

Preparing a chart of accounts

Item	Account Number
a. The first asset account	110
b. The first liability account	210
c. The owner's capital account	310
d. The first revenue account	410
e. The first expense account	510
f. The second asset account	120
g. The third asset account	130
h. The second liability account	220
i. The owner's drawing account	320
j. The second revenue account	420
k. The second expense account	520
l. The third expense account	530
m. A new asset account inserted between the first and second asset accounts	115
n. A new expense account inserted between the second and third expense accounts	525

Analyzing posting from a combination journal

- [1] a. Neither amount is posted individually.
- b. The \$20.00 debit to Miscellaneous Expense is posted individually.
- c. The \$65.00 debit to Supplies is posted individually.
- d. Neither amount is posted individually.
- e. The \$17.00 debit to Miscellaneous Expense is posted individually.
- f. The \$800.00 debit to Harry Walters, Drawing, is posted individually.
- [2] g. \$3 599.00 represents the amount of total cash received for the month of July. It is the total of the journal's Cash Debit column.
- h. \$1 962.00 represents the amount of total cash payments for the month of July. It is the total of the journal's Cash Credit column.
- i. \$3 199.00 represents the amount of total sales for the month of July. It is the total of the journal's Sales Credit column.
- j. Information about this transaction can be found on page 2 of the journal, under the date of July 7.

Posting from a combination journal

The combination journal prepared in Problem 5-1 is needed to complete Problem 6-1.

[1, 2]

GENERAL LEDGER

ACCOUNT Cash				ACCOUNT NO. 110			
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
19-Aug-1	Balance	✓			800	000	
	31	1	1890	000	2690	000	
	31	1		1450	000	1240	

ACCOUNT Supplies				ACCOUNT NO. 120			
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
19-Aug-1	Balance	✓			700	000	
	14	1	350	000	735	000	
	26	1	100	000	835	000	

ACCOUNT Prepaid Insurance				ACCOUNT NO. 130			
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
19-Aug-1	Balance	✓			600	000	
	5	1	100	000	700	000	

ACCOUNT Mendoza Company				ACCOUNT NO. 210			
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
19-Aug-1	Balance	✓				200	
	27	1	110	000		90	

ACCOUNT Siple Supply Company				ACCOUNT NO. 220			
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
19-Aug-1	Balance	✓				200	

ACCOUNT Elaine Longstrom, Capital				ACCOUNT NO. 310			
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
19-Aug-1	Balance	✓				1700	
	21	1		500	000	2200	

GENERAL LEDGER

ACCOUNT Elaine Longstrom, Drawing

ACCOUNT NO. 320

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-Aug. 31		1	5 0 0 00		5 0 0 00	

ACCOUNT Sales

ACCOUNT NO. 410

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-Aug. 31		1		1 3 9 0 00	1 3 9 0 00	

ACCOUNT Advertising Expense

ACCOUNT NO. 510

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-Aug. 13		1	5 0 0 00		5 0 0 00	

ACCOUNT Equipment Repair Expense

ACCOUNT NO. 520

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-Aug. 20		1	6 5 0 00		6 5 0 00	

ACCOUNT Miscellaneous Expense

ACCOUNT NO. 530

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-Aug. 10		1	2 0 0 00		2 0 0 00	

ACCOUNT Rent Expense

ACCOUNT NO. 540

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-Aug. 3		1	4 0 0 00		4 0 0 00	

ACCOUNT Utilities Expense

ACCOUNT NO. 550

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-Aug. 18		1	7 0 0 00		7 0 0 00	

Posting from a combination journal [1, 2]

COMBINATION JOURNAL

DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL		SALES CREDIT	CASH	
				DEBIT	CREDIT		DEBIT	CREDIT
19-- June								
2	Hatch Company	C201	210	6 0 0 0				6 0 0 0
3	Rent Expense	C202	540	5 0 0 0				5 0 0 0
5	✓	T5	✓			8 0 0 0	8 0 0 0	
8	Utilities Expense	C203	550	3 0 0 0				3 0 0 0
8	John Robbins, Capital	R15	310		5 0 0 0		5 0 0 0	
9	Equipment Repair Expense	C204	520	1 2 0 0				1 2 0 0
9	Miscellaneous Expense	C205	530	1 0 0 0				1 0 0 0
10	Advertising Expense	C206	510	5 0 0 0				5 0 0 0
12	✓	T12	✓			7 0 0 0	7 0 0 0	
16	Prepaid Insurance	C207	130	6 5 0 0				6 5 0 0
17	Utilities Expense	C208	550	7 0 0 0				7 0 0 0
18	John Robbins, Drawing	C209	320	1 0 0 0				1 0 0 0
19	✓	T19	✓			7 5 0 0	7 5 0 0	
23	Supplies	C210	120	1 5 0 0				1 5 0 0
23	Miscellaneous Expense	C211	530	1 0 0 0				1 0 0 0
25	Utilities Expense	C212	550	5 0 0 0				5 0 0 0
26	✓	T26	✓			9 0 0 0	9 0 0 0	
30	✓	T30	✓			2 5 0 0	2 5 0 0	
30	Totals			17 5 5 0 0	5 0 0 0 0	3 4 0 0 0 0	3 9 0 0 0 0	1 7 5 5 0 0
				(✓)	(✓)	(410)	(110)	(110)
21								
22								
23								
24								
25								

GENERAL LEDGER

ACCOUNT Cash

ACCOUNT NO. 110

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- June 1	Balance	✓			120000	
30		6	390000		510000	
30		6		175500	334500	

ACCOUNT Supplies

ACCOUNT NO. 120

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- June 1	Balance	✓			75000	
23		6	15000		90000	

ACCOUNT Prepaid Insurance

ACCOUNT NO. 130

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- June 1	Balance	✓			31500	
16		6	6500		38000	

ACCOUNT Hatch Company

ACCOUNT NO. 210

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- June 1	Balance	✓				90000
2		6	60000			30000

ACCOUNT John Robbins, Capital

ACCOUNT NO. 310

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- June 1	Balance	✓				136500
8		6		50000		186500

ACCOUNT John Robbins, Drawing

ACCOUNT NO. 320

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- June 18		6	10000		10000	

GENERAL LEDGER

ACCOUNT Sales

ACCOUNT NO. 410

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- June 30		6		3 4 0 0 00		3 4 0 0 00

ACCOUNT Advertising Expense

ACCOUNT NO. 510

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- June 10		6	5 0 00			5 0 00

ACCOUNT Equipment Repair Expense

ACCOUNT NO. 520

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- June 9		6	1 2 0 00			1 2 0 00

ACCOUNT Miscellaneous Expense

ACCOUNT NO. 530

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- June 9		6	1 0 00			1 0 00
	23	6	1 0 00			2 0 00

ACCOUNT Rent Expense

ACCOUNT NO. 540

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- June 3		6	5 0 0 00			5 0 0 00

ACCOUNT Utilities Expense

ACCOUNT NO. 550

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- June 8		6	3 0 00			3 0 00
	17	6	7 0 00			1 0 0 00
	25	6	5 0 00			1 5 0 00

Journalizing in and posting from a combination journal [1-5]

COMBINATION JOURNAL

DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL		SALES CREDIT	CASH	
				DEBIT	CREDIT		DEBIT	CREDIT
1								
19.. Aug.	3 Rent Expense	C50	530	610 00				610 00
2	4 ✓	T4	✓			380 00		
3	5 Prepaid Insurance	C51	130	370 00				370 00
4	6 Miscellaneous Expense	C52	520	15 00				15 00
5	10 ✓	T10	✓			100 00		
6	12 Major Supply Company	C53	210	500 00				500 00
7	17 Utilities Expense	C54	540	80 00				80 00
8	18 Supplies	C55	120	100 00				100 00
9	19 ✓	T19	✓			110 00		
10	20 Myron Hiatt, Capital	R8	310		500 00			
11	21 Heath Furniture Company	C56	220	100 00				100 00
12	24 Myron Hiatt, Drawing	C57	320	200 00				200 00
13	26 Miscellaneous Expense	C58	520	20 00				20 00
14	26 ✓	T26	✓			80 00		
15	27 ✓	T27	✓			55 00		
16	31 Utilities Expense	C59	540	65 00				65 00
17	31 Advertising Expense	C60	510	100 00				100 00
18	31 ✓	T31	✓			325 00		
19	31 Totals			395 00	500 00	415 50	465 50	395 00
20				(✓)	(✓)	(410)	(110)	(110)

[3] Prove cash:
 Cash on hand at the beginning of the month... \$ 7 932.00
 Plus total cash received during the month..... 4 655.00
 Total..... \$12 587.00
 Less total cash paid during the month..... 3 950.00
 Equals cash on hand at the end of the month.. \$ 8 637.00

[2] Prove the combination journal:

Column	Debit	Credit
General.....	\$ 3 950.00	\$ 500.00
Sales.....		4 155.00
Cash.....	4 655.00	3 950.00
Totals	\$8 605.00	\$8 605.00

GENERAL LEDGER

ACCOUNT Cash

ACCOUNT NO. 110

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Aug. 1	Balance	✓			793200	
31		7	465500		1258700	
31		7		395000	863700	

ACCOUNT Supplies

ACCOUNT NO. 120

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Aug. 1	Balance	✓			120000	
18		7	10000		130000	

ACCOUNT Prepaid Insurance

ACCOUNT NO. 130

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Aug. 1	Balance	✓			30000	
5		7	37000		67000	

ACCOUNT Major Supply Company

ACCOUNT NO. 210

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Aug. 1	Balance	✓				100000
12		7	50000			50000

ACCOUNT Heath Furniture Company

ACCOUNT NO. 220

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Aug. 1	Balance	✓				40000
21		7	10000			30000

ACCOUNT Myron Hiatt, Capital

ACCOUNT NO. 310

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Aug. 1	Balance	✓				803200
20		7		50000		853200

GENERAL LEDGER

ACCOUNT Myron Hiatt, Drawing

ACCOUNT NO. 320

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Aug. 24		7	200000		200000	

ACCOUNT Sales

ACCOUNT NO. 410

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Aug. 31		7		415500	415500	

ACCOUNT Advertising Expense

ACCOUNT NO. 510

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Aug. 31		7	10000		10000	

ACCOUNT Miscellaneous Expense

ACCOUNT NO. 520

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Aug. 6		7	1500		1500	
26		7	2000		3500	

ACCOUNT Rent Expense

ACCOUNT NO. 530

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Aug. 3		7	60000		60000	

ACCOUNT Utilities Expense

ACCOUNT NO. 540

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Aug. 17		7	8000		8000	
31		7	6500		14500	

Journalizing in and posting from a combination journal [1-5]
COMBINATION JOURNAL

1	DEBIT		DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	CREDIT				
	GENERAL						GENERAL	SALES	CASH		
	CASH	GENERAL									
1		6 0 0 0	1 Sept.	Rent Expense	C100	540				6 0 0 0	1
2	1 0 0 0		1	Patrick Rondalson, Capital	R25	310	1 0 0 0				2
3		2 0 0 0	3	Prepaid Insurance	C101	130				2 0 0 0	3
4		3 0 0 0	4	Miscellaneous Expense	C102	530				3 0 0 0	4
5	4 0 0 0		4	✓	T4	✓		4 0 0 0			5
6		3 0 0 0	9	Webster Supply Company	C103	220				3 0 0 0	6
7	7 0 0 0		11	✓	T11	✓		7 0 0 0			7
8		2 1 0 0	15	Utilities Expense	C104	550				2 1 0 0	8
9		9 0 0 0	16	Equipment Repair Expense	C105	520				9 0 0 0	9
10	5 0 0 0		18	✓	T18	✓		5 0 0 0			10
11		8 0 0 0	21	Supplies	C106	120				8 0 0 0	11
12		5 0 0 0	22	Malley Equipment Company	C107	210				5 0 0 0	12
13		1 5 0 0	23	Miscellaneous Expense	C108	530				1 5 0 0	13
14	8 0 0 0		25	✓	T25	✓		8 0 0 0			14
15		4 0 0 0	30	Advertising Expense	C109	510				4 0 0 0	15
16		3 0 0 0	30	Miscellaneous Expense	C110	530				3 0 0 0	16
17		5 0 0 0	30	Patrick Rondalson, Drawing	C111	320				5 0 0 0	17
18	3 0 0 0		30	✓	T30	✓		3 0 0 0			18
19	3 7 0 0	2 5 9 5	30	Totals			1 0 0 0	2 7 0 0	2 5 9 5	2 5 9 5	19
20	(1 1 0)	(✓)					(✓)	(4 1 0)	(1 1 0)	(1 1 0)	20

[3] Prove cash:
 Cash on hand at the beginning of the month... \$4 500.00
 Plus total cash received during the month..... 3 700.00
 Total..... \$8 200.00
 Less total cash paid during the month..... 2 595.00
 Equals cash on hand at the end of the month.. \$5 605.00

[2] Prove the combination journal:

Column	Debit	Credit
General.....	\$2 595.00	\$1 000.00
Sales.....		2 700.00
Cash.....	3 700.00	2 595.00
Totals	\$6 295.00	\$6 295.00

GENERAL LEDGER

ACCOUNT Cash ACCOUNT NO. 110

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 1	Balance	✓			450000	
30		8	370000		820000	
30		8		259500	560500	

ACCOUNT Supplies ACCOUNT NO. 120

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 1	Balance	✓			100000	
21		8	8000		108000	

ACCOUNT Prepaid Insurance ACCOUNT NO. 130

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 1	Balance	✓			50000	
3		8	20000		70000	

ACCOUNT Malley Equipment Company ACCOUNT NO. 210

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 1	Balance	✓				100000
22		8	50000			50000

ACCOUNT Webster Supply Company ACCOUNT NO. 220

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 1	Balance	✓				60000
9		8	30000			30000

ACCOUNT Patrick Rondalson, Capital ACCOUNT NO. 310

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 1	Balance	✓				440000
1		8		100000		540000

GENERAL LEDGER

ACCOUNT Patrick Rondalson, Drawing

ACCOUNT NO. 320

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 30		8	5 0 0 00			5 0 0 00

ACCOUNT Sales

ACCOUNT NO. 410

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 30		8		2 7 0 0 00		2 7 0 0 00

ACCOUNT Advertising Expense

ACCOUNT NO. 510

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 30		8	4 0 00			4 0 00

ACCOUNT Equipment Repair Expense

ACCOUNT NO. 520

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 16		8	9 0 00			9 0 00

ACCOUNT Miscellaneous Expense

ACCOUNT NO. 530

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 4		8	3 0 00			3 0 00
	23	8	1 5 00			4 5 00
	30	8	3 0 00			7 5 00

ACCOUNT Rent Expense

ACCOUNT NO. 540

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 1		8	6 0 0 00			6 0 0 00

ACCOUNT Utilities Expense

ACCOUNT NO. 550

DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
19-- Sept. 15		8	2 1 0 00			2 1 0 00