

Purchases Journal. All transactions involving the purchase of merchandise on credit are entered in this journal. It contains two debit columns (Purchases, Freight-In) and one credit column (Accounts Payable).

Sales Journal. All transactions involving the sale of merchandise on credit are entered in this journal. It contains one debit column (Accounts Receivable) and two credit columns (Sales, Sales Tax Payable).

General Journal. All transactions that cannot be processed through the special journals are entered in the general journal. It contains one debit column and one credit column. The general journal is posted daily.

Financial transactions recorded in the books of original entry are posted to three ledgers—general ledger, accounts receivable ledger, and accounts payable ledger.

GENERAL JOURNAL ACCOUNTING RECORDS

This section applies to general journal users only.

Keystone Furniture operates on an accrual basis, with the fiscal year ending September 30. Financial transactions are recorded in the general journal with entries posted daily to the general ledger, accounts receivable ledger, and accounts payable ledger. Omit explanations for general journal entries unless directed otherwise by your instructor. At the end of each journal page, you should total and verify the equality of debits and credits with pencil footings. Be sure not to split a single journal entry between pages when journalizing.

LEDGER INFORMATION FOR SPECIAL JOURNAL & GENERAL JOURNAL USERS

General Ledger. The four-column account form is used in the general ledger, with the accounts arranged in numerical order. Individual entries in the general columns of the cash payments journal, along with the general journal entries, are posted daily. Column totals from the cash payments, cash

receipts, purchases, and sales journals are posted at the end of each month. **General Journal users post each transaction daily.**

Accounts Receivable Ledger. The three-column account form is used in the accounts receivable ledger, with the accounts arranged in alphabetical order. Individual entries from the sales, cash receipts, and general journals are posted daily.

Accounts Payable Ledger. The three-column account form is used in the accounts payable ledger, with accounts arranged in alphabetical order. Individual entries from the purchases, cash payments, and general journals are posted daily.

AUXILIARY RECORDS FOR SPECIAL JOURNAL & GENERAL JOURNAL USERS

Keystone Furniture also maintains two auxiliary records—a petty cash payments record and a checkbook.

Petty Cash Payments Record. Minor cash expenditures (\$100.00 or less) are processed through the petty cash payments record. It contains six debit columns, which coincide with the chart of accounts. This is consistent to how the accounts appear in the general ledger.

Checkbook. The three checks-per-page book is used, with a left stub. Each check stub and each corresponding check are numbered consecutively, beginning with No. 1430.

From these records, Keystone Furniture generates three financial statements (income statement, statement of owner's equity, and balance sheet) and three financial reports (trial balance, schedule of accounts receivable, and schedule of accounts payable).

ACCOUNTING PROCEDURES FOR SPECIAL JOURNAL & GENERAL JOURNAL USERS

Keystone Furniture follows the normal accounting cycle and adheres to generally accepted accounting principles in regard to the following areas.