

ACN101M

**POSTING FROM JOURNALS TO
GENERAL LEDGER ACCOUNTS**

Revision: units 1 - 8

1. Accounting sequence:
Transaction → source document → journal →
posting to general ledger → trial balance → financial
statements
2. Double entry system:
Rule: 1 doc + 2 entries = 2 accounts
(one account **debited** and second account **credited**)
3. Accounts created:
Assets
Liabilities
Owner's Equity
4. ***BANK account*** = **very important**

Subsidiary books (Journals)

5. Journals (with additional columns for accounts)
(each journal represents a certain accounts)

Bank acc (dr) = Cash receipts journal

Bank acc (cr) = Cash payments journal

Purchases acc (Trading Inv) (dr) = Purchases jnl

Purchases returns acc (cr) = Purchases Ret Jnl

Sales acc (cr) = Sales Journal

Sales Returns acc (cr) = Sales Ret Journal

**By elimination: Transactions not fit for any journal
above = create General Journal (debits and credits)**

Double entry

Effect on accounts:

Bank account debited and Sales acc and

Debtors control acc both credited

Dr	Bank	cr
Jan 31 Total receipts	20 000	
	Sales	
	Jan 31 Bank	14 000
	Debtors Control	
	Jan 31 Bank	6 000

The diagram illustrates the double entry process. A red arrow points from the 20,000 value in the Bank account's debit column to the 14,000 value in the Sales account's credit column. Another red arrow points from the 14,000 value in the Sales account's credit column to the 6,000 value in the Debtors Control account's credit column. A third red arrow points from the 6,000 value in the Debtors Control account's credit column to the 6,000 value in the Bank account's credit column.

Posting of CPJ

- Posting of columns from journals to General Ledger accounts:

Cash payments journal of X for January 2009

Doc	Day	Details	Bank	Inventory	Stationery	Creditors Control	Sundry accounts	
							Amount	Details
							2 100	Equipment
		<i>Totals</i>	15 500	10 500	600	2 300		
Bank			credit	debit	debit	debit	debit	
			Bank	Inventory	Stationery	Creditors control		
Total payments 20 000			Bank 10 500	Inventory 10 500	Stationery 600	Bank 2 300		
								Equipment
								Bank 2 100

Accounts

**Effect on accounts:
 Bank acc credited and Inventory acc, Stationery acc,
 Creditors control acc and Equipment acc debited**

Dr	Bank		cr
Jan 31 Total receipts	20 000	Jan 31 Total payments	15 500
Jan 31 Bank	10 500	Inventory	
Jan 31 Bank	600	Stationery	
Jan 31 Bank	2 300	Creditors control	
Jan 31 Bank	2 100	Equipment	

Posting from Sales Journal

5. Posting of columns from journals to General Ledger accounts:

Sales journal of X for January 2009 (p.88)

Doc	Day	Details	Fol	Vat Output	Sales	Debtors
		Totals		350	2 500	2 850
				<i>cr</i>	<i>cr</i>	<i>dr</i>
dr	Vat Output	cr	dr	Sales	cr	Debtors control
	Debtors control	350		Debtors Control	2 500	Vat Output 350 Sales 2 500

Posting from Purchases Journal

5. Posting of columns from journals to General Ledger accounts:

Purchases journal of X for January 2009 (p.88)

Doc	Day	Details	Fol	Vat input	Purchases	Creditors
		Totals		280	2 000	2 280
				<i>dr</i>	<i>dr</i>	<i>cr</i>
dr	Vat Input	cr	dr	Purchases	cr	Creditors control
Cred Control	280		Cred Control	2 000		Purchases 2 000 Vat Input 280

Posting from General Journal

Remember: the **General Journal** is used when none of the other journals can be used:

e.g. (used for)

- Correction of errors in journals / accounts
- Adjustments
- Closing entries
- Opening entries

General journal: correction of error in journal (already posted to General Ledger)

Example:

Cash purchases of stationery incorrectly in CPJ analyzed as purchases of Inventory . Cheque 101 issued for R100. (Inventory acc debited instead of Stationery acc)

Correction:
(error must first be visualized)

Stationery Inventory <i>Correction of incorrectly analysed payment in CPJ</i>	100	100
---	-----	-----

General Journal: closing entries

Closing off of accounts at end of the year - purpose is to draw up the final accounts (Trading account and Profit or Loss account)

Example:

Closing off of Sales account to the Trading acc.

Sales	100 000	100 000
Trading account		
<i>Closing off of sales account (posting of Sales acc to Trading acc)</i>		
Dr	Sales	cr
<i>Trading acc</i>	<u>100 000</u>	Total
		<u>100 000</u>
Trading account		
		100 000
	Sales	