**Ch. 3 Journals, Source Documents, and Recording Entries in a Journal**

* Transactions are analyzed into debit and credit parts before information is recorded.
* A form for recording transactions in chronological order is called a journal.
* Recording transactions in a journal is called journalizing

**Using A Journal**

A multicolumn journal that has five amount columns: General Debit, General Credit, Sales Credit, Cash Debit, and Cash Credit.

These columns are used for transactions that occur frequently.

**Double-Entry Accounting**

Information for each transaction recorded in a journal is called an entry. The recording of debit and credit parts of a transaction is called double entry accounting. In double entry accounting, each transaction affects at least two accounts. Both the debit and the credit parts are recorded, reflecting the dual effect of each transactions.

**Source Documents**

Each transaction is described by a source document that proves that the transaction did occur.

**Checks**

A business form ordering a bank to pay cash from a bank account is called a check.

**Sales Invoices**

A form describing the goods or services sold, the quantity, and the price is called an invoice. An invoice used as a source document for recording a sale on account is called a sales invoice. A sales invoice is also referred to as a sales ticket or a sales slip.

**Receipt**

A business form giving written acknowledgement for cash received is called a receipt.

**Memorandums**

A form on which a brief message is written describing a transaction.

**Journalizing Steps**

1. Date
2. Debit
3. Credit
4. Source Document

**3-2 Journalizing Buying Insurance, Buying on Account, and Paying on Account**

**3-4 Proving and Ruling a Journal**

Proving a Journal

1. Add each of the amount columns
2. Add the debit column totals, and then add the credit column totals.
3. Verify that the total debits and total credits are equal. Because the total debits equal the total credits, page 1 of the journal is proved. If the total debits do not equal the total credits, the errors must be found and corrected before any more work is completed.