

Accounting Procedures: Posting Special Journals to Ledgers

This guide provides comprehensive instructions for recording transactions in special journals and posting them to the General Ledger (GL) and Subsidiary Ledgers.

1. Overview of Special Journals

Special journals are used to record frequent, repetitive transactions of the same type. The four most common are:

1. **Sales Journal:** All sales of merchandise on account.
2. **Purchases Journal:** All purchases of merchandise/supplies on account.
3. **Cash Receipts Journal:** All cash received by the business.
4. **Cash Payments Journal:** All cash paid out by the business.

2. Posting Instructions

A. Posting to Subsidiary Ledgers (Daily)

Subsidiary ledgers (Accounts Receivable and Accounts Payable) provide detail for individual customers and creditors.

1. **Identify the Account:** Locate the specific customer or creditor name in the journal entry.
2. **Update the Individual Account:** Post the amount to the individual's account in the subsidiary ledger.
3. **Checkmark (✓):** Place a checkmark in the "Post Ref" column of the special journal to indicate the individual detail has been posted.
4. **Frequency:** This must be done **daily** to ensure credit limits and balances are current.

B. Posting to the General Ledger (End of Period)

1. **Total the Columns:** At the end of the month (or period), sum all columns in the special journal.
2. **Verify Equality:** Ensure that Total Debits = Total Credits within the journal (Cross-footing).
3. **Post Totals to GL:**
 - o Post the total of columns like "Accounts Receivable Dr." or "Sales Cr." to their respective General Ledger accounts.
 - o Note the GL account number under the total in the journal (e.g., (110)).
4. **Post "Other" Items:** If a journal has an "Other Accounts" column, these items must be posted individually to the GL, as they represent various accounts rather than a single category.

3. Manual vs. Computerized Systems

Feature	Manual System	Computerized System
Data Entry	Transactions are handwritten in journals.	Data is typed into electronic forms/modules.
Posting	Human effort required to transfer data from journals to ledgers.	Automatic. Posting to GL and Subsidiary ledgers happens instantly or via "batch."
Accuracy	Prone to human error (transposition, calculation).	High accuracy; software prevents unbalanced entries.
Speed	Time-consuming; requires physical ledger books.	Instantaneous reporting and real-time balance updates.
Audit Trail	Paper trail of signatures and physical page references.	Digital logs tracking user IDs, timestamps, and entry sources.

4. Monthly Illustrative Examples

Example 1: Sales Journal (S1) - January 202X

This journal records all sales made on credit.

Date	Account Debited	Invoice No.	Post Ref.	Amount (AR Dr / Sales Cr)
Jan 02	Art Co.	101	✓	\$500.00
Jan 08	Z-Tech Inc.	102	✓	\$1,200.00
Jan 15	Art Co.	103	✓	\$300.00
Jan 22	Byte Design	104	✓	\$850.00
Jan 29	Z-Tech Inc.	105	✓	\$400.00

TOTAL				\$3,250.00
				(110) / (401)

Example 2: Cash Receipts Journal (CR1) - January 202X

This journal records all incoming cash, including collections from customers and other sources.

Date	Account Credited	Post Ref	Cash Dr.	Sales Disc. Dr.	AR Cr.	Other Cr.
Jan 11	Art Co. (Inv 101)	✓	\$490.00	\$10.00	\$500.00	
Jan 18	Z-Tech (Inv 102)	✓	\$1,176.00	\$24.00	\$1,200.00	
Jan 25	Owner Investment	301	\$5,000.00			\$5,000.00
Jan 30	Art Co. (Inv 103)	✓	\$300.00		\$300.00	
TOTAL			\$6,966.00	\$34.00	\$2,000.00	\$5,000.00
			(101)	(405)	(110)	(X)

5. Subsidiary Ledger Illustration

The following shows how the **Accounts Receivable Subsidiary Ledger** for "Art Co." would look after the above transactions are posted daily.

Customer: Art Co.

Date	Explanation	Post Ref	Debit	Credit	Balance
Jan 01	Opening				\$0.00

	Balance				
Jan 02	Invoice #101	S1	\$500.00		\$500.00
Jan 11	Payment Rec'd	CR1		\$500.00	\$0.00
Jan 15	Invoice #103	S1	\$300.00		\$300.00
Jan 30	Payment Rec'd	CR1		\$300.00	\$0.00

Customer: Z-Tech Inc.

Date	Explanation	Post Ref	Debit	Credit	Balance
Jan 08	Invoice #102	S1	\$1,200.00		\$1,200.00
Jan 18	Payment Rec'd	CR1		\$1,200.00	\$0.00
Jan 29	Invoice #105	S1	\$400.00		\$400.00

6. Best Practices

- Cross-Footing:** Always add columns horizontally and vertically before posting totals.
- Post Ref Usage:** Never leave the Post Ref column blank. Use it to track exactly where a number went.
- Reconciliation:** At the end of the month, ensure the total of all individual balances in the Subsidiary Ledger equals the balance of the Accounts Receivable Control account in the General Ledger.