


Slide 1

### 3.3 Recording Process

- Objectives
  - Introduce the basic steps of the recording process
  - Introduce the process of creating journal entries
  - Introduce the process of posting journal entries to "T" accounts



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Slide 2

### Basic Steps

The Basic steps in the recording process are as follows:

- Analyze each transaction
- Enter the transaction information in a journal
- Transfer journal information to the appropriate accounts in the ledger



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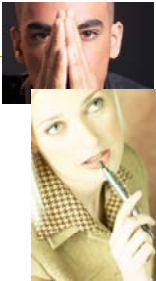
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Slide 3

### Journal

- Definition - Journals are accounting records in which **ANALYZED** transactions are initially recorded in chronological order
- 3 significant contributions to the recording process
  - Discloses in one place the complete effect of a transaction
  - Provides chronological record of transactions
  - Helps to prevent and locate errors because debit and credit amounts for each entry can be readily compared



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Slide 7

### Ledgers

- Definition – all accounts maintained by a business entity
- Companies can have different ledgers but all companies have a general ledger which contains all asset, liability and stockholders' equity accounts



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Slide 8

### Chart of Accounts

Basically a list of a companies accounts used in their accounting system

- Includes the number and type of each account
- Different from one company to the next depending on the companies size, complexity and type of business
- Customized list for each company



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Slide 9

### Posting

- Definition – Procedure to transfer journal entry information to the ledger.
- The net effect of posting is the accumulation of ANALYZED transactions that have been JOURNALIZED into individual accounts



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Slide 10

### Posting Problem

Go back to problem 3 and lets POST those JE's to the proper accounts



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Slide 11

### Posting Solution

Cash	Accounts Receivable	Equipment	Accounts Payable
\$2,500	\$700	\$900	\$900
\$500			
Common Stock	Revenue	Rent Expense	
\$2,500	\$700	\$500	



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Slide 12

### Illustrated Process

Basic Steps of the recording process

1. Transaction occurs
2. Basic analysis
3. Equation analysis
4. Debit – Credit analysis
5. Journal entry
6. posting



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Slide 13

**Problem – complete recording process**

**Selected transactions for Tastefully Yours interior decorator corporation in its first month of business – show all steps**

- Issued stock to investors for \$10,000 in cash on October 1<sup>st</sup>
- Purchased a used car for \$8000 cash for use in business on October 3<sup>rd</sup>
- Purchased supplies on account for \$500 on October 10<sup>th</sup>
- Billed customers \$2,600 for services performed on October 18<sup>th</sup>
- Paid \$200 cash for advertising start of the business October 19<sup>th</sup>



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Slide 14

**Complete recording process solution**

See completerecordproc.doc for solution



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