

P

- 14.- POSTED - pasada, asentada
 15.- PURCHASE INVOICES - facturas de compra
 16.- PREVIOUSLY - previamente
 17.- PAGES - páginas
 18.- PRECEDING - anterior, que procede

- S -

- 19.- SALES - ventas
 20.- SECONDARY - secundaria

T

- 21.- TRANSFERRED - transferido, cambiado

CHAPTER V

REPETITIVE TRANSACTIONS

INTRODUCTION:

In earlier sections, the accounting principles discussed were illustrated in terms of small businesses having relatively few transactions. Each transaction was recorded by means of an entry in the general journal, then posted to the related account in the general ledger.

Such a simple system becomes altogether too slow and cumbersome when transactions of various categories occur by the hundreds or thousand monthly. In that case, it is more practical to group the repetitive transactions according to type (sales, purchases, cash, etc.) and to provide a separate special journal for each type. Entries not of a repetitive nature, such as corrections, adjusting entries, and closing entries, will still be entered, ~~will still be entered~~ in the general journal.

ADVANTAGES OF SPECIAL JOURNALS:

The advantages of using special journals where there are numerous repetitive transactions may be summari

zed as follows:

- 1) Reduces detailed recording. In the special journal, each transaction is entered on a single line which is designed to provide all necessary information. For example, a sales transaction is recorded on a single line indicating a debit to the customer's account and giving the customer's name, the date, the amount, and any other desired data (such as the invoice number). Under the special-journal concept, individual posting is eliminated. Only one posting for the total amount is made to the appropriate ledger account at the end of the month. Thus, if a firm had 1,000 sales on account during the month, the sales account would be credited once, not 1,000 times.
- 2) Permits better division of labor. Each special journal can be handled by a different person, who become more familiar with the special work and therefore more efficient. Just as important: journalizing can now be done by a number of people working simultaneously, rather than consecutively.
- 3) Permits better internal control. Having separate journals allows the work to be arranged in

such a way that no one person has conflicting responsibilities; for example, the receipt and the recording of cash. Thus, no employee can steal received cash and then make a journal entry to conceal the theft.

SPECIAL LEDGERS (SUBSIDIARY LEDGERS):

Further simplification of the general ledger is brought about by the use of subsidiary ledgers. In particular, for those businesses which sell goods on credit and find it necessary to maintain a separate account with each customer and with each creditor, a special accounts receivable ledger and an accounts payable ledger eliminate multiple entries in the general ledger.

The advantages of special or subsidiary ledgers are similar to those of special journals. These are:

- 1) Reduces ledger detail. Most of the information will be in the subsidiary ledger, and the general ledger will be reserved chiefly for summary or total figures. Therefore, it will be easier to prepare the financial statements.
- 2) Permits better division of labor. Here again,

each special or subsidiary ledger may be handled by a different person. Therefore, one person may work on the general ledger accounts while another person may simultaneously work on the subsidiary ledger.

3) Permits a different sequence of accounts. In the general ledger, it is desirable to have the accounts in the same sequence as in the balance sheet and income statement. As a further aid, it is desirable to use numbers to locate and reference the accounts. However, in connection with accounts receivable or accounts payable, which involve names of customers or companies, it is preferable to have the accounts in alphabetical sequence.

4) Permits better internal control. Better control is maintained if a person other than the person responsible for the general ledger is responsible for the subsidiary ledger. For example, the accounts receivable or customer's ledger trial balance should agree with the balance of the accounts receivable account in the general ledger. The general ledger account acts as a controlling account, and the subsidiary ledger must agree with the control.)

↳ No unauthorized entry could be made in the subsi-

diary ledger, as it would immediately put that record out of balance with the control account.

The idea of control accounts introduced above is an important one in account. Any group of similar accounts may be removed from the general ledger and a controlling account substituted for it. Not only is another level of error-protection there by provided, but the time needed to prepare the general ledger trial balance and the financial statements becomes further reduced.

VOCABULARY VII

- A -

- 1.- ALTOGETHER - enteramente del todo
- 2.- ADJUSTING ENTRIES - asientos de ajuste
- 3.- ADVANTAGES - ventajas
- 4.- AS FOLLOWS - como sigue

- C -

- 5.- CLOSIGN ENTRIES - asientos de cierre
- 6.- CUSTOMER - cliente
- 7.- CONCEAL - ocultar
- 8.- CHIEFLY - primordialmente, principalmente

- D -

- 9.- DETAILED - detallado
- 10.- DESIRED - deseado
- 11.- DURING - durante

- E -

- 12.- EASIER - más fácil

13.- EARLIER - al principio

14.- ELIMINATE - elimina

- F -

15.- FEW - pocos

- H -

16.- HANDLED - manejado

- I -

17.- INVOICES NUMBER - número de factura

18.- INTERNAL CONTROL - control interno

- L -

19.- LOCATE - ubicar

- M -

20.- MONTHLY - mensual

- O -

21.- ONCE - una vez

- P -

22.- PREFERABLE - preferible

23.- PRACTICAL - práctico

- S -

24.- SINGLE LINE - línea sencilla

25.- STILL - fijo, inmovil, de aquí

26.- SLOW - lento

27.- SUCH - igual, tal, semejante

28.- SUBSIDIARY LEDGER - libro mayor auxiliar

- T -

29.- TYPE - tipo

30.- TOO - demasiado

31.- TERMS - términos

32.- THEFT - hurto

33.- TIMES - veces

- U -

34.- USING - usar

- W -

35.- WHILE - mientras