

## Chapter 4 Principles of Accounting Transactions

- Accounting Transactions This is due to the analysis of transactions that occur in each transaction according to the principle of dual accounts, which is to record debit and credit accounts with the same amount in the gross book.



## Definition of Debit Balance

- Debit balance refers to the excess of the total debit amount from the total credit balance.



## Definition of Credit Balance

- Credit balance refers to the excess of the total credit amount from the total debit balance.



## Gross Entry Notebook

- A gross entry book or journal is an accounting book used to record various transactions that occur in order of occurrence of transactions before and after, and then recorded in a subordinate book or ledger.



## Types of Gross Entry Notebooks

- It is classified into 2 types:
- 1. Dedicated journals
- 2. General journal



## Benefits of a Gross Entry Notebook

- 1. Able to record trade transactions completely.
- 2. It can be checked that the trade transactions are completely recorded.
- 3. Check the accuracy of the list recording.
- 4. Use as a reference source
- 5. Easy error detection
- 6. Separate the duties of recording transactions that occur.
- 7. Summary of Trade Analysis



## Types of Downstream Entry Notebooks

- 1. Subledger
- 2. General Ledger Book



## Account Entry

- Accounting entry is the re-entry of transactions recorded in the gross entry book and recorded in the general ledger. To find the balance of that ledger, a reference must be made to the origin of the ledger.





## Finding ledger balances

- Finding the ledger balance is the calculation of the balance in each ledger with a pencil. This is called pencil footing, which is made at the end of every month or at the end of a specified accounting period.



## Benefits of Downstream Entry Notebooks

- 1. The accuracy of the list recording can be checked.
- 2. Can be used as a reference source
- 3. Errors can be easily checked.
- 4. Able to divide the duties of recording transactions that occur.



## Trial Statement

- Trial Statement is a description of items that exclude both debit and credit from all accounts in the General Ledger.



## Format of the Trial Statement

- 1. Header of the Trial Statement
- 2. Sort by account type



## Finding mistakes that make the trial budget irrational

- 1. The recording of debit and credit transactions has different amounts.
- 2. Incorrect calculation of ledger balances
- 3. Recording the balance in the trial budget on the wrong side.
- 4. The calculation of the total in the trial budget is incorrect.



## Benefits of a Trial Budget

- 1. To help prove the accuracy
- 2. To help prevent mistakes
- 3. To be a source of information that facilitates the preparation of financial statements.
- 4. To be used as information for closing the account.
- 5. To summarize the balances of various accounts.



## Preparation of financial statements

- Once the business has prepared the correct trial budget. If the business does not improve or correct accounting errors, the information from the trial statement can be used to prepare the financial statements.