

3

The General Journal and the General Ledger

CHAPTER REVIEW

1. Record a group of transactions pertaining to a service enterprise in a two-column general journal. Based on source documents, the transactions are analyzed to determine the accounts involved and whether the accounts are debited or credited. For each transaction, total debits must equal total credits. The journal is a book of original entry in which a day-by-day record of business transaction is maintained. The parts of a journal entry consists of the transaction date, the title of the account(s) debits, the title of the account(s) credited, the amounts recorded in the Debit and Credit columns, and an explanation.
2. Post entries from a two column general journal to general ledger accounts. The ledger is a book that contains all the accounts, arranged according to the chart of accounts. Posting is the process of transferring information from the journal to the ledger accounts. The posting process consists of four steps:
 1. Write the date of the transaction in the account's Date column.
 2. Write the amount of the transaction in the Debit or Credit column, and enter the new balance in the Balance columns under Debit or Credit.
 3. Write the page number of the journal in the Post. Ref. column of the ledger account.
 4. Record the ledger account number in the Post. Ref. column of the journal.
3. Prepare a trial balance from the ledger accounts. The trial balance consists of a listing of account balances in two columns, one labeled Debit and one labeled Credit. The balances come from the ledger accounts.
4. Correct entries using the ruling method. The ruling method can be used if an error is discovered before or after an entry has been posted. Draw a line through the incorrect account title or amount, and write the correct account title or amount immediately above. Include your initials with the correction.
5. Correct entries using the correcting entry method. This method is used if an error is discovered after an incorrectly journalized entry has been posted. If the error consists of the wrong account(s), an entry is made to cancel out or reverse the incorrect accounts(s) and insert the correct accounts(s). Initial the correction.