

Cases for Critical Thinking

Case 1:

Janna Sturm does not use a journal in her business records. She records the debits and credits for each transaction directly in the general ledger accounts. Is Ms. Sturm using the correct procedure? Explain your answer.

Case 2:

Trent Marvets does the accounting work for his business. When posting, he first transfers all of the information to the general ledger accounts. Then he returns to the journal and, all at one time, writes the account numbers in the Post. Ref. column of the journal. Diana Young also does the accounting work for her business. When posting, she writes all the account numbers in the Post. Ref. column of the journal before she transfers any information to the accounts. Is Mr. Marvets or Ms. Young following the correct procedure? Explain your answer.