

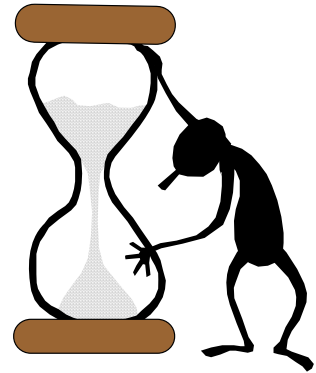
Accounting Systems – Special Journals and Subsidiary Ledgers

Chapter 7

Time Saving Devices

_____ Journals

_____ Ledgers



Problems of Having Only One JOURNAL

1. Only one person can work at a time
2. Book becomes _____



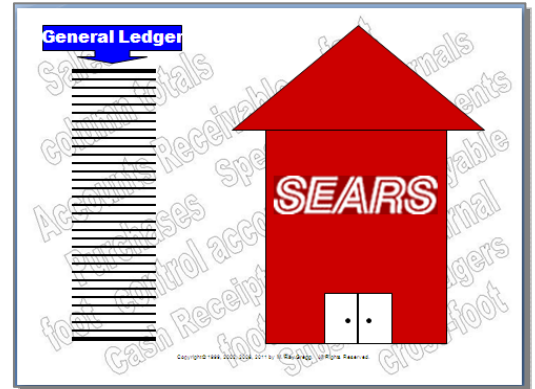
Solution:

- save a little time _____
- save a _____ of time posting

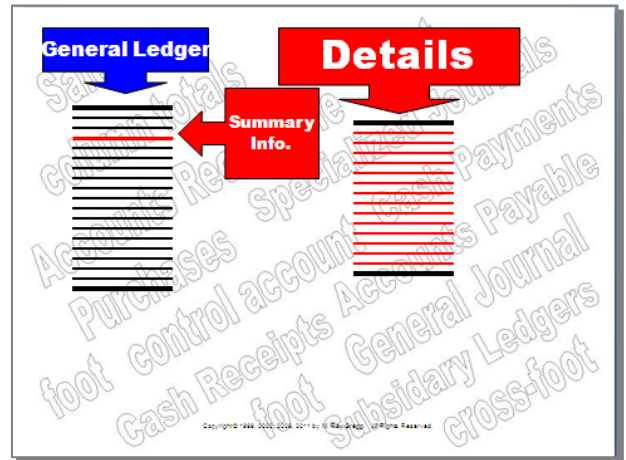
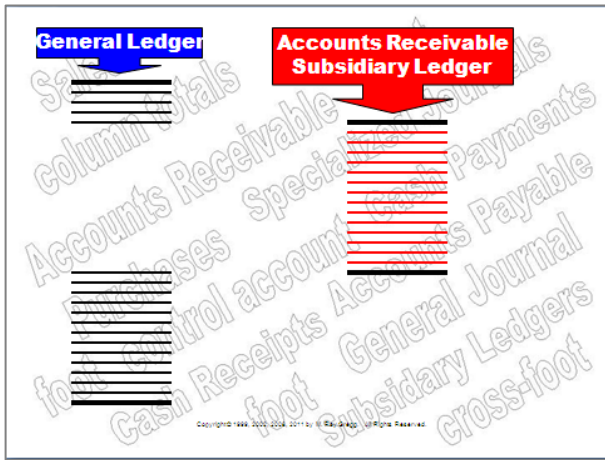
Problems of Having Only One LEDGER

1. Only one person can work at a time
2. Book becomes _____

Solution:



Account which replaces those removed from the General Ledger is called a _____ .



When all postings have been made, total of _____ ledger must equal
account in the _____ ledger.

The two common subsidiary ledgers are Accounts _____ and Accounts _____ .

Characteristics of the Special Journals

<u>Journal</u>	<u>Characteristics</u>
Purchases (multi-column)	ANY purchase on account (Illustrated but not emphasized in the textbook; often used in real world)
Purchases (single column)	Purchase of _____ on account
_____	Sale of _____ on account
Cash _____	_____ collection of cash
Cash _____	_____ cash disbursement
General Journal	Anything that will not fit someplace else! (i.e., adjusting, closing, reversing, correcting entries; merchandise returns, etc.)

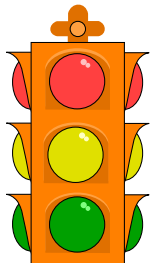
Think About Designing the Special Journals (very important!)

Name some of the columns one would expect to find in each of the special journals:

- Purchases _____
- Sales _____
- Cash Receipts _____
- Cash Payments _____

Caution!

Please continue to _____ in “two column” or “General Journal” format. We will ALWAYS record our entries in “General Journal” format.



Suggestions:

1. On scratch paper (or at least in your head), decide what entry to make in “general journal” form ...
2. Select the appropriate special journal ...
THEN
3. Place the entries in the appropriate columns where the entry can be recorded most efficiently.

Sample Transactions

On May 14, purchased merchandise from Fabor and Son, 1/10,n/30, \$6,900.

Date	Account Titles	Ref.	Debit	Credit
May 14				

Journal? _____ See text page _____ .

PURCHASES JOURNAL				
Date	Account Credited	Terms	Ref.	Merchandise Inventory Dr. Accounts Payable Cr.
2012				
May 6	Jasper Manufacturing Inc.	2/10, n/30	✓	11,000
10	Eaton and Howe Inc.	3/10, n/30	✓	7,200
14	Fabor and Son	1/10, n/30	✓	6,900
19	Jasper Manufacturing Inc.	2/10, n/30	✓	17,500
26	Fabor and Son	1/10, n/30	✓	8,700
29	Eaton and Howe Inc.	3/10, n/30	✓	12,600
				<u>63,900</u>
				(120)/(201)

Received credit memo from Fabor and Son for merchandise returned, \$???.

Date	Account Titles	Ref.	Debit	Credit

Journal? _____ Similar to text page _____ .

On May 23, paid Fabor and Son the amount due on the May 14 invoice.

Date	Account Titles	Ref.	Debit	Credit
23	Accounts Payable – Fabor and Son			
	Cash			

Journal? _____ See text page _____ .

CASH PAYMENTS JOURNAL							
Date	Ck. No.	Account Debited	Ref.	Other Accounts Dr.	Accounts Payable Dr.	Inventory Cr.	Cash Cr.
2012							
May 1	101	Prepaid Insurance	130	1,200			1,200
3	102	Inventory	120	100			100
8	103	Inventory	120	4,400			4,400
10	104	Jasper Manuf. Inc.	✓		11,000	220	10,780
19	105	Eaton & Howe Inc.	✓		7,200	216	6,984
23	106	Fabor and Son	✓		6,900	69	6,831
28	107	Jasper Manuf. Inc.	✓		17,500	350	17,150
30	108	Owner's Drawings	306	<u>500</u>			<u>500</u>
				<u>6,200</u>	<u>42,600</u>	<u>855</u>	<u>47,945</u>
				(x)	(201)	(120)	(101)

On May 3, sold merchandise to Abbot Sisters, terms 2/10,n/30, \$10,600.

Date	Account Titles	Ref.	Debit	Credit
May 3	Accounts Receivable – Abbot Sisters		10,600	
				10,600
			6,360	
				6,360

Journal? _____ See text page _____ .

SALES JOURNAL					SI
Date	Account Debited	Invoice No.	Ref.	Accts. Receivable Dr. Sales Revenue Cr.	Cost of Goods Sold Dr. Inventory Cr.
2012					
May 3	Abbot Sisters	101		10,600	6,360
7	Babson Co.	102		11,350	7,370
14	Carson Bros.	103		7,800	5,070
19	Deli Co.	104		9,300	6,510
21	Abbot Sisters	105		15,400	10,780
24	Deli Co.	106		21,210	15,900
27	Babson Co.	107		<u>14,570</u>	<u>10,200</u>
				<u>90,230</u>	<u>62,190</u>

On May 10, received balance due from Abbot Sisters.

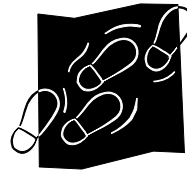
Date	Account Titles	Ref.	Debit	Credit
10	Cash			
	Accounts Receivable – Abbot Sisters			

Journal? _____ See text page _____ .

CASH RECEIPTS JOURNAL								CRI
Date	Account Credited	Ref.	Cash Dr.	Sales Discounts Dr.	Accounts Receivable Cr.	Sales Revenue Cr.	Other Accounts Cr.	Cost of Goods Sold Dr. Inventory Cr.
2012								
May 1	Owner's Capital	301	5,000				5,000	
7			1,900			1,900		1,240
10	Abbot Sisters	✓	10,388	212	10,600			
12			2,600			2,600		1,690
17	Babson Co.	✓	11,123	227	11,350			
22	Notes Payable	200	6,000				6,000	
23	Carson Bros.	✓	7,644	156	7,800			
28	Deli Co.	✓	<u>9,114</u>	<u>186</u>	<u>9,300</u>			
			<u>53,769</u>	<u>781</u>	<u>39,050</u>	<u>4,500</u>	<u>11,000</u>	<u>2,930</u>
			(101)	(414)	(112)	(401)	(x)	(505)/(120)

Posting from Multi-Column Journals

1. Foot.
2. Cross-foot (prove equality of debits and credits).
3. Post Column _____ (to General Ledger).



Two Exceptions: _____

4. Post individual entries from _____ column (to General Ledger).
5. Post individual entries from Accounts Receivable and Accounts Payable columns (to subsidiary ledgers).



Illustration

Cash Receipts Journal

Date	Account Credited	Ref	Cash Dr.	Sales Discounts Dr.	Accounts Receivable Cr.	Sales Cr.	Other Accounts Cr.	COGS Dr. Mdse Inv Cr.
5/1	Karns, Capital		5,000				5,000	
7	Cash Sales		1,900			1,900		1,240
10	Abbot Sisters		10,388	212	10,600			
12	Cash Sales		2,600			2,600		1,690
17	Babson Co.		11,123	227	11,350			
22	Notes Payable		6,000				6,000	
			37,011		21,950		11,000	2,930

