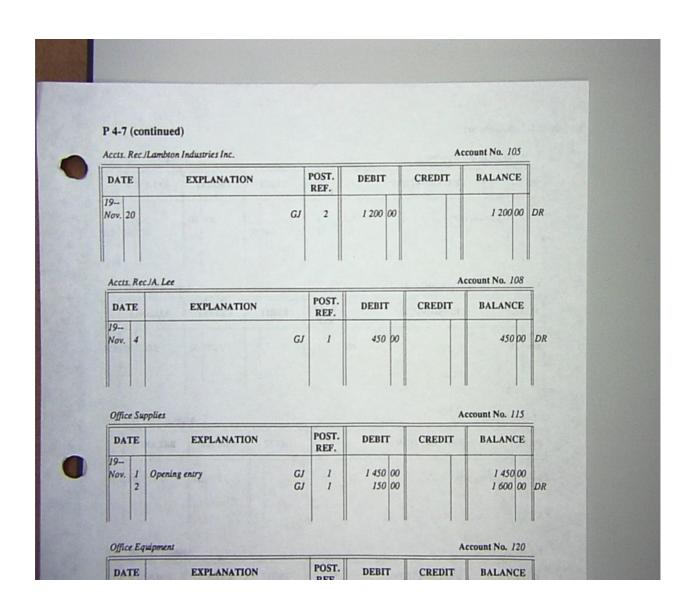
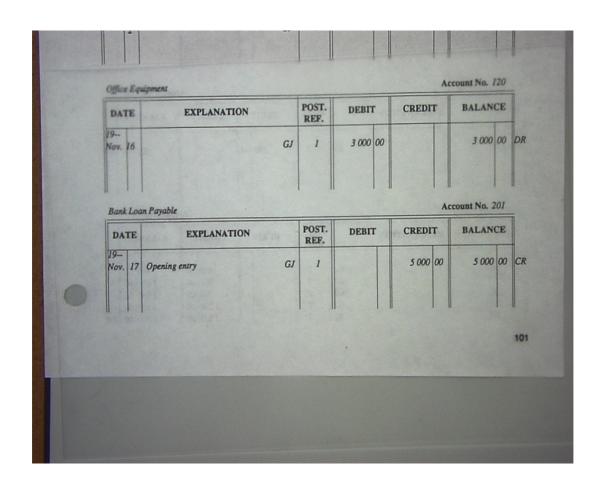
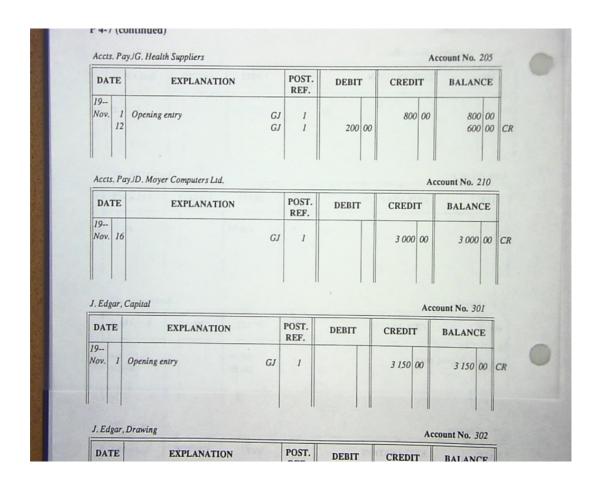
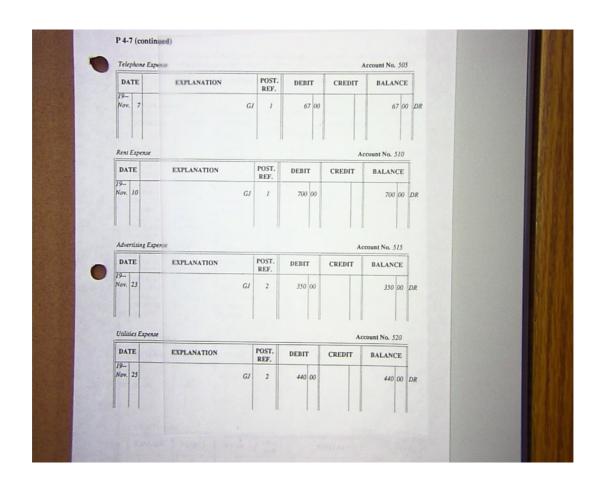
Cash							Ac	count No. 1	01	
DAT	E	EXPLANATION		POST. REF.	DEBIT	CREI	п	BALAN	CE	
19			0.1		2.500			2.500	00	
Nov.	1 2	Opening entry	GJ GJ	1	2 500 0		0 00	2 500 2 350	-	
200	6		GJ	1	950		00	3 300	-	
	7		GJ	1	,50		7 00	3 233		
	10		GJ	1			0 00	2 533		
	12		GJ	1		20	0 00	2 333		
	15		GJ	1	500 0	00		2 833	00	-
	17		GJ	1	5 000 0			7 833	00	
	23		GJ	2		The same of the same	0 00	7 483		
	25		GJ	2		and the same of	0 00	7 043	-	
	30		GJ GJ	2 2	3 200 0		0 00	10 243		-
	30		GJ	4	The state of	25	0 00	9 993	00	DR







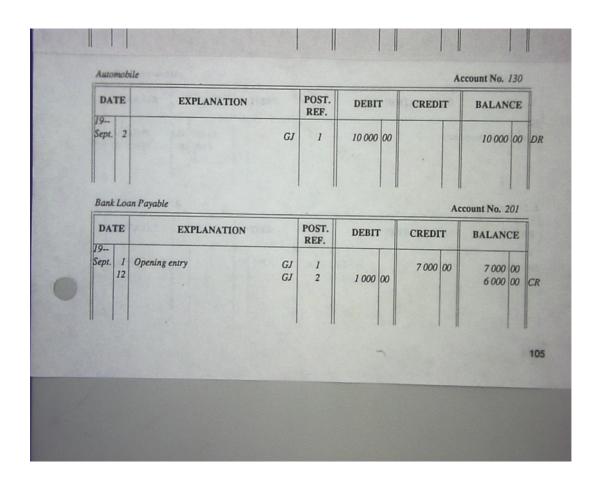
DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE	
19 Nov. 30	GJ	2	250 00		250 00	DR
Consulting Fee	s Earned			Ac	ecount No. 401	
DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE	
19				450 00	450 00	
Nov. 4	GJ GJ			950 00		
15	GJ			500 00		
20	GJ			1 200 00	3 100 00	
30	GJ	2		3 200 00	6 300 00	CR
102						

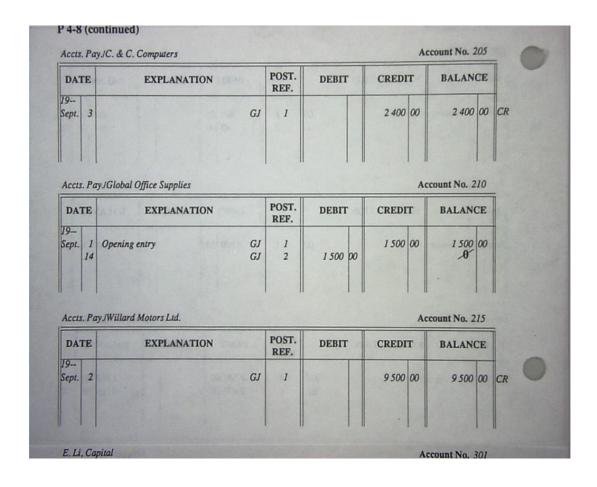


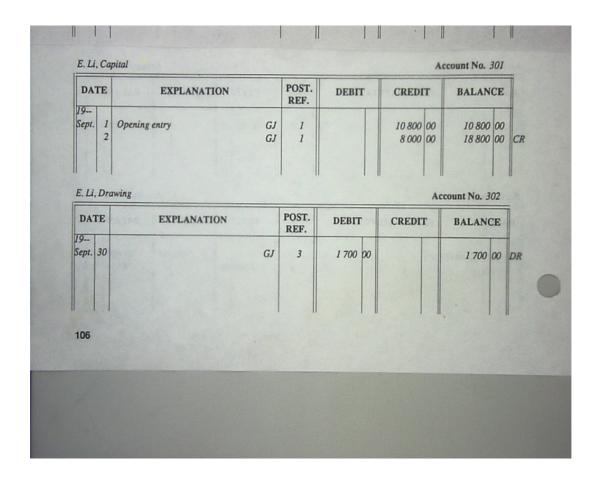
			ctly with jo			
	Genera	l Ledger	(Triple M	Real Estate Co	.)	
Cash					Ac	count No. 101
DATE	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE
19						
Sept. 1	Opening entry	GJ	1	10 000 00		10 000 00
2		GJ	1	8 000 00		18 000 00
2		GJ	1		500 00	17 500 00
4		GJ	1	1 350 00		18 850 00
5		GJ	1		2 800 00	16 050 00
8		GJ	1		60 00	15 990 00
10		GJ	1	2 125 00		18 115 00
11		GJ	2	3 390 00		21 505 00
12		GJ	2		1 000 00	20 505 00
14		GJ	2		1 500 00	19 005 00
15		GJ	2	50 00		19 055 00
17		GJ	2		210 00	18 845 00
23		GJ	2		380 00	18 465 00
24		GJ	2	3 330 00	1021 AV	21 795 00
25		GJ	2		45 00	21 750 00
30		GJ	2		3 600 00	18 150 00
30		GJ	2	1 670 00		19 820 00
30		GJ	3		1 700 00	18 120 00
30		GJ	3	6 900 00		25 020 00

DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE	
19 Sept. 6 15	GJ GJ	1 2	435 00	50 00	435 00 385 00	DR
Accis. Rec.JV. J.	. Plumbers			Ac	count No. 108	
DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE	
19 Sept. 19	GJ	2	1 550 00		1 550 00 1	DR (
104				]	.	

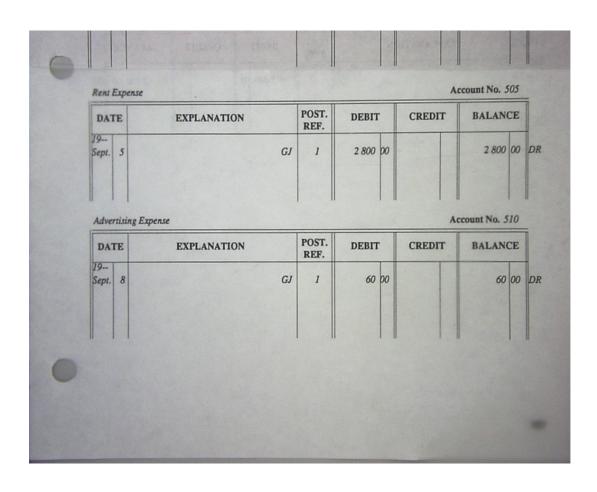
DATE	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
19		-				000 00	
Sept. 1 25	Opening entry	GJ . GJ	2	800 00 45 00		800 00 845 00	DR
				.			
Furnitur	e				A	ccount No. 120	
DATE	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
19 Sept. 1	Opening entry	GJ	1	6 000 00		6 000 00	DR
Office Eq	uipment				Ac	count No. 125	
DATE	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
9 ept. 1	Opening entry	GJ	1	2 500 00		2 500 00	
3	opening emily	GJ	1	2 400 00			DR

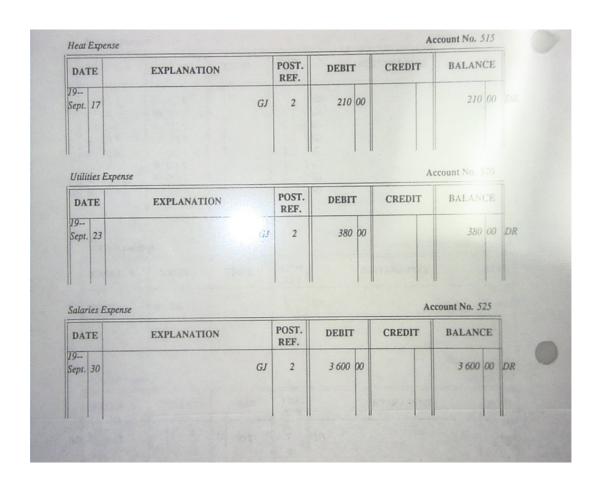


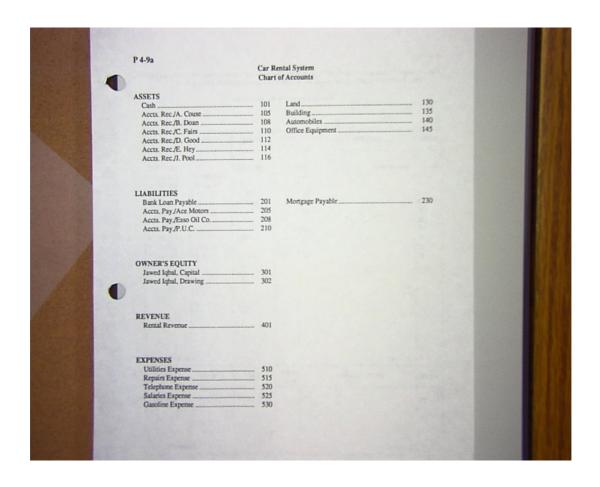


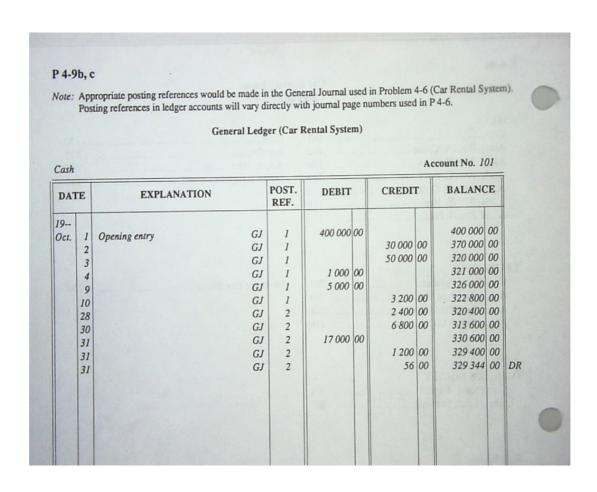


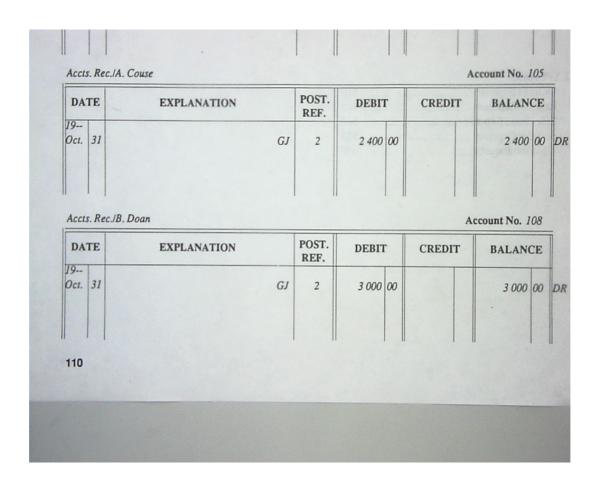
Commissi	ons Earned					count No. 401	T
DATE		EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE	
9					1 350 00	1 350 00	
iept. 4		G. G.			435 00	1 785 00	1
6		G.	1		2 125 00	3 910 00	
10		G.			3 390 00	7 300 00	13
19		G			1 550 00	8 850 00	
24		G	2		3 330 00	12 180 00	
30			2		1 670 00	13 850 00	
30		G			6 900 00	20 750 00	CR
						. 1	1
Rental R	evenue	adam man		5	Ac	count No. 403	
DATE	evenue		POST. REF.	DEBIT	Ac	count No. 403	
DATE		EXPLANATION	POST. REF.				CR
Rental R DATE 19 Sept. 30		EXPLANATION	POST. REF.		CREDIT	BALANCE	CR
DATE	or tur	EXPLANATION	POST. REF.		1 000 00	BALANCE	CR

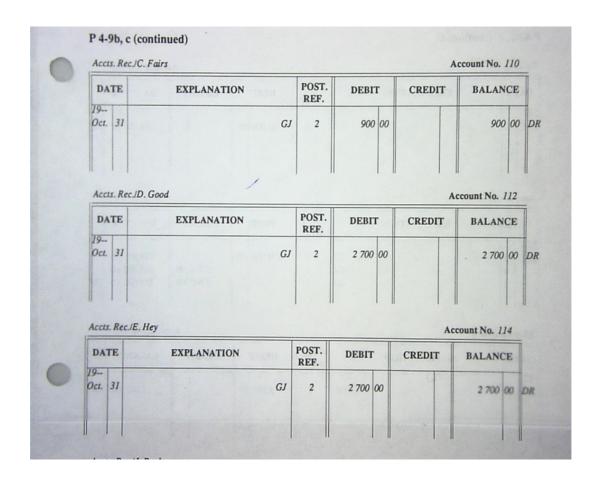


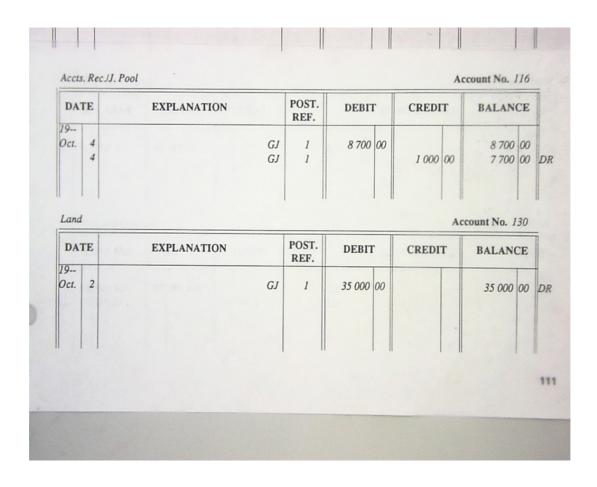




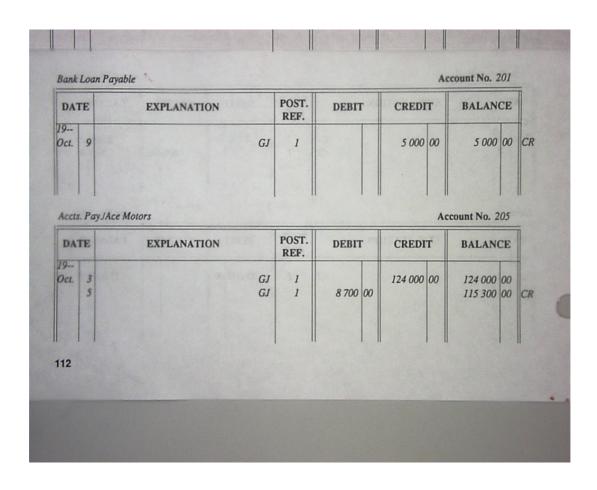




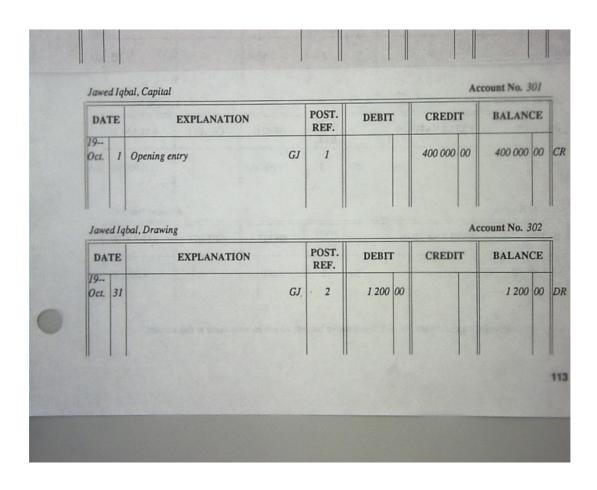




	BALANCE	CREDIT	Г	DEBIT	POST. REF.		EXPLANATION		DATE
D	65 000 00		00	65 000	1	GJ			19 Oct. 2
=	count No. 140	1		DENT	POST.	Tan Dir	EVW ANATION	iles	Automob
	BALANCE	CREDIT		DEBIT	REF.		EXPLANATION		DATE
	174 000 00		00	174 000	1	GJ			19 Oct. 3
- 23	165 300 00	8 700 00			1	GJ			4
D	156 600 00	8 700 00			1	GJ			5
			1 1						
	ount No. 145	Acc						uipment	Office Eq
	BALANCE	CREDIT		DEBIT	POST. REF.	rtase	EXPLANATION		DATE
1				3 200	1	GJ			9 Oct. 10



-	BALANCE	CREDIT	DEBIT	POST. REF.	EXPLANATION	DATE
)	4 000 00	4 000 00		2	GJ	19 Oct. 29
	count No. 210	Ac		1111	Public Utilities Commission	Accts. Pay.
	BALANCE	CREDIT	DEBIT	POST. REF.	EXPLANATION	DATE
)	75 00	75 00		2	GJ	19 Oct. 27
		MAKE TO		209		
	count No. 230	Acc			ayable	Mortgage P
	BALANCE	CREDIT	DEBIT	POST. REF.	EXPLANATION	DATE
The state of the s	70 000 00	70 000 00		1	GJ	19 Oct. 2



DATE	EXPLANATION	COLUMN TO THE REAL PROPERTY.	POST.	DEBIT	CREDIT	BALANCE	
		E-mary	REF.				+
19		GJ	2		17 000 00	17 000 00	
Oct. 31 31		GJ	2		11 700 00	28 700 00	CF
Utilities Exp	pense				A	ccount No. 510	
DATE	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
19 Oct. 27	CHRIT E MALL	GJ	2	75 00	112112	75 00	DE
Repairs Exp	ense			16	Ac	count No. 515	
DATE	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
9 Oct. 28	ell firsterin	GJ	2	2 400 00		2 400 00	DR

DATE	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
9 Oct. 31		GJ	2	56 00		56 00	DR
Salaries Expen	se		II .	1 "	A	ccount No. 525	
DATE	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
19 Oct. 30		GJ	2	6 800 00		6 800 00	DR
Gasoline Exper	nse				A	ccount No. 530	11
DATE	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
19 Oct. 29		GJ	2	4 000 00		4 000 00	DR
	ing Expense, Account No. 505						

### **KEY FOR TOPIC 3 MINI-CASES**

#### MC 4-7a

To create a chart of accounts the rule to remember is quite simple. Each different class of account is assigned a different starting number. They are as follows:

Assets must start with a one (1)

Liabilities must start with a two (2)

Owner's Equity Capital and related accounts must start with a three (3)

Revenue accounts must start with a four (4)

Expense accounts must start with a five (5)

A simple numbering system could assign assets a number in the 100s, liabilities in the 200s, capital (and related accounts such as drawing) in the 300s, revenues in the 400s, and expenses in the 500s. This system would probably suit a very small business like Single X Company. Depending upon the size of Triple X Company, the numbering system might need to extend into four, five or even six-digit numbers. Triple X Company might assign liabilities such as Bank Loan Payable with 2001 or even 20001. If Triple X's expenses were very large, the chart could even expand to form sub-groups. For example, the first half of the expenses could begin with a five (5) number and the second half could be given a sequence beginning with six (6). The important feature of any chart of account numbering system is the first digit.

#### MC 4-7b

Ledger accounts are usually assigned a number because accountants list them in the order of their appearance on financial statements, beginning with the balance sheet and then proceeding to the income statement. It would be difficult to follow this order if accounts were arranged in alphabetic order. Furthermore, a numbering system is essential if a computer system were used to print financial statements. As you will learn from Chapter 6, a numbering system is essential to instruct the computer to print not only account titles, but also sub-totals and totals.

### MC 4-8a

Shortcuts in posting increase the frequency of errors in the work. When Hans ignores posting references he fails to provide himself with a method for confirming at some later date whether or not he has posted a specific entry. Posting references not only inform the reader to which account the number has been posted, but also indicate that the number has been posted. If there is no posting reference shown, the reader must assume that the number has not yet been posted to the appropriate ledger account. On the other hand, if Hans completes them in advance of the actual posting and then fails to complete the actual posting, then a reader in the future must assume that the entry is posted even though it may not be. These shortcuts will not result in an error, but when they do, they are extremely difficult to find and, therefore, very time consuming to find.

The danger of posting all one account at one time rather than posting entries one after another is that there is a good possibility that you will miss the posting of one or more entries. Since the omission of a single posting can be disastrous, it is essential that the posting procedure be followed exactly to ensure the highest degree of accuracy in the posting process.

#### MC 4-9a

- 1. Under the Date column, the month should be listed once at the top of each page. If the month changes on a page, it should be recorded the first time that it is used.
- 2. The numeric date should be listed each time an entry is made in the ledger.
- 3. Under the explanation column, the ledger is typically not ruled off and totalled. Therefore, there is no need for words "final total."
- 4. Under the Posting Reference column, one would expect the posting references to follow in increasing order by page number (first two entries).
- 5. Each posting should have a posting reference (entry of May 15).

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- 6. Dollar signs are not used in ledger accounts because they are not financial statements or formal reports.
- 7. The credit of \$150 should have been subtracted from the \$200 debit balance (first and second line of the ledger account). Rule: Add likes together, subtract opposites.
- 8. The subtraction has been completed in error (entry of the 15th).
- 9. Since there is no totalling completed in the ledger accounts, the single and double underscoring and the total are inappropriate.

## MC 4-9b

# General Ledger

Cash Account No. 101

DA	ГЕ	EXPLANATION		POST. REF.	DEBIT		CREDIT	BALANCE		
19										
May	10	Rec'd on acct.	GJ	1	200	00		200 00		
	10	Payment on acct.	GJ	2			150 00	50 00		
	14	Loan from the bank	GJ	2	5 000	00	DE MESTE DE LA COMP	5 050 00		
Fig.	15	Payment on acct.	GJ	2	NAME OF TAXABLE		500 00	4 550 00		
	16	Additional investment	GJ	3	1 000	00		5 550 00	1	
									1	
									1	
									1	
									3	

Note: Optionally, the entire posting reference, GJ and page number, may be placed in the narrow Post, Ref. column