



CHAPTER

7

Posting

Agenda:

7.1 Posting

7.2 Overcoming Errors

7.3 Comparing Accounting Software
Programs to Manual Accounting

The Balance Column

T-ACCOUNT
Bank

5 000	350
700	1 750
200	960
450	
6 350	3 060
<u>3 290</u>	

BALANCE COLUMN ACCOUNT

ACCOUNT **Bank** NO. 101

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	Dr/Cr	BALANCE
Jul. 14		J4	5000 -		Dr	5000 -
17		J4	700 -		Dr	5700 -
18		J5		350 -	Dr	5350 -
18		J5		1750 -	Dr	3600 -
21		J6	200 -		Dr	3800 -
23		J7	450 -		Dr	4250 -
24		J7		960 -	Dr	3290 -

The journal page number indicates where the entry first appeared.

Type of balance, debit or credit, is indicated.

The date of each entry is shown.

Particulars column will be used later.

The account balance is shown after each entry.

3 separate money columns: Debit, credit and total balance.

Posting: is the process of transferring information from the journal to the ledger. Every dollar amount recorded in the journal must be posted separately.

Five Steps in the Ledger

Step 1 Record the date. Use the next unused line in the account.

(Note: More often than not, you will leave the Particulars column of a ledger account blank.)

Step 2 Record the page number of the journal (where the transaction is journalized) in the posting reference (P.R.) column of the account. Write the letter J (for Journal) in front of this number (for example, J14).

Step 3 Record the amount. Debit amounts are entered in the debit columns of the accounts. Credit amounts are entered in the credit columns of the accounts.

Step 4 Calculate the new balance. Indicate whether this balance is debit or credit in the Dr/Cr column.

Step 5 Enter the new account balance you calculated in Step 4 in the balance column.

One Step in the Journal

Step 6 Record the number of the ledger account that received the posting. Enter this account number in the posting reference (P.R.) column on the same line as the amount posted.

Example 1:

GENERAL JOURNAL				PAGE 14	
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	
Aug. ²⁰⁻ 14	Office Furniture		425 00		
	Bank				150 00
	A/P – Office Supply Company				275 00
	Purchase of new desk; \$150 down payment				

ACCOUNT **Office Furniture**

NO. 110

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	Dr/Cr	BALANCE
Feb. ²⁰⁻ 2		J6	507 06		Dr	507 06
Apr. 16		J9	370 00		Dr	877 06
Aug. 14		J14	425 00		Dr	1302 06

ACCOUNT **Bank**

NO. 101

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	Dr/Cr	BALANCE
Aug. ²⁰⁻ 3	Forwarded	–			Dr	704 15
9		J13	502 00		Dr	1206 15
14		J14		150 00	Dr	1056 15

ACCOUNT **Accounts Payable – Office Supply Company**

NO. 212

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	Dr/Cr	BALANCE
May ²⁰⁻ 3		J10		386 00	Cr	386 00
Jun. 15		J10	386 00			000
Aug. 14		J14		275 00	Cr	275 00

GENERAL JOURNAL				PAGE 14	
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	
Aug. ²⁰⁻ 14	Office Furniture	6 110	425 00		
	Bank	6 101			150 00
	A/P – Office Supply Company	6 212			275 00
	Purchase of new desk; \$150 down payment				

Cross-Referencing

Cross-referencing is the recording of the journal page number in the account and the recording of the account number in the journal. There are three reasons for cross-referencing.

1. Entries in the journal can be followed through to the accounts where they have been posted.
2. Entries in accounts can easily be traced back to their source in the general journal.
3. If the posting process is interrupted, it is easy to tell where to begin again. Journal amounts that have been posted will have the ledger account number entered.

If you examine the ledger portion of Figure 7.3 and the journal in Figure 7.4, you can see that cross-referencing is accomplished by using the posting reference columns.

GENERAL JOURNAL			PAGE		14	
DATE	PARTICULARS	P.R.	DEBIT	CREDIT		
Aug. ²⁰⁻ 14	Office Furniture	6 110	425 00			
	Bank	6 101		150 00		
	A/P - Office Supply Company	6 212		275 00		
	Purchase of new desk; \$150 down payment					

Forwarding Procedure

You may have noticed the word Forwarded written on the first line of the Bank account in Figure 7.3 on page 230. When an account is full, the account must be continued on a new account form. **Forwarding** is the process of continuing an account in a new account form by carrying forward the date and the balance from the completed page.

A.

ACCOUNT		A/R – T.J. Barker					NO. 112		
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	Dr/Cr	BALANCE			
Feb. ²⁰ 7		11	15062		Dr	15062			
9		13	37450		Dr	52512			
11		15		15062	Dr	37450			
12		15	21651		Dr	59101			
16		18	7562		Dr	66663			
18		19		37450	Dr	29213			
19		19	58362		Dr	87575			
21	Forwarded	110		29213	Dr	58362			

The word forwarded is written in the Particulars column of the account that is full as well as in the new account.

B.

ACCOUNT		A/R – T.J. Barker					NO. 112		
DATE	PARTICULARS	P.R.	DEBIT	CREDIT	Dr/Cr	BALANCE			
Feb. ²⁰ 21	Forwarded				Dr	58362			

Notice that nothing is written in the debit, credit, or P.R. columns because forwarding is not posting.

Homework

Review Questions Pg: 233

Exercise 1

CHAPTER 7 **Posting****SECTION 7.1 REVIEW QUESTIONS** (page 233)

1. The two important books in the accounting process are the journal and the ledger.
2. The simple account that shows debit amounts on one side and credit amounts on the other is called a T-account.
3. The account that is more useful and convenient than the T-account is the balance column account.
4. The balance column account is considered useful because it has three separate money columns for debits, credits, and the balance. There are also columns for the date, to indicate if the balance is a debit or credit, and to record the journal page from where the amount originated.
5. To open a new account, assign the account an identification number and an appropriate account title that describes the purpose of the account. Then place the account in the proper order with the other accounts in the ledger.
6. Accounting entries are first recorded in the journal.
7. Posting is the process of transferring information from the journal to the ledger.
8. The five steps in posting that are performed in the ledger are as follows. Step 1: Record the date on the next unused line in the account. Step 2: In the posting reference (P.R.) column of the account, write "J" and then the general journal page number where the transaction is recorded. Step 3: Record the amount. Debit amounts are entered in the debit columns of the accounts. Credit amounts are entered in the credit columns of the accounts. Step 4: Calculate the new balance. Indicate whether this balance is a debit or credit in the Dr/Cr column. Step 5: Enter the new account balance you calculated in Step 4 in the balance column.
9. The one step in posting that is performed in the journal is to write the ledger account number that received the posting in the posting reference (P.R.) column on the same line as the amount posted.
10. Cross-referencing is the process of recording the journal page number in the account and the account number in the journal.

11. There are three reasons for cross-referencing. One, cross-referencing allows entries in the journal to be traced to the accounts where they have been posted. Two, it allows entries in accounts to be easily traced back to their source in the general journal. Three, if the posting process is interrupted, cross-referencing makes it easy to tell where to begin again since journal amounts that have been posted will have the account number entered.
12. Forwarding is the process of continuing an account in a new account form by carrying forward the date and the balance from the completed page.
13. The first four steps in the accounting cycle are as follows. Step 1: Transactions occur and source documents are generated. Step 2: Use the source documents to journalize the accounting entries. Step 3: Post the journal entries to the ledger. Step 4: Take off a trial balance.

SECTION 7.1 EXERCISES (page 233)**Exercise 1, p. 233**

A.

ACCOUNT Bank**No. 101**

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	Dr/Cr	BALANCE
Oct. 5		J1	1 0 0 0 -		Dr	1 0 0 0 -
6		J3	2 5 0 -		Dr	1 2 5 0 -
6		J3	3 1 0 -		Dr	1 5 6 0 -
8		J5		1 2 5 0 -	Dr	3 1 0 -
9		J8	2 0 0 -		Dr	5 1 0 -
9		J8	3 5 0 -		Dr	8 6 0 -
10		J10		9 0 0 -	Cr	4 0 -
10		J11	8 5 0 -		Dr	8 1 0 -
11		J13		1 2 0 0 -	Cr	3 9 0 -
12		J13	1 5 0 0 -		Dr	1 1 1 0 -
13		J14	2 0 0 -		Dr	1 3 1 0 -

B.

ACCOUNT Accounts Payable—YXX Co.**No. 211**

DATE	PARTICULARS	P.R.	DEBIT	CREDIT	Dr/Cr	BALANCE
Jun. 6		J4		3 5 0 0 -	Cr	3 5 0 0 -
25		J7		1 6 0 0 -	Cr	5 1 0 0 -
Jun. 5		J10	3 5 0 0 -		Cr	1 6 0 0 -
24		J12	1 0 0 0 -		Cr	6 0 0 -
Aug. 15		J18		2 0 0 0 -	Cr	2 6 0 0 -
23		J20	6 0 0 -		Cr	2 0 0 0 -
Sep. 14		J28	2 0 0 0 -		-	0
26		J31		4 5 0 -	Cr	4 5 0 -
Oct. 29		J39	5 0 0 -		Dr	5 0 -
Nov. 3		J41		1 5 0 -	Cr	1 0 0 -
26		J45		3 7 5 -	Cr	4 7 5 -