

Explain How a Ledger and Posting help in The Recording Process

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Abstract

Economic activity in Indonesia is increasingly developing, this is indicated by the increasing number of Small and Medium Enterprises (SME) (Manik, 2021). Just like the existing SME in the field, namely PT. XYZ Beauty Clinic. Even though it is a small business, this kind of business needs accounting records. Accounting is a process that aims to identify, measure, record, and report economic transactions of an organization or entity that is used as information in order to make economic decisions by parties who need it (Evanston & Illinois, 1966). Before beginning the recording procedure, you must have a ledger and a posting. The descriptive research method is used in this study. To finish this investigation, this strategy employs a literature review. The importance of general ledger and posting in the process of financial recording of PT. Beauty Clinic XYZ is really needed in which the data will be included in preparing reports that will be made for financial statements. The purpose of PT Beauty Clinic XYZ's financial records is to produce public services in order to meet the needs and rights of the public.

Keyword: Ledger, Posting, The Recording Process.

1. INTRODUCTION

Accounting is a process of recording transactions accompanied by proof of transactions, so as to produce useful information. Accountancy is the act of finding, measuring, and conveying economic information to allow educated assessment and decisions by users of the information, according to Evanston and Illinois in the American Accounting Association in 1996. Financial accounting and management accounting are the two types of accounting divided by the users of accounting data. Financial accounting is accounting information that is provided to persons outside the company who are not part of the management team, whereas management accounting is accounting information that is provided to the company's or organization's internal decision makers (Simanjuntak et al., 2018 and Aini and Solihin, 2020).

The accounting process is an iterative and continuous process in future periods, this causes the accounting process to be called the accounting cycle. The accounting process goes through the following stages, 1. Proof of transactions, 2. Journals consisting of general and special

journals,

3. Posting to the general ledger, 4. Trial balance, 5. Adjusting journals, 6. Worksheets, 7. Income statement, balance sheet, and statement of changes in equity are all financial statements, 8. Closing journal, 9. Trial balance after closing, and 10. Returning journal (Wiki Accounting Corporation; 2022).

The accounting ledger is critical to the company's success. The general ledger is a book that contains an approximate summary of the effects of financial transactions due to changes in accounts such as assets, liabilities, and capital (Stuebs et al., 2022). Companies utilize the general ledger to create their primary financial statements, income statements, cash flow statements, and balance sheets, as well as to record changes that occur due to financial transactions.

Meanwhile, posting is an activity to record a ledger. After the general journal has been prepared, the contents of the general ledger constitute the transfer of account information from the general journal so that the general ledger can be posted.

2. LITERATURE REVIEW

Accounting is one of the most important and fundamental factors in a business, company and also daily life in economic. Accounting report assist with company's administration settle on business choices. Inner and outside client are the two clients of accounting report (Ritonga et al., 2020). Inner clients are for individuals inside a business association who use it to have data concerning how beneficial the business is to set comparisons and advantages and furthermore the way the business is doing. External users are people outside the business entity such as investors, Bank, Finance company and also Taxation Authority.

Financial information of an organization is presented properly in reports which called as financial statements (Hudzaifah and Rahman, 2021). First thing to prepare financial statement is gathering all of the transactions within the company. After collecting the transactions, the next steps are identifying the transactions then record it in a recording process. The recording process starts from the process of identifying and analyzing transactions and events to reaching the post-closing trialbalance. A brief study of the recording process in accounting is mentioned below

- Identifying And Analyzing Business Transactions
- Maintaining The Records of Transactions in A Journal
- Posting A Transaction to A Ledger
- Unadjusted Trial Balance
- Adjusting Entries
- Adjusted Trial Balance
- Financial Statement
- Closing Entries

The ledger contains the information that is required to prepare financial statements, which include accounts for assets, liabilities, owners' equity, revenues and expenses. The ledger represents every active account on the list. The basic form account of general ledger is Asset which include fixed assets, prepaid expenses, accounts receivable and cash,

Liability that include Notes payable, lines of credit, accounts payable and debt, Stockholders' equity, revenue and expenses.

Forward from journal, the next accounting cycle is posting where the balances in subledgers and the general journal are shifted into the general ledger. Posting is actually a redeployment total balance in a subledger forward to the general ledger. Posting is also used when a parent or main company have separate financial reports with subsidiary companies. In this case, the accounting records for each subsidiary are essentially the same as subledgers, so the account totals from the subsidiaries are posted into those of the parent company.

3. METHODS

A descriptive approach was adopted in this study through the collection of literature reviews and examples to illustrate the importance of ledgers and postings in the recording process. This journal will provide examples of cases that may be occur in the company.

The purpose of this journal is to help users understand how important ledgers and postings are in the recording process at the company from an accounting perspective.

In addition, the purpose of this journal is that users can record all accounting transactions accurately and ensure transactions are recorded correctly, and can post all transactions that occur according to their respective accounts correctly.

4. RESULT

General journal or known as journal only. Usually, the steps taken after the entry stage are recording transactions that are entered into one debited account and one credited account. In the meantime, special journals are held to improve the recording efficiency of recurring transactions. The next step in the accounting flow or accounting cycle sequence is posting transactions that have been recorded in the journal into the accounting ledger.

The general ledger is an assortment of records that is utilized to sum exchange

Table 1. T Account

T Account					
Debit			Credit		
	+ Assets			- Assets	
	- Liabilities			+ Liabilities	
	+ Expenses			+ Revenue	

that have been recorded in a form of T, Skontro, and Staffle.

A T Account is an account graphical representation of the general ledger where Debit entries are shown on the left side and Credit entries are shown on the right side. Usually, T Accounts are grouped together to show all accounts affected by an accounting transaction. Here is the form of T Account:

Skontro ledger is referred to as a two-column form because the control form has two main columns. The debit section column consists of 4 columns containing the date, description, ref number, and debit nominal of the transaction. Likewise with the credit section, which both contain 4 columns, the difference lies in the credit nominal of the transaction. Here below is the form of Skontro ledger:

Table 2. Skontro ledger

Date	Description	Reference	Debit	Date	Description	Reference	Credit

Staffel ledger is the most detailed form of ledger. Therefore, this form is widely used by companies, especially if the

company requires a detailed explanation of a transaction. Here is the form of Staffel ledger:

Table 2. Staffel ledger

Date	Description	Reference	Debit	Credit	Balance	
					Debit	Credit

The company's accounting ledger can also be interpreted as a stage of the last record in accounting or a book of final entry that accommodates a summary of data that has been grouped or classified from journals. The functions of the accounting ledger are listed below:

- Summarize transaction data that has been recorded in the journal.
- As a tool for classifying financial data and being able to find out the actual number or state of the account (account) whether there is a difference

or not.

- As a basis for classifying transactions that exist or have been recorded in the journal.
- As material or information for preparing financial statements.
- Substantiation of all the collected data.
- Rejuvenate accounts listed in the general ledger and transaction data files.
- As recording adjustments to company accounts.
- As a preliminary of financial statements at the end of the accounting period.
- Classification and recording of transaction

data codes from the company accounts.

As a general rule, a business can have the accompanying sorts of records like Assets, Liabilities, Equity, Revenue and Expenses. Assets can be classified into several categories such as fixed assets, current assets, physical assets and intangibles. Resource accounts incorporate money, inventory, property, equipment, goodwill, and trademark. Liabilities can be categorized as creditor liabilities, bank advantages, home loans, finance and charges. Equity accounts can be sorted into common stock, preferred stocks, additional paid-in capital or share premium and retained earnings of a business. Meanwhile Revenue is accounts include any revenue stream of a business including sales, commission, interest income, and royalties. And Examples of expense accounts include rent, utilities, marketing, admin, and selling expenses.

Accurate recording of business transaction data that occurs during the accounting period will be more easily accounted for at the end of the period, namely at the time of making financial statements. With proper and accurate transaction data records, making financial reports will be easier too. Properly posting all transactions that occur in business based on company accounts. Balance debits and credits in company accounts. Simplify the process of making adjusting journals with accurate transaction data records.

5. DISCUSS

The company that we use in this research is PT Beauty Clinic XYZ which is a start-up company that handle in salon for woman. This company started in December 2021 with the transactions as follows:

1st December 2021

PT Beauty Clinic XYZ was established a beauty clinic salon business with details: a.

Rp.5,000,000.00 in cash

b. Service receivables Rp.300,000.00

c. Salon equipment Rp.7,000,000.00

d. Salon tools Rp.10,000,000.00

2nd December

Paid the rent for the building for the beauty salon Rp.1,200,000.00 for a one-year rental period.

4th December

Purchase of beauty salon tools amounting to Rp3,000,000.00 on credit.

6th December

A cash amount of Rp. 50,000 was issued to pay for advertising expenses in the newspaper.

10th December

A cash amount of Rp500,000 is issued per cash to pay the instalments owed to Toko Sinar.

15th December

Paid employee wages of Rp. 150,000.00.

16th December

Received the first half month's income of IDR 4,000,000.00.

27th December

Paid telephone and electricity bills this month Rp. 150,000.00.

31st December

Paid employees' salary in the amount of Rp. 150,000.00.

31st December

Salon services for which payment is not received directly amounting to Rp. 1,450,000.00.

31st December

In the accounting cycle, after we identify the transactions then we shall make the journals into debit or credit in General Ledger which can be seen below.

Private withdrawal by the owner is Rp. 200,000.00.

PT Beauty Clinic XYZ					
General Journal					
As at December 2021 (Rp)					
Date		Description	Reference	Debit	Credit
2021	1	Cash		5.000.000	
		Account Receivable		300.000	
		Salon Supplies		7.000.000	
		Salon Equipment		10.000.000	
		Capital			22.300.000
	2	Rental Expenses		1.200.000	
		Cash			1.200.000
	4	Salon Equipment		3.000.000	
		Account Payable			3.000.000
	6	Advertising Expenses		50.000	
		Cash			50.000
	10	Debt		500.000	
		Cash			500.000
	15	Salary and Wages Expenses		150.000	
		Cash			150.000
	16	Cash		4.000.000	
		Income			4.000.000
	27	Telephone and Electricity Expenses		150.000	
		Cash			150.000
	31	Salary and Wages Expenses		150.000	
		Cash			150.000
	31	Account Receivable		1.450.000	
		Income			1.450.000
	31	Prive		200.000	
		Cash			200.000
				33.150.000	33.150.000

After completing the journal process, then the next step is the posting process in the recording. In the recording, the posting is

divided into each account name which can be seen as below:

Account Name: Cash						
Date		Description	Debit	Credit	Balance	
					Debit	Credit
2021 Dec	1	Posting	5.000.000		5.000.000	-
	2			1.200.000	3.800.000	-
	6			50.000	3.750.000	-
	10			500.000	3.250.000	-
	15			150.000	3.100.000	-
	16		4.000.000		7.100.000	-
	27			150.000	6.950.000	-
	31			150.000	6.800.000	-
	31			200.000	6.600.000	-

Account Name : Account Receivable						
Date		Description	Debit	Credit	Balance	
					Debit	Credit
2021 Dec	1	Posting	300.000		3 00, 000	
			1.750.000		1, 750, 000	

Account Name : Equipment						
Date		Description	Debit	Credit	Balance	
					Debit	Credit
2021 Dec			7000000		7 000. 000	

Account Name : Tools						
Date		Description	Debit	Credit	Balance	
					Debit	Credit
2021 Dec	1	Posting	10.000.000		10 000. 000	
	4		3.000.000		13 000. 000	

Account Name : Accoiint Payable						
Date		Description	Debit	Credit	Balance	
					Debit	Credit
2021 Dec	4	Posting		3.000000		3 000. 000
	10		500.000			?,500, 000

Account Name : Capital						
Date		Description	Debit	Credit	Balance	
					Debit	Credit
2021 Dec	1	Posting		??300.000		22,300, 000

Account Name : Prix•e						
Date		Description	Debit	Credit	Balance	
					Debit	Credit
2021 Doc	21	Posting	200.000		200.000	

Account Name : Income						
Date		Description	Debit	Credit	Balance	
					Debit	Credit
2021 Dec	16	Posting		4.000,000		4,000, 000
	31			1.550,000		5,550, 000

Account Name: Rental Expenses						
Date		Description	Debit	Credit	Balance	
					Debit	Credit
2021 Dec	2	Posting	1.200.000	-	1.200.000	-

Account Name: Advertisement Expenses						
Date		Description	Debit	Credit	Balance	
					Debit	Credit
2021 Dec	6	Posting	50.000	-	50.000	-

Account Name: Salary Expenses						
Date		Description	Debit	Credit	Balance	
					Debit	Credit
2021 Dec	15	Posting	150.000	-	150.000	-
	31		150.000	-	150.000	-

Account Name: Phone and Electricity Expenses						
Date		Description	Debit	Credit	Balance	
					Debit	Credit
2021 Dec	27	Posting	150.000	-	150.000	-

From the analysis above, we found that the general ledger is created to calculate the balance of each account used in the company. This balance calculation will be very useful for the preparation of the trial balance in the financial statements later. This goal can be achieved by compiling journal entries and enabling accounting calculations through the general ledger.

In addition, posting in the recording

process will also make the performance of accountants in a company more helpful with the presence of each account name that makes it easier for them to process to the next accounting step, namely the preparation of company financial statements

6. CONCLUSION

In the recording procedure, ledgers and postings are critical. To understand the financial activities that occur within the company PT.

Beauty Clinic XYZ, all transactions must be recorded and preserved in a ledger. As many people are aware, every firm must maintain a collection of records that includes assets, liabilities, equity, income, and expenses.

Accurate recording of business transaction data that occurs during the accounting period will make the accountability process easier at the conclusion of the period, when financial statements are being prepared.

PT Beauty Clinic XYZ keeps track of transactions in its business by creating ledgers and posts, which makes it easier for them to go on to the recording step. The researcher discovered that the general ledger is used to determine the balance of each account utilized in the organization based on the research. This balance computation will come in handy when it comes time to prepare the balance sheet for the financial statements. Compiling journal entries and activating accounting computations through the general ledger can help you reach this goal.

Furthermore, the inclusion of each account name in the recording process will make the performance of accountants in a company more useful, making it easier for them to progress to the next accounting phase, namely the preparation of the firm's financial statements.

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