On November 17 Samsquanch Industries purchased \$5000 worth of office supplies from Ali G Enterprises and paid by cheque.

1) Originating Transaction Data 15 Source Documents: 1) Cheque record 10 Purchase Invoice

marked paid.

@ Journalizing

Debit Entry (Office Supplies T)

General Journal Samsquanch Industries

Page

Date	Account Title & Explanation	Post. Ref.	Debit	Credit
2016 Nov 17	Office Supplies  Cash Purchased Office Supplies From Ali 6 Enterprises	106	5000.00	5000.°

# General Ledger

Account Name: (ash Account # 10)

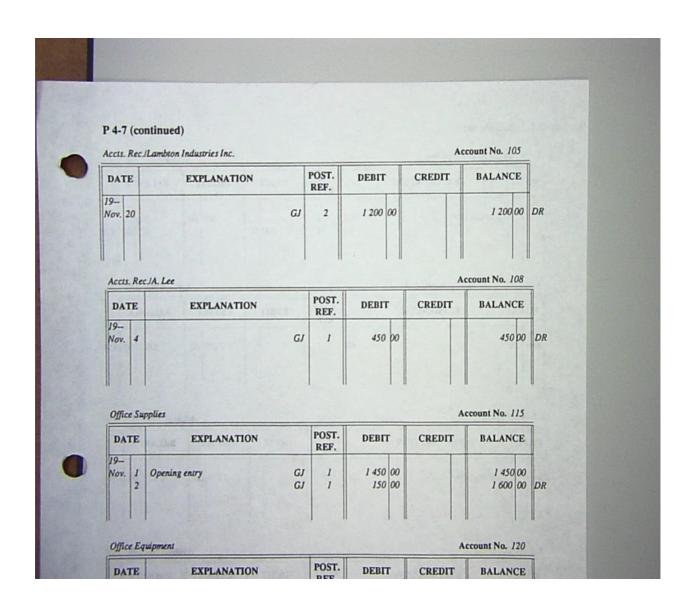
Date		Explanation		Post. Ref.	Debit	Credit	Balance
20 Nov	16 17		6.7	1		5000	8000

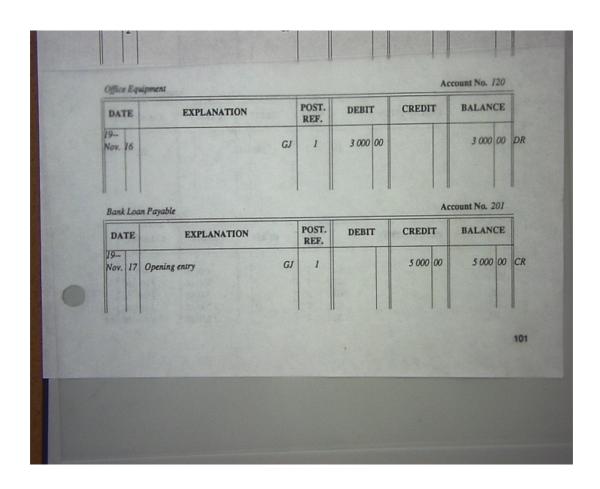
# General Ledger

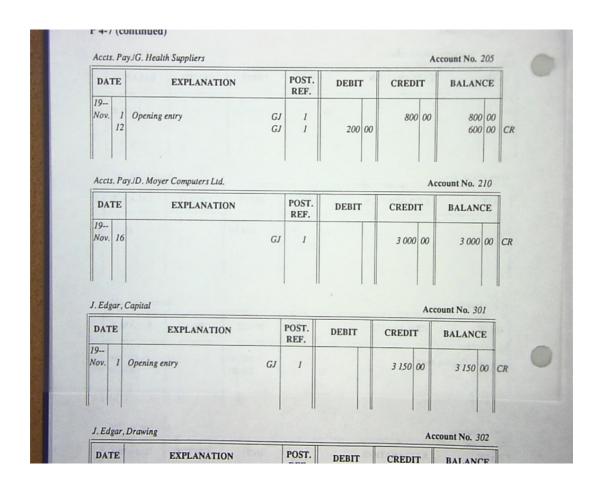
Account Name: Office Supplies Account #106

Date		Explanation		Post. Ref.	Debit	Credit	Balance
Dou Nou	16		6.7	1	5000		5000

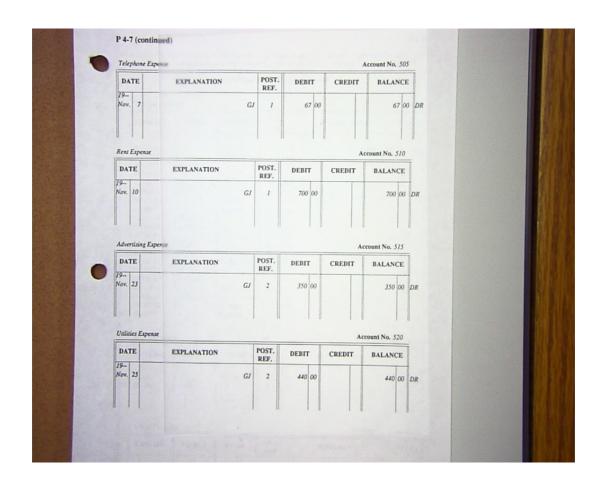
Cash						Ac	count No. 101	
DATE		EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
19		0 1			2.500.00		2 500 00	
Nov.	1 2	Opening entry	GJ GJ	1	2 500 00	150 00	2 350 00	
	6		GJ	1	950 00	150 00	3 300 00	
	7		GJ	1	930 00	67 00	3 233 00	
	10		GJ	1		700 00	2 533 00	
	12		GJ	1		200 00	2 333 00	
	15		GJ	1	500 00		2 833 00	
	17		GJ	1	5 000 00		7 833 00	
	23		GJ	2		350 00	7 483 00	
	25		GJ	2		440 00	7 043 00	
	30		GJ	2	3 200 00		10 243 00	
	30		GJ	2		250 00	9 993 00	DR
								6







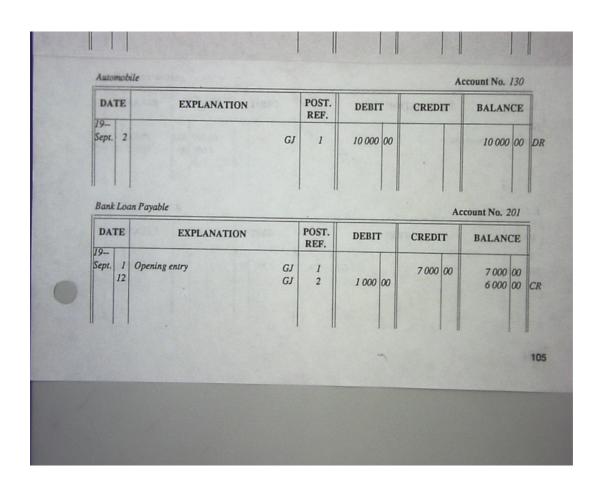
DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
Nov. 30	GJ	2	250 00		250 00 D
Consulting Fees	Earned			Ac	count No. 401
DATE	EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE
19				450 00	450 00
Nov. 4	GJ GJ			450 00 950 00	1 400 00
15	GJ			500 00	1 900 00
20	GJ			1 200 00	3 100 00
30	GJ	2		3 200 00	6 300 00 C
102					

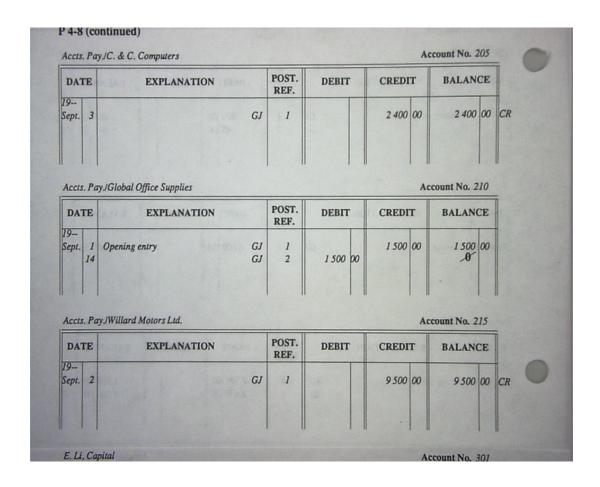


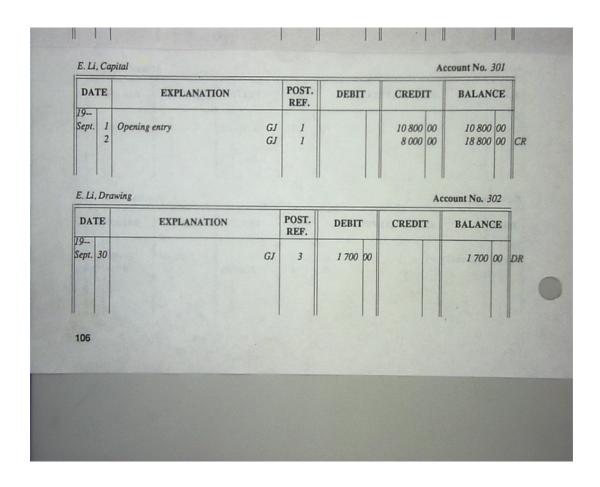
			ctly with jo			
	Genera	al Ledger	(Triple M	Real Estate Co.	)	
Cash					Ac	count No. 101
DATE	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE
19						
Sept. 1 Ope	ening entry	GJ	1	10 000 00		10 000 00
2		GJ	1	8 000 00		18 000 00
2		GJ	1		500 00	17 500 00
4		GJ	1	1 350 00		18 850 00
5		GJ	1		2 800 00	16 050 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	15 1 Ave. 150	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	
Sept. 6 15	GJ GJ	1 2	435 00	50 00	435 385 00	DR
Accts. 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	DR
104				1	.	

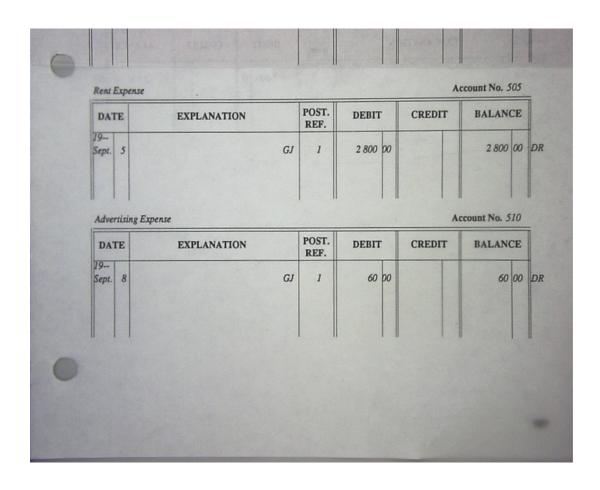
DATE	EXPLANATION	ie i	POST. REF.	DEBIT	CREDIT	BALANCE	
Sept. 1 25	Opening entry	GJ . GJ	1 2	800 00 45 00		800 00 845 00	DR
Furnitur	•			.	A	ccount No. 120	
DATE	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
19 Sept. 1	Opening entry	GJ	1	6 000 00		6 000 00	DR
Office Eq	uipment				Ac	count No. 125	
DATE	EXPLANATION	lin	POST. REF.	DEBIT	CREDIT	BALANCE	
9 ept. 1 3	Opening entry	GJ GJ	1 1	2 500 00 2 400 00		2 500 00 4 900 00 D	D.

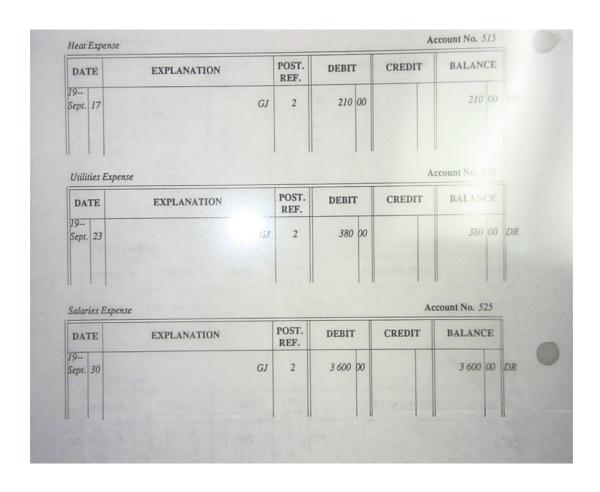


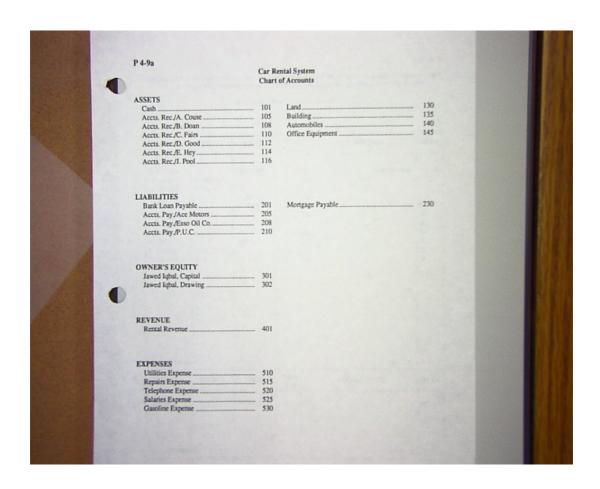


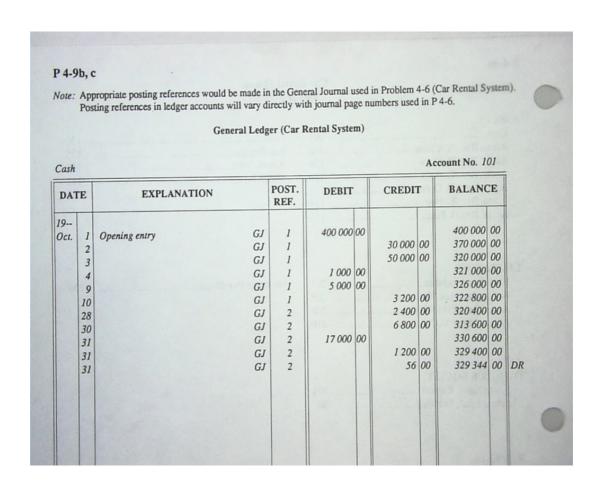


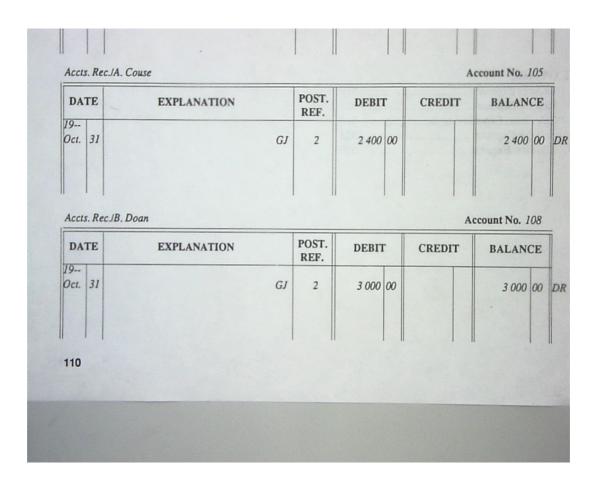
Compr	ussio	ons Earned						ī
DAT	E		EXPLANATION	POST. REF.	DEBIT	CREDIT	BALANCE	
9				, ,		1 350 00	1 350 00	
lept.	4			201		435 00	1 785 00	
	6					2 125 00	3 910 00	
	10			J $Z$		3 390 00	7 300 00	10
	19			1 2		1 550 00	8 850 00	
BAN	24			J 2		3 330 00	12 180 00	
	30			J 2		1 670 00	13 850 00	
	30			J 3		6 900 00	20 750 00	CR
								100
			inter the	TAN	5		10	
Renta	al Re	venue	adam i maa	1 200			count No. 403	
DA		venue	adam i maa	TAN	DEBIT		count No. 403	
DA'	ГЕ	venue	EXPLANATION	POST.	II	Ac		
DA'	ГЕ		EXPLANATION	POST. REF.	II	CREDIT	BALANCE	
	TE 30	or rup	EXPLANATION	POST. REF.	II	CREDIT 1 000 00	BALANCE	

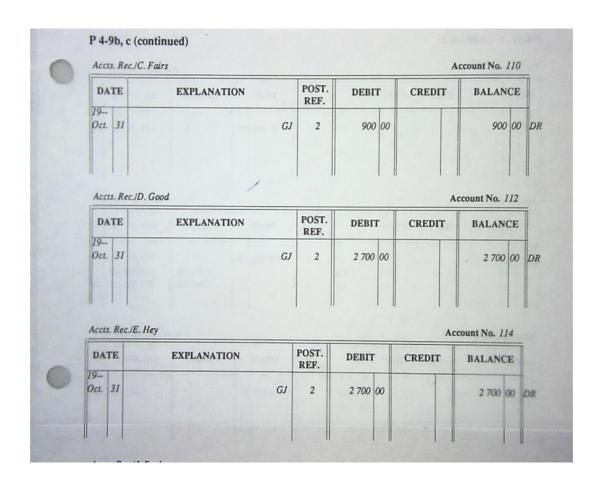


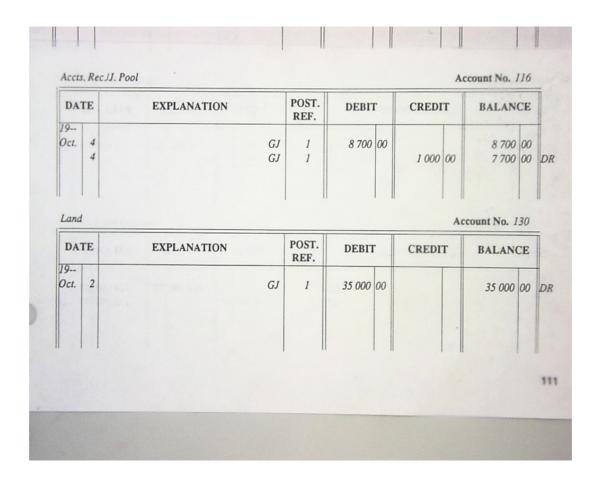




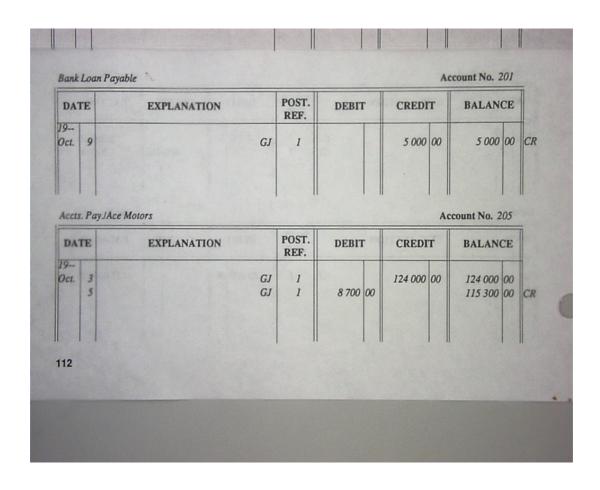




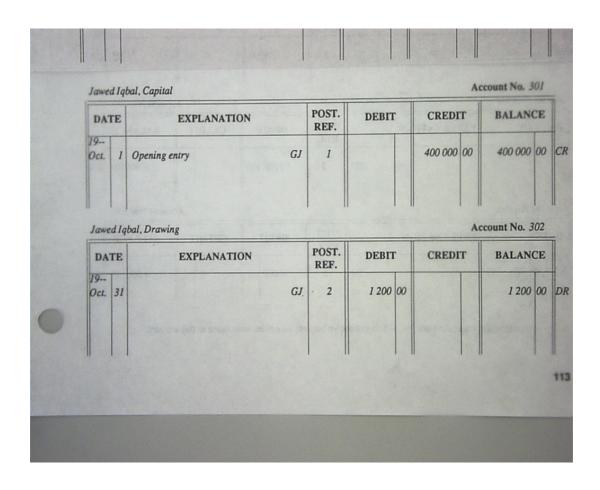




INCE	BALANC	CREDIT	T	DEBIT	POST. REF.		EXPLANATION	E	DAT
00 00	65 000 0		00	65 000	1	GJ		2	19 Oct.
	BALANC	Ac	T	DEBIT	POST.		EXPLANATION	nobiles	Auton
			-		REF.				19-
00 00	174 000 0		00	174 000	1	GJ		3	Oct.
00 00	165 300 0	8 700 00			1	GJ		4	
00 00	156 600 0	8 700 00			1	GJ		5	
		1 11	1 11						1
145	count No. 145	Acc						Equipment	Office
NCE	BALANCE	CREDIT		DEBIT	POST. REF.	riase	EXPLANATION	E	DAT
			00	3 200	1	GJ		10	9 )ct.



2	BALANCE	CREDIT	DEBIT	POST. REF.	EXPLANATION	DATE
0	4 000 00	4 000 00		2	GJ	19 Oct. 29
) =	count No. 210	Ac			Public Utilities Commission	Accts. Pay.
2	BALANCE	CREDIT	DEBIT	POST. REF.	EXPLANATION	DATE
0	75 00	75 00		2	GJ	19 Oct. 27
		MILANA DE		1201		
	count No. 230	Acc			ayable	Mortgage Po
	BALANCE	CREDIT	DEBIT	POST. REF.	EXPLANATION	DATE
	70 000 00	70 000 00		1	GJ	19 Oct. 2



DATE		EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
19 Oct. 31 31			GJ GJ	2 2		17 000 00 11 700 00	17 000 00 28 700 00	C
Utilities Ex	pense					Ac	count No. 510	
DATE	Self Tagger	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
19 Oci. 27	4212	THENS	GJ	2	75 00		75 00	Di
Repairs Exp	pense			1 11		Acc	count No. 515	
DATE		EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
9			GJ	2	2 400 00		2 400 00	DF

DATE	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
9 Oct. 31		GJ	2	56 00		56 00	DR
Salaries Expen	se		"		A	ccount No. 525	
DATE	EXPLANATION		POST. REF.	DEBIT	CREDIT	BALANCE	
19 Oct. 30		GJ	2	6 800 00		6 800 00	DF
Gasoline Exper	nse				A	ccount No. 530	
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

E	EXPLANATION		POST. REF.	DEBIT		CREDIT	BALANCE	
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		5 050	00
15	Payment on acct.	GJ	2	A DESTRUCTION		500 00	4 550	00
16	Additional investment	GJ	3	1 000	00		5 550	00
	10 14 15	10 Payment on acct. 14 Loan from the bank	10 Payment on acct. GJ 14 Loan from the bank GJ 15 Payment on acct. GJ	10       Rec'd on acct.       GJ       1         10       Payment on acct.       GJ       2         14       Loan from the bank       GJ       2         15       Payment on acct.       GJ       2	10       Rec'd on acct.       GJ       1       200         10       Payment on acct.       GJ       2         14       Loan from the bank       GJ       2       5 000         15       Payment on acct.       GJ       2	10       Rec'd on acct.       GJ       1       200       00         10       Payment on acct.       GJ       2         14       Loan from the bank       GJ       2       5 000       00         15       Payment on acct.       GJ       2	10       Rec'd on acct.       GJ       1       200       00         10       Payment on acct.       GJ       2       150       00         14       Loan from the bank       GJ       2       5 000       00         15       Payment on acct.       GJ       2       500       00	10       Rec'd on acct.       GJ       1       200       00       200         10       Payment on acct.       GJ       2       150       00       50         14       Loan from the bank       GJ       2       5 000       00       5 050         15       Payment on acct.       GJ       2       500       00       4 550

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