

Monday, Sept. 21

- ▶ As class begins...
 - ▶ Open the Short Exercises doc from website
 - ▶ Can you complete [S2-1](#) and S2-2?
 - Give it a try!
- ▶ Together: Unzip Chapter 2 Exercises from DocuShare
- ▶ TODAY:
 - ▶ Warm-ups (review)
 - ▶ S2-1
 - ▶ S2-2
 - ▶ S2-3
 - ▶ S2-4
 - ▶ E2-15 – Together
 - ▶ Lecture – Objective #3
 - ▶ S2-5 in lecture (on short exercise document)
 - ▶ S2-7 on own

1. Cash, Accounts Payable, and J. Johnson, Capital are examples of

- A. Credit Accounts
- B. Debit Accounts
- C. T Accounts
- D. Chart of Accounts

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- A. **Credit Accounts**
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2. What do we call the book that holds all of the accounts?

- A. Journal
- B. Ledger
- C. Trial Balance
- D. Chart of Accounts

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3. What do we call the list of accounts along with their account numbers?

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4. What do we call the list of all the accounts with their balances?

A. Journal

B. Ledger

C. Trial Balance

D. Chart of Accounts

4. What do we call the list of all the accounts with their balances?

- A. Journal
- B. Ledger
- C. Trial Balance
- D. Chart of Accounts

5. What type of accounting do we call it when we record the “dual effect” of each transaction?

- A. Creative Accounting
- B. Sole Proprietorship Accounting
- C. Triple-Entry Accounting
- D. Double-Entry Accounting

5. What type of accounting do we call it when we record the “dual effect” of each transaction?

- A. Creative Accounting
- B. Sole Proprietorship Accounting
- C. Triple-Entry Accounting
- D. **Double-Entry Accounting**

The Rules of **Debit**

&

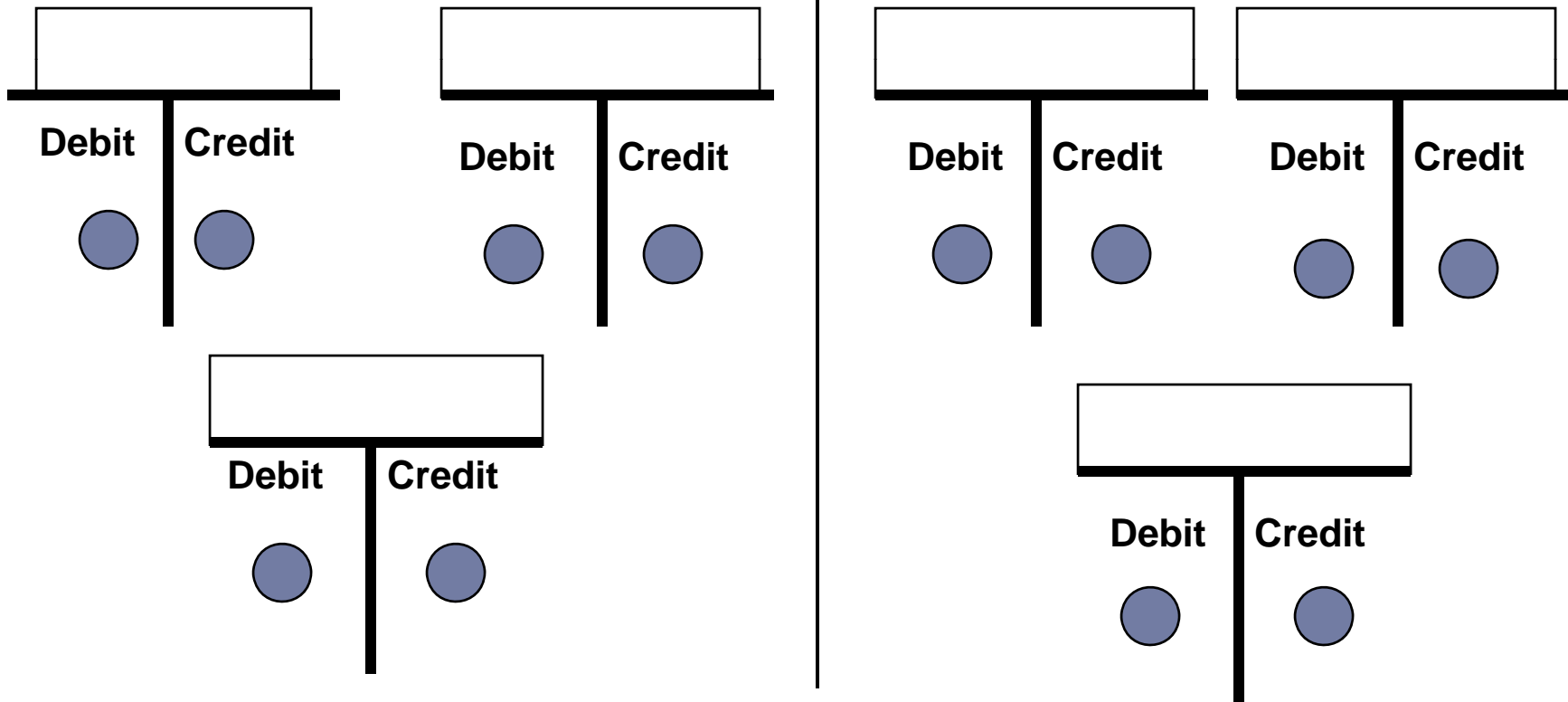
Credit

Normal **Debit** Balance

Normal **Credit** Balance

After Eating Dinner,

Let's Read the Comics



Remember: The + side = Normal Balance side

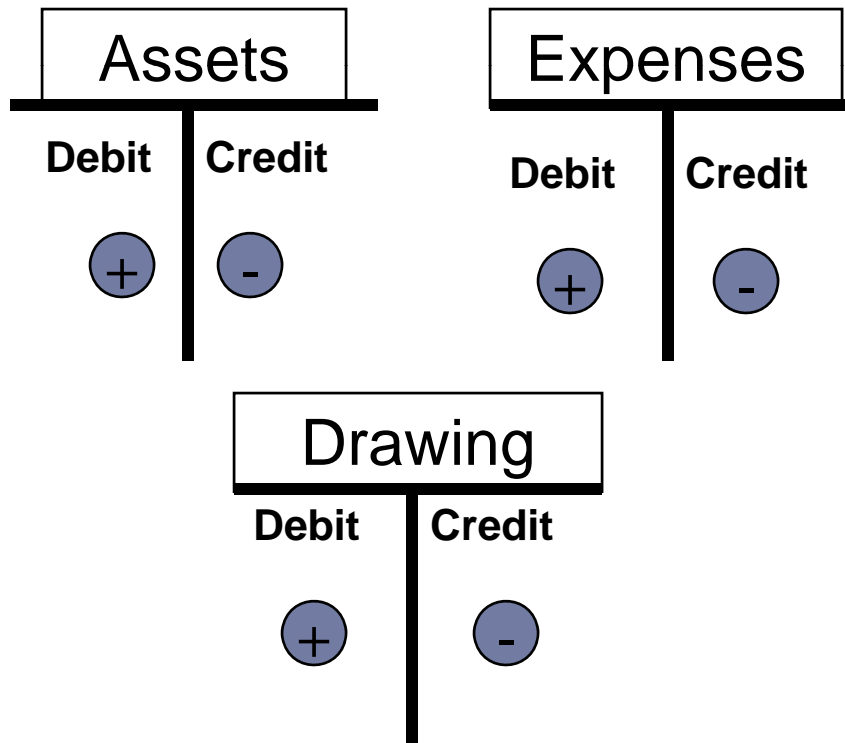
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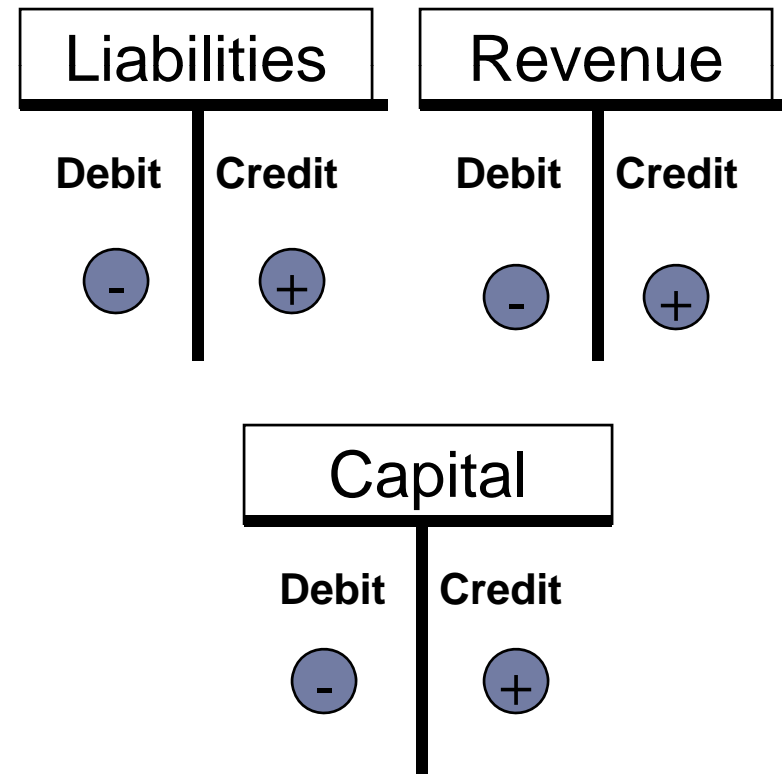
Normal **Debit** Balance

After Eating Dinner,



Normal **Credit** Balance

Let's Read the Comics



Remember: The + side = Normal Balance side

Objective 3

Record transactions in the journal

Journal

- ▶ Chronological record of the transactions
- ▶ Consists of at least one debit and one credit

Journalizing Transactions

- ▶ Identify each account affected and its type
- ▶ Determine whether each account is increased or decreased. Use the rules of debit and credit
- ▶ Record transaction in journal, including a brief explanation
 - ▶ Debit side of entry is entered first
 - ▶ Total debits should always equal total credits

General Journal

Transaction
Date

Accounts Affected

Journal			Page 1
Date	Description	Debit	Credit
Jul 1	Cash	45,000	
	Lange, Capital		45,000
	Investment from owner		

Explanation of
transaction

Dollar amount of
debits and credits

General Journal

Style conventions that must be followed:

- ▶ Year is entered at the top of each page
- ▶ The month is only entered for the first entry on a page unless the month changes in the middle of the page. The month may be abbreviated
- ▶ Enter numerical date for each transaction, even if there are many entries on same date

General Journal

- ▶ Debits are **ALWAYS** entered first in an entry. Use the **EXACT** account title and do not abbreviate
- ▶ Credits are **INDENTED** and listed second
- ▶ Do not use dollar signs
- ▶ **SKIP A LINE** between each entry
- ▶ Never split an entry between two pages

Exercise 2-5

Analysis of June 1 transaction:

- ▶ Cash is increasing
- ▶ Cash is an asset account
- ▶ Increase an asset with a debit

GENERAL JOURNAL					
DATE		DESCRIPTION	REF	DEBIT	CREDIT
Jun	1	Cash		25,000	

Exercise 2-5

Analysis of June 1 transaction:

- ▶ M. Brown, Capital is increasing
- ▶ Capital is an owner's equity account
- ▶ Increase owner's equity with a credit

GENERAL JOURNAL					
DATE		DESCRIPTION	REF	DEBIT	CREDIT
Jun	1	Cash		25,000	
		M. Brown, Capital			25,000
		<i>Owner invested in business</i>			

Exercise 2-5

Analysis of June 2 transaction:

- ▶ Medical Supplies is increasing
- ▶ Medical Supplies is an asset account
- ▶ Increase an asset with a debit

GENERAL JOURNAL					
DATE		DESCRIPTION	REF	DEBIT	CREDIT
Jun	2	Medical Supplies		10,000	

Exercise 2-5

Analysis of June 2 transaction:

- ▶ Accounts Payable is increasing
- ▶ Accounts Payable is a liability account
- ▶ Increase a liability with a credit

GENERAL JOURNAL					
DATE		DESCRIPTION	REF	DEBIT	CREDIT
Jun	2	Medical Supplies		10,000	
		Accounts Payable			10,000
		<i>Purchased medical supplies</i>			

Exercise 2-5

Analysis of June 2 transaction:

- ▶ Rent Expense is increasing
- ▶ Rent Expense is an expense account
- ▶ Increase an expense with a debit

GENERAL JOURNAL					
DATE		DESCRIPTION	REF	DEBIT	CREDIT
Jun	2	Rent Expense		4,000	

Exercise 2-5

Analysis of June 2 transaction:

- ▶ Cash is decreasing
- ▶ Cash is an asset account
- ▶ Decrease an asset with a credit

GENERAL JOURNAL					
DATE		DESCRIPTION	REF	DEBIT	CREDIT
Jun	2	Rent Expense		4,000	
		Cash			4,000
		<i>Paid rent for the month</i>			

Exercise 2-5

Analysis of June 3 transaction:

- ▶ Accounts Receivable is increasing
- ▶ Accounts Receivable is an asset account
- ▶ Increase an asset with a debit

GENERAL JOURNAL					
DATE		DESCRIPTION	REF	DEBIT	CREDIT
Jun	3	Accounts Receivable		12,000	

Exercise 2-5

Analysis of June 3 transaction:

- ▶ Service Revenue is increasing
- ▶ Service Revenue is a revenue account
- ▶ Increase a revenue with a credit

GENERAL JOURNAL					
DATE		DESCRIPTION	REF	DEBIT	CREDIT
Jun	3	Accounts Receivable		12,000	
		Service Revenue			12,000
		<i>Performed services</i>			

On Own:

▶ **S2-7**

▶ **For tomorrow:**

- ▶ Make sure you've read through Objective 4 in book