

Accounting I

Chapter 3

Journalizing Transactions

Review Summative Assessment (Ch. 2 Quiz) Review the steps for analyzing transactions into debit/credits

Questions for Analyzing Transactions into debit and credit parts.

1. *Which accounts are affected?*
2. *How is each account classified?*
3. *How is each classification changed?*
4. *How is each amount entered into accounts?*

Assign Students to Read Ch. 3 (p. 54-77) and complete the terms p. 54

(Students may hand-write them on handout or do on word processor)

Discuss Section 3-1: Journals, Source Documents, and Recording Entries in a Journal

A form for recording transactions in chronological order is called a Journal. Recording transactions in a journal is called Journalizing. --each business uses the kind of journal that best fits its needs.

Five-Column Journal: General Debit, General Credit, Sales Credit, Cash Debit, Cash Credit (p. 57)

A journal amount column headed with an account title is a Special Amount Column.--*this eliminates writing an account title in the Account Title Column and saves time.*

A journal amount column that is not headed with an account title is called a General Amount Column.

Information in journals: includes both debit & credit parts recorded in journal by date--all information about a transaction is in one place

Information for each transaction recorded in a journal is called an Entry.

Recording both debit and credit parts of a transaction is called Double-Entry Accounting.

A business paper from which information is obtained for a journal entry is called a Source Document.

CONCEPT: Objective Evidence--when a source document is prepared for each transaction.

5 Source Documents Used

1. Check--a business form order a bank to pay cash from a bank account. (p. 58)
2. Sales Invoice--an invoice used as a source document for recording a sale on account. (an Invoice is a form describing the goods or services sold, the quantity, and the price) (p. 58)
3. Receipt--a business form giving written acknowledgement for cash received. (p. 59)

4. Memorandum--a form on which a brief message is written describing a transaction (used when no other source document is prepared) (p. 59)
5. Calculator Tape--used for daily cash sales (p. 59)
- 6.

4 Parts of a Journal Entry

1. Date
2. Debit
3. Credit
4. Source Document

Transaction #1: Received Cash from owner as investment
(p. 60)

Date (Month/Date/Year first line only)

D-Cash (\$ cash debit column)

C-Barbara Trevino, Capital (\$ general credit column)

Source Document (R1)

Transaction #2: Paid cash for supplies (p. 61)

1. Date (no need for month/year after first line)
2. D-Supplies (\$ general debit column)
3. C-Cash (cash credit column)
4. Source Document (C1)

Practice: Complete Work Together/On Your Own p. 62

Discuss Section 3-2: Journalizing Buying Insurance, Buying on Account, and Paying on Account

Transaction #3: Paid Cash for insurance (p. 63)

D-Prepaid Insurance (general debit column)

C-Cash (cash credit column)

Transaction #4: Bought supplies on account from Supply Depot (p. 64)

D-Supplies (general debit column)

C-Accounts Payable—Supply Depot (general credit column)

Transaction #5: Paid cash on account to Supply Depot (p. 65)

D-Accounts Payable—Supply Depot (general debit column)

C-Cash (cash credit column)

Practice: Complete Work Together/On Your Own (p. 66)

Discuss Section 3-3: Journalizing Transactions That Affect Owner's Equity and Receiving Cash on Account

Transaction # 6: Received cash from sales (p. 67)

D-Cash (cash debit column)

C-Sales (sales credit column)

Transaction #7: Sold Services on Account to Oakdale School (p. 68)

D-Accounts Receivable/Kids Time (general debit column)

C-Sales (sales credit column)

Transaction #8: Paid Cash for Rent (p. 69)

D-Rent Expense (general debit column)

C-Cash (cash credit column)

(Utilities Expense/all expenses same)

Transaction #9: Received cash on account from Oakdale School (p. 70)

D-Cash (cash debit column)

C-Accounts Receivable/Oakdale School (general credit column)

Transaction #10: Paid Cash to owner for personal use (p. 71)

D-Kim Park Drawing (general debit column)

C-Cash (cash credit column)

Practice: Complete Work Together/On Your Own p. 72

Discuss Section 4-4: Proving a Journal Page

Proving a Journal Page--do before carrying forward to next page or at end-of-month

1. *Add each amount column*
2. *Add debit totals; add credit totals*
3. *Debit = Credit (must equal)*

Ruling a Journal Page--do after a page is proved

1. *Single Line*
2. *Date*
3. *Carried Forward*
4. *Column Total*
5. *Double Rule*

*--DO THE SAME AT END OF MONTH (TOTAL
INSTEAD OF CARRIED FORWARD)*

Starting a New Journal Page

1. *Page #*
2. *Date/Year/Month*
3. *Brought Forward*
4. *Column Totals*

Prove Cash--determining that the amount of cash agrees with the accounting records. (p. 76)

Cash on Hand at Beginning of Month

Plus Cash received during month (cash debit)

Equals Total

Minus Cash paid during month (cash credit)

Equals Cash on hand (must = balance in checkbook)

BEGINNING CASH
+ CASH RECEIVED
- CASH PAID
= ENDING CASH

Discuss Standard Accounting Practices (p. 77)

Practice: Complete Work Together/On Your Own p. 78

Assign: Application Problem 3-1, 3-2, 3-3, 3-4, 3-5 p. 80-83

Formative Assessment: Assign Mastery Problem 3-6 p. 82-83

Additional Practice if needed: Assign Challenge Problem 3-7 p. 83

Prepare for Summative Assessment: Complete Study Guide 3

Review for Exam

Summative Assessment--Ch. 3 Quiz--Concept & Application

Continue with Ch. 4