

Taking the
Willies
out of
Billy



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The first horror you will face:

Using an Ink

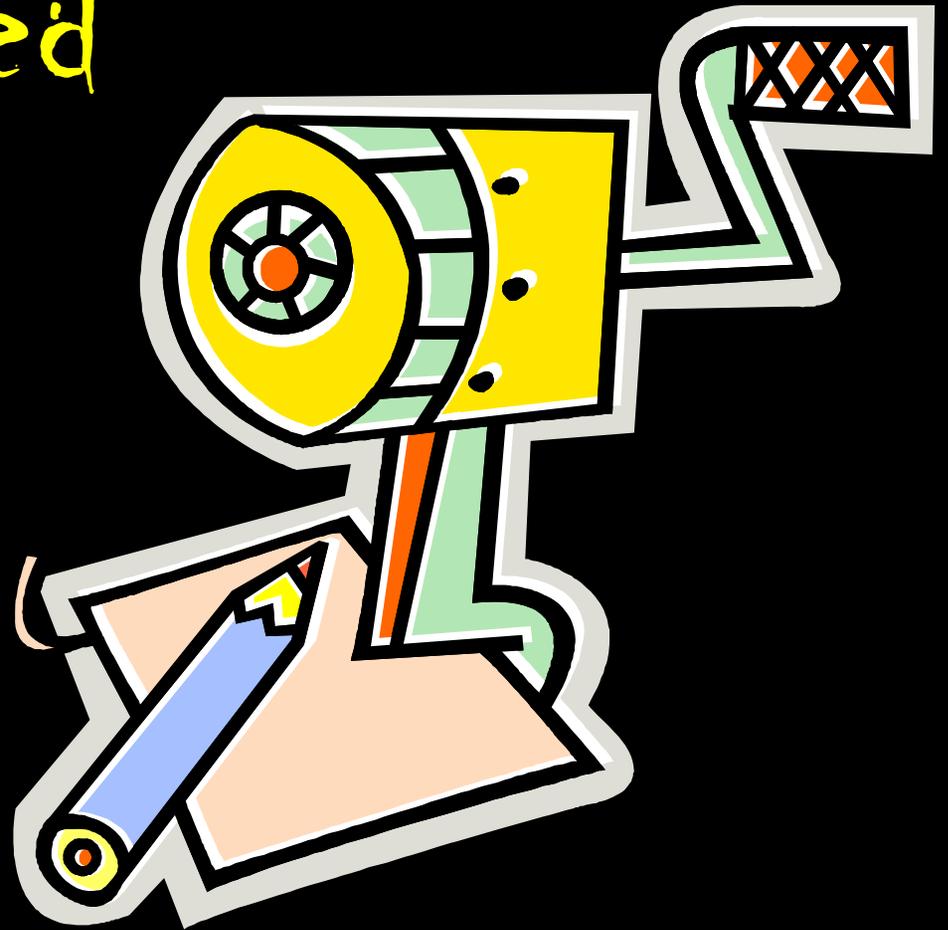
Pen or Marker



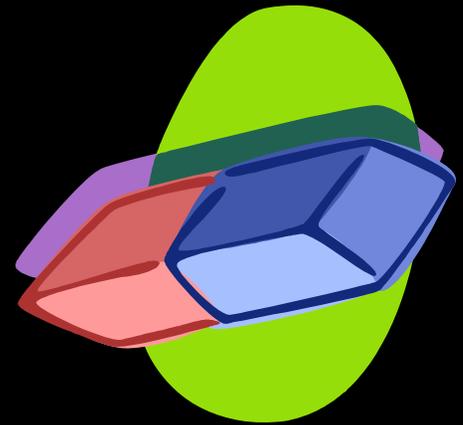
There is no research to support this.....(but we estimate the figure in the upper 90 percentile range).....that you WILL make a mistake and WILL need to correct it.....so,



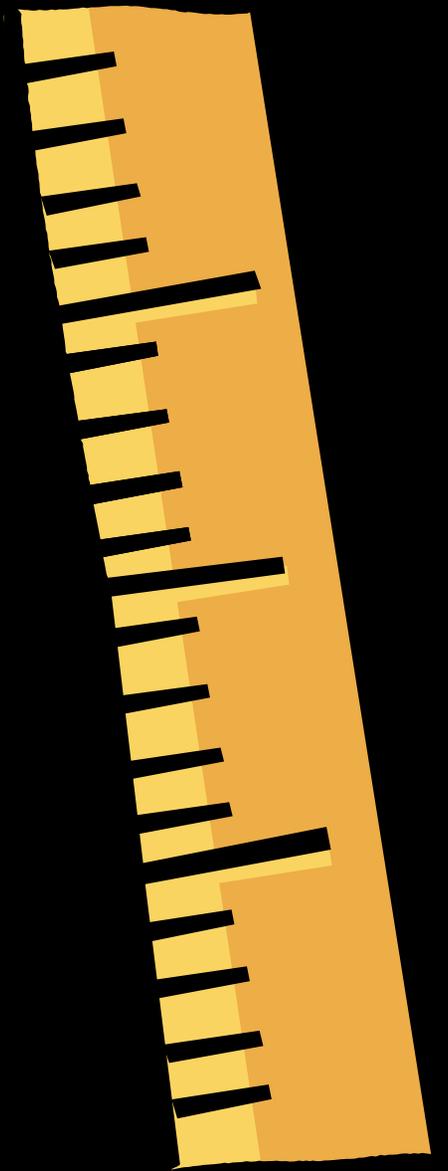
A sharpened
pencil is a
MUST!



along with a
non-smudging
eraser!



A ruler (see-through rulers are a dream!) can become your best friend when posting to the journal, the ledgers, and the worksheet.....

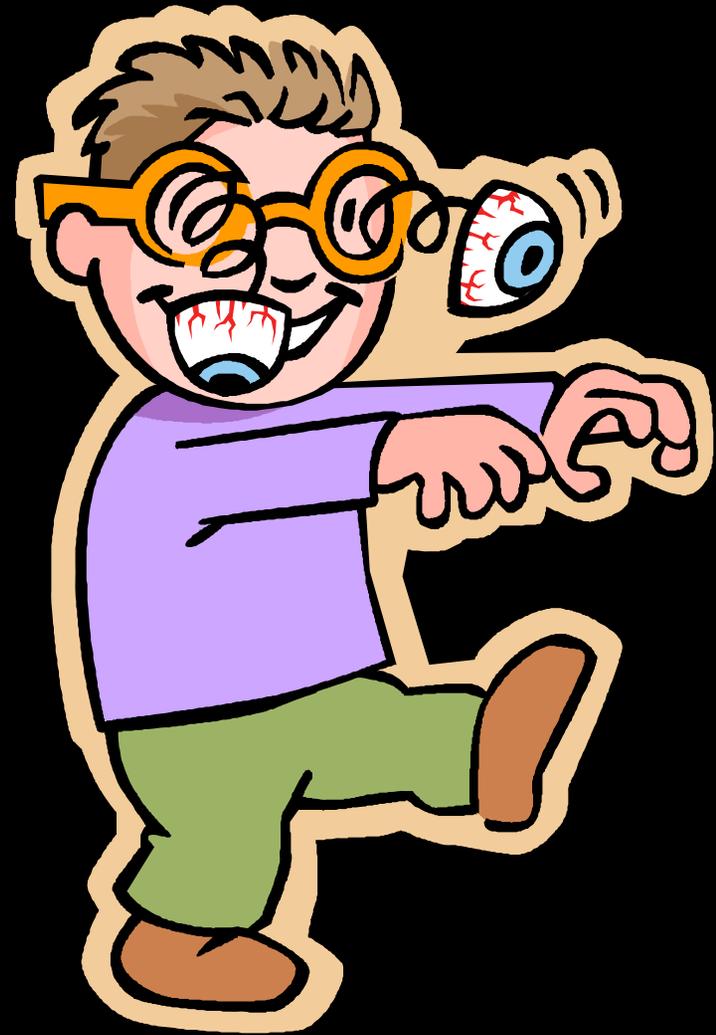


One other handy tool,
a basic, dependable
calculator.....



The second horror you will face:

There is more
to this
project than
meets the
eye.....



Allot yourself plenty of time to work on this project.



Best advice: Book yourself for about 1 to 2 hours daily for 2 weeks, this will allow time to work out problems you are having and to present them to your professor.



The third horror you will face:



How do I
even get
started?

Start by numbering every page of the *General Journal*.....

General Journal

Page 1

| Date | Account Titles and Explanation | Folio | Debit | Credit |
|------|--------------------------------|-------|-------|--------|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |

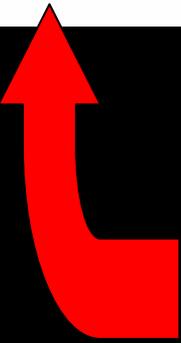
.....and number every row of the *General Journal*. Be sure to start the number sequence at 1 at the beginning of each page

General Ledger

Account: *Cash*

Account No. 101

| Date | Description | Posting Ref | Debit | Credit | Balance |
|------|-------------|-------------|-------|--------|---------|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |



.....be sure to number every row of every ledger account. Be sure to start the number sequence at 1 at the beginning of each account

The fourth horror you will face:

The journal and ledger pages
in Billy's video look nothing
like what we have done ...
in class.



So first, let's make a journal entry...

The sample transaction is described as follows:

On January 1st, John Seymour Smith invested \$30,000 into the Seymour Eyeglass company.....

You will enter it into the journal as follows:

General Journal

Page 1

| Date | Account Titles and Explanation | Folio | Debit | Credit |
|------------|--------------------------------|-------|-------------|-------------|
| 1 Jan.1 06 | Cash | | 3 0 0 0 0 - | |
| 2 | John Seymour Smith, Investing | | | 3 0 0 0 0 - |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |



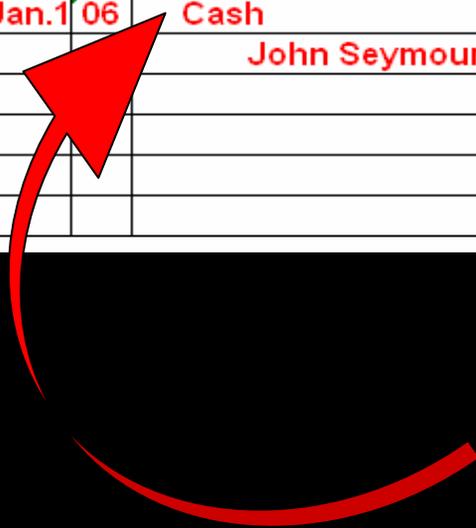
Don't forget to use a pencil!!!!

Now let's post this journal entry to the ledgers.

General Journal

Page 1

| Date | Account Titles and Explanation | Folio | Debit | Credit |
|-------------|--------------------------------|-------|-------------|-------------|
| 1 Jan. 1 06 | Cash | | 3 0 0 0 0 - | |
| 2 | John Seymour Smith, Investing | | | 3 0 0 0 0 - |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |



This line is cash, so we need to go to the cash ledger.

Posting to the Cash Ledger.....

| | | General Ledger | | | | | | | | | | | | | | | | |
|---------------|------------------------------|----------------|-------|---|---|---|---|--------|--|--|--|-------------------|---------|---|---|---|---|---|
| Account: Cash | | | | | | | | | | | | ◆ Account No. 101 | | | | | | |
| Date | Description | Posting Ref | Debit | | | | | Credit | | | | | Balance | | | | | |
| ◆ 1 Jan. 1 06 | Received cash from investing | 1/1 | 3 | 0 | 0 | 0 | 0 | | | | | | | 3 | 0 | 0 | 0 | 0 |
| 2 | | | | | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | | | | | |

This means that this transaction is posted on page 1, line 1 of the general journal

We need to do just one more thing before going on to the next ledger account. Remember that cash is account 101 (◆) and we entered our transaction on line 1 (◆).



Still using a pencil?(just checking)

Return to the general journal and enter the account number (101) and line (1) in the box labeled Folio.....

General Journal

Page 1

| Date | Account Titles and Explanation | Folio | Debit | Credit |
|------------|--------------------------------|-------|-------------|-------------|
| 1 Jan.1 06 | Cash | 101/1 | 3 0 0 0 0 - | |
| 2 | John Seymour Smith, Investing | | | 3 0 0 0 0 - |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |

We are half way done with posting the investment transaction to the ledger. Now let's post the stock/capital credit to the ledger.....notice that it is on page one, line 2 of the General Journal

This is done the same way as posting to the cash ledger.....

General Ledger

Account: *Stock (or Capital)*

Account No. 401

| Date | Description | Posting Ref | Debit | Credit | Balance |
|------------|-------------------------------|-------------|-------|-----------|-----------|
| 1 Jan-1 06 | John Seymour Smith, Investing | 1/2 | | 3 0 0 0 0 | 3 0 0 0 0 |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |

....and don't forget to post the account # and line # on the folio column of the general journal!

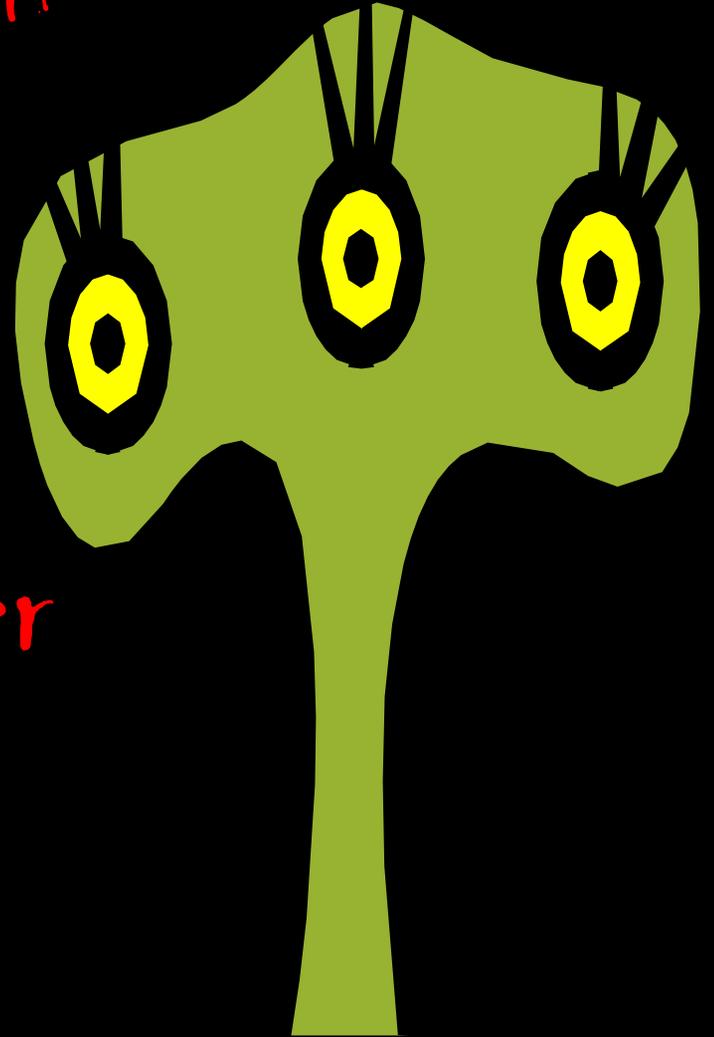
General Journal

Page 1

| Date | Account Titles and Explanation | Folio | Debit | Credit |
|------------|--------------------------------|-------|-------------|-------------|
| 1 Jan.1 06 | Cash | 101/1 | 3 0 0 0 0 - | |
| 2 | John Seymour Smith, Investing | 401/1 | | 3 0 0 0 0 - |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |

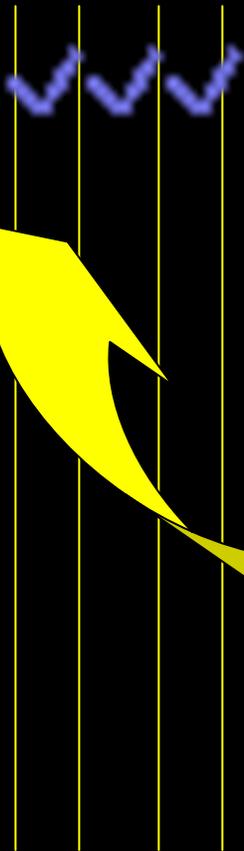
The fifth horror you will face:

I stopped working on
the project, and
when I came back to
it, I can't remember
where I was.....



This is a great time saving tip that will keep you from getting lost **AND** will keep you from forgetting to post any transactions:

J L C



1. On January 1st, John Seymour Smith invested \$30,000 into the Seymour Eyeglass company.....

On your transaction list, make 3 columns labeled J, L, and C. As the transaction is posted to the journal, put a check in the J column. Ditto for the posting to the Ledgers. The C column is for making a double check that the folio column and reference post columns are filled out with the correct numbers.

The sixth horror you will face:

What is the point of the budget column in the ledger and why is there only one column?



We need to look at a cash account ledger with several postings so that the balance column will make sense.

General Ledger

Account: *Cash* Account No. 101

| Date | Description | Posting Ref | Debit | | | | Credit | | | | Balance | | | | | | |
|--------------|------------------------------|-------------|-------|---|---|---|--------|--|---|---|---------|--|--|---|---|-----|---|
| 1 Mar-1 '06 | balance forward from 2/28/06 | 5/12 | | 1 | 2 | 2 | 3 | | | | | | | 1 | 2 | 2 | 3 |
| 2 Mar-3 '06 | paid telephone bill chk #614 | 5/23 | | | | | | | 4 | 6 | 8 | | | 7 | 5 | 5 | |
| 3 Mar-9 '06 | paid electric bill chk #615 | 5/29 | | | | | | | 2 | 7 | 5 | | | 4 | 8 | 0 | |
| 4 Mar-14 '06 | Paid rent chk #617 | 5/33 | | | | | | | 2 | 8 | 0 | | | | | (5) | |
| 5 Mar-15 '06 | Cash Sale Receipt #578 | 5/34 | | 1 | 0 | 0 | 0 | | | | | | | 9 | 9 | 5 | |
| 6 | | | | | | | | | | | | | | | | | |

| Cash | |
|------|---|
| + | - |

One of the first things you learned in accounting was that Cash is always positive in the Debit Column and negative in the Credit column.

Therefore, the balance column will always reflect the debit column, unless the number is in parenthesis (line 4), then the balance reflects a “negative” balance.

Word of Advice:

“Double” Check all of your calculations before proceeding further. Catching a mis-calculation or mistake now will make the next phase of the project easier.....



The seventh horror you will face:

The
worksheet...

.....

.....



Word of Advice:



DO NOT start this phase of
the project until AFTER you have
completed all of the transactions
to the general journal and the
ledger accounts.....shortcuts
will be your nemesis!

First Step:

List all of the Ledger Accounts in order as they appear in the workbook (*even if you have not used that account yet !!!!*). The Account Number is not necessary, but makes cross referencing later go *faster and easier!*

| Billy's Video | | | | | | | | | | | | | | | | |
|---------------------------------------|---------------|--|--|--|-----|--|--|--|-------------|--|--|--|-----|--|--|--|
| Worksheet | | | | | | | | | | | | | | | | |
| For the Month Ending January 31, 20X1 | | | | | | | | | | | | | | | | |
| Acct. # - Account | Trial Balance | | | | | | | | Adjustments | | | | | | | |
| | DR. | | | | CR. | | | | DR. | | | | CR. | | | |
| 101 - Cash | | | | | | | | | | | | | | | | |
| 111 - Accounts Receivable | | | | | | | | | | | | | | | | |
| 121 - Office Supplies | | | | | | | | | | | | | | | | |
| 122 - Prepaid Insurance | | | | | | | | | | | | | | | | |
| 123 - Prepaid Rent | | | | | | | | | | | | | | | | |
| 131 - Inventory - DVD's | | | | | | | | | | | | | | | | |
| 132 - Inventory - DVD Player | | | | | | | | | | | | | | | | |
| 201 - Rental DVD's | | | | | | | | | | | | | | | | |
| 202 - Accumulated Depreciation | | | | | | | | | | | | | | | | |
| 211 - Rental DVD Players | | | | | | | | | | | | | | | | |



Second Step: Post the *Balance* in the appropriate column (debit or credit) and the appropriate line for each account.

Billy's Video

Worksheet

For the Month Ending January 31, 20X1

| Acct. #- Account | Trial Balance | | | | | Adjustments | | | | |
|-------------------------------|---------------|--|---|-----|---|-------------|--|--|-----|--|
| | DR. | | | CR. | | DR. | | | CR. | |
| 101 - Cash | | | 9 | 9 | 5 | | | | | |
| 111 - Accounts Receivable | | | 5 | 2 | 0 | | | | | |
| 121 - Office Supplies | | | | 8 | 5 | | | | | |
| 122 - Prepaid Insurance | | | 6 | 0 | 0 | | | | | |
| 123 - Prepaid Rent | | | 1 | 4 | 0 | | | | | |
| 131 - Inventory - DVD's | | | 1 | 0 | 0 | | | | | |
| 132 - Inventory - DVD Player | | | | 7 | 5 | | | | | |
| 201 - Rental DVD's | | | 2 | 5 | 0 | | | | | |
| 202 - Acc. Depr. Rental DVD's | | | | | | | | | | |
| 211 - Rental DVD Players | | | | 8 | 5 | | | | | |
| 311 - Interest Payable | | | | | | | | | | |
| 321 - Salaries Payable | | | | | | | | | | |



Finding these to be valuable tools?.....thought so....

The eighth horror you will face:

The columns on
my worksheet do
NOT balance !!!



First, add up each column
again.....it may take up
to.....



1.....2.....3.....times

Before you catch the
mistake !



My debit and
Credit
Columns
STILL do
NOT
balance!!!!!!

Check and double check to make sure that your account balances are in the right column.....and make the necessary moves....

Billy's Video

Worksheet

For the Month Ending January 31, 20X1

| Acct. #- Account | Trial Balance | | | | | Adjustments | | | | | |
|-------------------------------|---------------|--|---|-----|---|-------------|--|---|-----|---|--|
| | DR. | | | CR. | | DR. | | | CR. | | |
| 101 - Cash | | | 9 | 9 | 5 | | | | | | |
| 111 - Accounts Receivable | | | 5 | 2 | 0 | | | | | | |
| 121 - Office Supplies | | | | 8 | 5 | | | | | | |
| 122 - Prepaid Insurance | | | 6 | 0 | 0 | | | | | | |
| 123 - Prepaid Rent | | | 1 | 4 | 0 | | | | | | |
| 131 - Inventory - DVD's | | | 1 | 0 | 0 | | | | | | |
| 132 - Inventory - DVD Player | | | | 7 | 5 | | | | | | |
| 201 - Rental DVD's | | | 2 | 5 | 0 | | | | | | |
| 202 - Acc. Depr. Rental DVD's | | | | | | | | | | | |
| 211 - Rental DVD Players | | | | 8 | 5 | | | | | | |
| 212 - Acc. Depr. DVD Players | | | | | | | | | | | |
| 221 - Furniture | | | 5 | 0 | 0 | | | | | | |
| 222 - Acc. Depr. Furniture | | | | | | | | | | | |
| 231 - Fixtures | | | | 6 | 0 | | | | | | |
| 232 - Acc. Depr. Fixtures | | | | | | | | | | | |
| 241 - Equipment | | | 8 | 0 | 0 | | | | | | |
| 242 - Acc. Depr. Equipment | | | | | | | | | | | |
| 301 - Accounts Payable | | | 1 | 7 | 2 | | | | | | |
| 311 - Interest Payable | | | | | | | | | | | |
| 321 - Salaries Payable | | | | | | | | 3 | 0 | 0 | |

NOW

WHAT???????????

I just want it to

balance !!!!!



Stay calm.....you
are not drowning
yet.....



Search back to the
ledgers and general
journal for any
misprints, or
miscalculations.....

Word of Advice:

What is the difference between the summation numbers in the debit and credit column?.....Does the number “ring a bell” to a transaction figure?.....

“Sometimes, if there is only one mistake, the transaction amount will be $\frac{1}{2}$ the difference between the debit and credit columns. For instance, if a debit is posted on the credit side, or the other way around, you will be off by twice the amount of the transaction. This is because one side is too high and by that amount, AND the other side is too low by the same amount.”¹





I GIVE UP !!!!!!!!

These 2 columns will never balance !!!!!!!!!!!!!!!!

Cool your
jets.....



If you have followed the advice on
allowing plenty of time for this
project.....

Take your workbook to your
professor or see a Learning
Center tutor for help on your
project !!!!!



We hope that you picked up a few pointers and tips for working on Billy's Video.....

GOOD

LUCK !!!!!

