

# CHAPTER 6 Recording Transactions in a General Journal

## Study Plan

### Check Your Understanding

- Section 1**      *Read Section 1 on pages 122–124 and complete the following exercises on page 125.*
- Thinking Critically
  - Communicating Accounting
  - Problem 6-1      *Analyzing a Source Document*
- Section 2**      *Read Section 2 on pages 126–139 and complete the following exercises on page 140.*
- Thinking Critically
  - Computing in the Business World
  - Problem 6-2      *Recording Business Transactions*
  - Problem 6-3      *Analyzing Transactions*

### Summary

*Review the Chapter 6 Summary on page 141 in your textbook.*

- Key Concepts

### Review and Activities

*Complete the following questions and exercises on pages 142–143 in your textbook.*

- Using Key Terms
- Understanding Accounting Concepts and Procedures
- Case Study
- Conducting an Audit with Alex
- Internet Connection
- Workplace Skills

### Computerized Accounting

*Read the Computerized Accounting information on page 144 in your textbook.*

- Making the Transition from a Manual to a Computerized System*
- Entering Transactions in Peachtree*

### Problems

*Complete the following end-of-chapter problems for Chapter 6 in your textbook.*

- Problem 6-4      *Recording General Journal Transactions*
- Problem 6-5      *Recording General Journal Transactions*
- Problem 6-6      *Recording General Journal Transactions*
- Problem 6-7      *Recording General Journal Transactions*

### Challenge Problem

- Problem 6-8      *Recording General Journal Transactions*

### Chapter Reviews and Working Papers

*Complete the following exercises for Chapter 6 in your Chapter Reviews and Working Papers.*

- Chapter Review
- Self-Test

# CHAPTER 6 REVIEW Recording Transactions in a General Journal

## Part 1 Accounting Vocabulary (12 points)

**Directions:** Using terms from the following list, complete the sentences below. Write the letter of the term you have chosen in the space provided.

Total Points	85
Student's Score	

- |                                   |                    |                             |
|-----------------------------------|--------------------|-----------------------------|
| A. accounting cycle               | D. general journal | H. manual accounting system |
| B. check stub                     | E. invoice         | I. memorandum               |
| C. computerized accounting system | F. journal         | J. receipt                  |
|                                   | G. journalizing    | K. source document          |

- C   0. A system in which information is recorded by entering it into a computer is called a(n) \_\_\_\_\_.
1. The source document for recording a cash payment transaction is a(n) \_\_\_\_\_.
2. The business document prepared when cash is received is a(n) \_\_\_\_\_.
3. A business paper that verifies that a transaction actually occurred is a(n) \_\_\_\_\_.
4. A(n) \_\_\_\_\_ is the source document that shows the date of a business transaction, the items purchased, the quantity of each item, and the cost of each item.
5. A sequence of business activities completed throughout a fiscal period to keep accounting records in an orderly fashion is the \_\_\_\_\_.
6. A chronological record of business transactions is a(n) \_\_\_\_\_.
7. Recording business information by hand is done in a(n) \_\_\_\_\_.
8. The process of recording business transactions in a journal is called \_\_\_\_\_.
9. A brief message written to describe a transaction that takes place within a business is a(n) \_\_\_\_\_.
10. An all-purpose journal in which all transactions of a business may be recorded is the \_\_\_\_\_.

## Part 2 The Accounting Cycle (8 points)

**Directions:** Shown below are the nine steps in the accounting cycle. Rearrange these activities in the order in which they would be completed by a business in its accounting period.

- 3   0. Record the debit and credit parts of each business transaction in a journal.
1. Prepare a work sheet to summarize the financial information for the accounting period.
2. Record and post the closing entries.
3. Post each journal entry to the ledger accounts.
4. Collect source documents and verify the financial information.
5. Analyze business transactions into their debit and credit parts.
6. Prepare a trial balance.
7. Prepare a post-closing trial balance.
8. Prepare the financial statements.

## Part 3 The General Journal (5 points)

**Directions:** The following list contains the steps for journalizing business transactions. In the general journal on the next page, show where each step is recorded by writing the identifying letter.

- |  |                                    |
|--|------------------------------------|
| A. The amount of the credit                    | D. The amount of the debit         |
| B. Source document reference or an explanation | E. The date of the transaction     |
| C. The name of the account credited            | F. The name of the account debited |

## GENERAL JOURNAL

PAGE \_\_\_\_\_

DATE	DESCRIPTION	POST. REF.	DEBIT			CREDIT		
1								1
2								2
3								3

**Part 4 Analyzing the Effects of Transactions on Accounts** (60 points)**Directions:** *Sally Silva, who owns and operates Sally's Salon, uses the following accounts.*

Cash in Bank	Accts. Pay.—A Touch of Class	Fees
Accts. Rec.—Donna Deluca	Accts. Pay.—Town News	Advertising Expense
Beauty Supplies	Sally Silva, Capital	Rent Expense
Shop Equipment	Sally Silva, Withdrawals	Utilities Expense

Use the form below to analyze each of the following transactions. For each debit and credit, write the account name, its classification (A, L, OE, R, or E), and whether the account is increased (+) or decreased (-).

- Sally Silva purchased \$100 in beauty supplies for cash, Check 201.
- Received \$50 for services rendered, Receipt 15.
- Bought a \$75 ad on account from Town News, Invoice 601.
- As a personal favor, sold \$20 in beauty supplies on account to Donna Deluca, Invoice 10.
- Wrote Check 202 for \$500 to pay the monthly rent.
- Sally Silva transferred shop equipment valued at \$350 into the business, Memorandum 20.
- Received a check for \$20 from Donna Deluca in payment of her account, Receipt 16.
- Issued Check 203 for \$75 to Town News to apply on account.
- Purchased \$150 in beauty supplies on account from A Touch of Class, Invoice 405.
- Sally Silva withdrew \$125 cash for personal use, Check 204.
- Issued Check 205 to pay the \$85 electric bill.

Trans. No.	Account Name Debited	Classification	+ or -	Account Name Credited	Classification	+ or -
0	<i>Beauty Supplies</i>	<i>A</i>	<i>+</i>	<i>Cash in Bank</i>	<i>A</i>	<i>-</i>
1						
2						
3						
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5						
6						
7						
8						
9						
10						

**Working Papers** for Section Problems**Problem 6-1** Analyzing a Source Document

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_

**Problem 6-2** Recording Business Transactions

- Step 1** \_\_\_\_\_
- Step 2** \_\_\_\_\_
- Step 3** \_\_\_\_\_
- Step 4** \_\_\_\_\_
- Step 5** \_\_\_\_\_
- Step 6** \_\_\_\_\_

**Problem 6-3** Analyzing Transactions

Trans.	Account	Account Classification	Account		General Journal	
			Increase	Decrease	Debit	Credit
1	<i>Passenger Van</i>	<i>Asset</i>	✓		✓	
	<i>Cash in Bank</i>	<i>Asset</i>		✓		✓

**Working Papers** for End-of-Chapter Problems**Problem 6-4** Recording General Journal Transactions

## GENERAL JOURNAL

PAGE \_\_\_\_\_

	DATE		DESCRIPTION	POST. REF.	DEBIT			CREDIT				
	Month	Day										
1												1
2												2
3												3
4												4
5												5
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8												8
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33												33

**Analyze:** \_\_\_\_\_

# Problem 6-5 Recording General Journal Transactions

## GENERAL JOURNAL

DATE	DESCRIPTION	POST. REF.	DEBIT			CREDIT		
1								1
2								2
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37								37

Analyze: \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

### Problem 6-6 Recording General Journal Transactions

#### GENERAL JOURNAL

PAGE \_\_\_\_\_

	DATE		DESCRIPTION	POST. REF.	DEBIT			CREDIT			
	MM	DD									
1											1
2											2
3											3
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36											36
37											37

Analyze: \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

# Problem 6-7 Recording General Journal Transactions

## GENERAL JOURNAL

PAGE \_\_\_\_\_

DATE	DESCRIPTION	POST. REF.	DEBIT			CREDIT		
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39								39



Name

Date

Class

## Problem 6-7 (concluded)

Analyze: \_\_\_\_\_

## Problem 6-8 Source Documents

**Instructions:** Use the following source documents to record the transactions for this business.

<b>SHOWBIZ VIDEO</b> 7575 Ingram Blvd. Spokane, WA 99204		<b>RECEIPT</b> No. 435	
		Date <u>January 1</u> 20__	
RECEIVED FROM	Cash Sales	\$ 3,400.00	
Three thousand four hundred and 00/100 _____ DOLLARS			
FOR VCR Rentals \$1,900.00 + Video Tape Rentals \$1,500.00			
		RECEIVED BY <u>Greg Failla</u>	

<b>NEW MEDIA SUPPLIERS</b> 14308 San Mateo Blvd. Los Angeles, CA 90016		<b>INVOICE NO. NM101</b> DATE: <u>Jan. 7, 20__</u>	
		ORDER NO. _____	
TO <u>Showbiz Video</u> <u>7575 Ingram Blvd.</u> <u>Spokane, WA 99204</u>		SHIPPED BY: <u>UPS</u>	
		TERMS: <u>Balance payable in 30 days</u>	
QTY.	ITEM	UNIT PRICE	TOTAL
8	VCRs - model ALG45	\$ 80.00	\$ 640.00
4	13" TV/VCR - model LX44	100.00	400.00
6	Camcorders - model GR77	260.00	1,560.00
			\$2,600.00
			Less down payment
			600.00
			\$2,000.00

\$ 325.00	No. 1250
Date <u>January 3</u>	20__
To <u>Washington Repairs &amp; Service</u>	
For <u>Equipment repairs</u>	
	Dollars Cents
Balance brought forward	11,310 00
Add deposits 6/1	3,400 00
Total	14,710 00
Less this check	325 00
Balance carried forward	14,385 00

<b>SHOWBIZ VIDEO</b> 7575 Ingram Blvd. Spokane, WA 99204		<b>INVOICE NO. 1650</b> DATE: <u>Jan. 10, 20__</u>	
		ORDER NO. _____	
TO <u>Spring Branch School District</u> <u>2023 Sampson Drive</u> <u>Spokane, WA 99204</u>		SHIPPED BY: <u>Katie's Kouriers</u>	
		TERMS: <u>Payable in 30 days</u>	
QTY.	ITEM	UNIT PRICE	TOTAL
18	Video rental - History & Government series	\$100.00	\$1,800.00

<b>Palace Films</b> 606 Lei Min Street San Francisco, CA 94133		<b>INVOICE NO. PF32</b> DATE: <u>Jan. 5, 20__</u>	
		ORDER NO. _____	
TO <u>Showbiz Video</u> <u>7575 Ingram Blvd.</u> <u>Spokane, WA 99204</u>		SHIPPED BY: <u>Freight Systems</u>	
		TERMS: <u>Payable in 30 days</u>	
QTY.	ITEM	UNIT PRICE	TOTAL
40	Videos X117-X205	\$ 8.50	\$340.00
4	Videos VV27-VW29	15.00	60.00
			\$400.00

\$ 750.00	No. 1252
Date <u>January 12</u>	20__
To <u>Computer Horizons</u>	
For <u>On account</u>	
	Dollars Cents
Balance brought forward	13,785 00
Add deposits	
Total	13,785 00
Less this check	750 00
Balance carried forward	13,035 00

\$ 600.00	No. 1251
Date <u>January 7</u>	20__
To <u>New Media Suppliers</u>	
For <u>Down payment on account</u>	
	Dollars Cents
Balance brought forward	14,385 00
Add deposits	
Total	14,385 00
Less this check	600 00
Balance carried forward	13,785 00

<b>SHOWBIZ VIDEO</b> 7575 Ingram Blvd. Spokane, WA 99204		<b>RECEIPT</b> No. 436	
		Date <u>January 15</u> 20__	
RECEIVED FROM	Cash Sales	\$ 5,600.00	
Five thousand six hundred and 00/100 _____ DOLLARS			
FOR VCR Rentals \$4,400.00 + Video Tape Rentals \$1,200.00			
		RECEIVED BY <u>Greg Failla</u>	

**Problem 6-8** (continued)

\$ <u>100.00</u>	No. <u>1253</u>
Date <u>January 18</u>	20 <u>    </u>
To <u>Clear-Vue Window Cleaners</u>	
For <u>Maintenance</u>	
	Dollars    Cents
Balance brought forward	13,035 00
Add deposits 1/15	5,600 00
Total	18,635 00
Less this check	100 00
Balance carried forward	18,535 00

\$ <u>1,000.00</u>	No. <u>1254</u>
Date <u>January 25</u>	20 <u>    </u>
To <u>New Media Suppliers</u>	
For <u>On account</u>	
	Dollars    Cents
Balance brought forward	18,535 00
Add deposits	
Total	18,535 00
Less this check	1,000 00
Balance carried forward	17,535 00

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

### Problem 6-8 Recording General Journal Transactions

#### GENERAL JOURNAL

PAGE \_\_\_\_\_

DATE		DESCRIPTION	POST. REF.	DEBIT			CREDIT		
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Analyze: \_\_\_\_\_  
\_\_\_\_\_



# CHAPTER 6 Recording Transactions in a General Journal

## Self-Test

### Part A True or False

**Directions:** Circle the letter T in the Answer column if the statement is true; circle the letter F if the statement is false.

#### Answer

- |   |   |  |
|---|---|--|
| T | F | 1. A fiscal year is an accounting period that begins on January 1 and ends on December 31.   |
| T | F | 2. When recording a business transaction, the amount is always entered first because it is the most important part of the journal entry.       |
| T | F | 3. A source document is a business paper that proves a transaction occurred.   |
| T | F | 4. A journal is sometimes called a "book" of original entry because it is the only place in which the details of the transaction are recorded. |
| T | F | 5. A check was written on April 15. It is being recorded today, April 17. The date used for recording the transaction is April 17.             |
| T | F | 6. The analysis of a business transaction into its debit and credit parts is required for both manual and computerized accounting systems.     |
| T | F | 7. The different kinds of source documents a business uses depends on the nature of the transaction.   |
| T | F | 8. If an error is discovered before posting occurs, simply draw a line through the incorrect item and write the correct item above it.         |
| T | F | 9. The debit part of a business transaction should be indented one-half inch from the left edge of the paper.                                  |
| T | F | 10. The accounting cycle is a series of activities a business completes over a period of time.   |

**Part B Multiple Choice**

**Directions:** Choose the letter of the correct answer and write it in the space provided.

**Answer**

- \_\_\_\_\_ 1. Most businesses use an accounting period of:  
(A) one month  
(B) three months  
(C) six months  
(D) twelve months
- \_\_\_\_\_ 2. A form listing specific information about a business transaction that involves the buying and selling of goods is a:  
(A) check  
(B) invoice  
(C) memorandum  
(D) receipt
- \_\_\_\_\_ 3. Which of the following is a calendar year accounting period?  
(A) Jan. 1–Dec. 31  
(B) Feb. 1–Jan. 31  
(C) July 1–June 30  
(D) April 15–March 31
- \_\_\_\_\_ 4. Which source document is used within the business?  
(A) check  
(B) invoice  
(C) memorandum  
(D) receipt
- \_\_\_\_\_ 5. Which of the following is entered with each transaction?  
(A) date  
(B) debit account title and amount  
(C) credit account title and amount  
(D) source document or explanation  
(E) all of the above