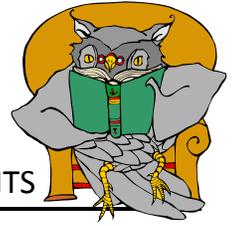


Name: _____

ACCOUNTING I

Chapter 4 Reading Guide



4-1 USING ACCOUNTS AND PREPARING AND MAINTAINING A CHART OF ACCOUNTS

Please answer the following questions as you read Chapter 4, pages 92-119.

1. A journal is a permanent record of the debit and credit parts of each transaction with transactions recorded in chronological order. What is the problem with only using a journal?
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2. What is the major disadvantage to the first account form shown on page 93?
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3. How is the more commonly used account form, known as the balance-ruled account form, different? How is it used?
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 -

4. How is a ledger different from a general ledger?
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5. What is a Chart of Accounts?
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6. What does the first digit of each account number show?
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7. What do the second two digits indicate?
 -

8. File maintenance is the procedure for arranging accounts in a general ledger, assigning account numbers, and keeping records current. Why does Delgado Web Services initially assign account numbers by 10s?
 -

9. Say a new account, Postage Expense, must be added between two existing accounts, 560 Miscellaneous Expense and 570 Supplies Expense. What number should be assigned the account, and why?
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 -

10. What are the two steps to opening an account?
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11. How are accounts opened and arranged in a general ledger.

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12. What number should be assigned to the first asset account, Cash? What number should be assigned to the next asset account?

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4-2 POSTING SEPARATE AMOUNTS FROM A JOURNAL TO A GENERAL LEDGER

13. Transferring information from a journal entry to a ledger account is called posting. What does posting accomplish? Please include an example.

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14. What are the two rules for posting amounts from a journal?

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15. Please list the five steps to posting an amount from a General Debit Column.

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16. What three purposes do the numbers in the Post. Ref. column of the general ledger account and the journal serve?

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17. What is always the last step in the posting process?

-

18. When the second amount was posted to an account in the illustration on page 99, how was the new balance of 385.00 determined?

-

19. If the previous account balance and the new entry posted to the account are both debits, will the new balance be in the debit or credit balance column?

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4-3 POSTING COLUMN TOTALS FROM A JOURNAL TO A GENERAL LEDGER

20. Which journal entries are not posted individually?

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21. What is done to assure that no postings are overlooked?

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22. Why are check marks placed in parenthesis under the General Debit and General Credit column totals?

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23. What is the advantage of only posting the totals of special amount columns?

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24. Please list the five steps to posting the total of the Cash Debit Column.

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25. Please list the five steps to posting the total of the Cash Credit Column.

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26. How do you know that the posting of your journal page is complete? (Include how you know the column totals have also been posted.)

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-

4-4 JOURNALIZING CORRECTING ENTRIES AND CORRECTING POSTING ERRORS

27. What must be done if you realize that a transaction was improperly journalized and posted to the ledger?

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28. What is the source document for a correcting entry?

-

29. All corrections for posting errors must be made in a manner that leaves no question as to the correct amount. Sometimes an error is made in posting to the wrong account. How is this corrected?

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30. If a cash payment for miscellaneous expense was journalized and posted in error as a debit to repair expense instead of miscellaneous expense, which two accounts are affected in the correcting entry? Why isn't the cash account affected?

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