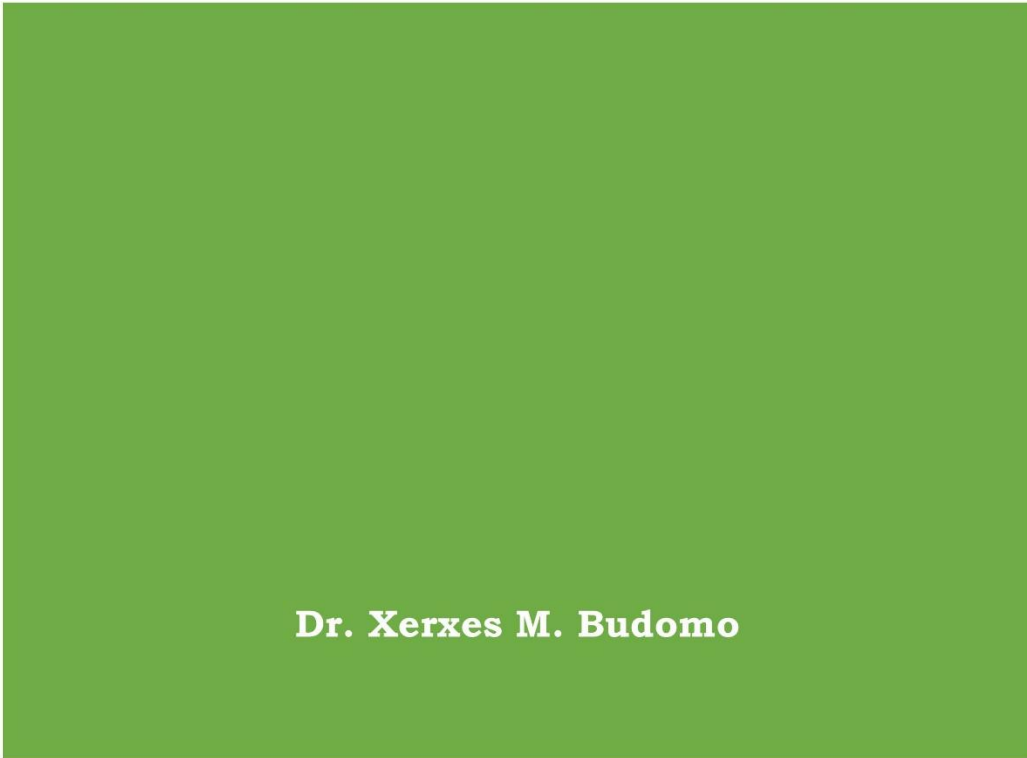






A JOURNEY TO JOURNALIZING



Dr. Xerxes M. Budomo

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INTRODUCTION

As an Accountancy, Business, and Management (ABM) student, one of the specialized subjects you will take is **Fundamentals of Accountancy, Business, and Management 1**. This course introduces you to the basics of accounting, from recording transactions to preparing financial statements—essential skills for any business.

You may find yourself surprised by how different your ABM subjects are from those in Junior High School. But don't worry! Accounting is not something to fear; it is an exciting and valuable subject, especially for aspiring accountants and business managers like you.

This module is designed as a supplementary learning material for **ABM students**, focusing on recording transactions for a **service business** in the **general journal**. It follows the **Curriculum Guide for Fundamentals of Accountancy, Business, and Management 1** to ensure a structured and comprehensive learning experience.

- 💡 **Accounting is love!**
- 💡 **Accounting is fun!**
- 💡 **Accounting is life!**

Let's embark on this journey together and discover the power of accounting in the business world!

The Author

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OBJECTIVE

At the end of this module, you are expected to:

1. record transactions of a service business in the general journal.

PRE- ASSESSMENT

Name: _____ Score: _____
Section: _____ Date: _____

Direction:

Analyze the following business transactions of Dr. Dela Cruz Clinic, a sole proprietorship. Record the transactions in the journal by following the rules of debits and credits.

Use the following account titles: Cash, Accounts Receivable, Prepaid Insurance, Furniture and Fixtures, Computers, Accounts Payable, Notes Payable, Dr. Dela Cruz, Capital, Dr. Dela Cruz, Drawings, Professional Fees, Salaries Expense, Rent Expense, Utilities Expense, and Organizational Expense.

The following are the transactions of Dr. Dela Cruz:

- Jan.1 Investment of ₱ 100,000 into the business.
- Jan. 3 Payment of ₱ 7,500 to the city hall for a business permit.
- Jan. 5 Payment of ₱ 10,000 for a one-year insurance.
- Jan. 10 Purchase of computer equipment amounting to ₱ 20,000 for the clinic.
- Jan. 11 Acquisition of furniture and fixtures on account amounting to ₱ 15,000.
- Jan. 17 Professional service rendered to various patients and received ₱35,000 cash.
- Jan. 20 Professional service rendered to various patients. The total bill of these patients amounted to ₱ 21,000. These patients had no cash with them and promised to pay Dr. Dela Cruz on January 30.
- Jan. 30 Cash collection from various patients who owed him money in entry dated Jan. 20.
- Jan. 31 Payment of ₱ 10,000 for rent, ₱ 2,500 for utilities, and ₱ 15,000 for salaries of employees.
- Jan. 31 Withdrawal of ₱ 3,000 from the business for his personal use.

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Are you done with the pre-assessment?
Now, check your answers:

Date	Account Titles and Explanations	Ref	Debit	Credit
Jan. 1	Cash		100,000	
	Dr. Dela Cruz, Capital			100,000
	<i>To record the amount invested by the owner to the business</i>			
Jan. 3	Organizational Expense		7,500	
	Cash			7,500
	<i>To record the amount paid to the city hall for a business permit</i>			
Jan. 5	Prepaid Insurance		10,000	
	Cash			10,000
	<i>To record the amount paid for a one-year insurance</i>			
Jan. 10	Computer Equipment		20,000	
	Cash			20,000
	<i>To record the purchased computer equipment for the clinic</i>			
Jan. 11	Furniture and Fixtures		15,000	
	Accounts Payable			15,000
	<i>To record the acquired furniture and fixtures on account</i>			

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Jan. 17	Cash		35,000	
	Professional Fees			35,000
	<i>To record the amount received for rendering a professional service to a patient</i>			
Jan. 20	Accounts Receivable		21,000	
	Professional Fees			21,000
	<i>To record a receivable for rendering a professional service to a patient who promised to pay on the January 30</i>			
Jan. 30	Cash		21,000	
	Accounts Receivable			21,000
	<i>To record a cash received from a billed patient last January 20</i>			
Jan. 31	Rent Expense		10,000	
	Utilities Expense		2,500	
	Salaries Expense		15,000	
	Cash			27,500
	<i>To record the amount used to pay rent, utilities and salaries expenses</i>			
Jan. 31	Dr. Dela Cruz, Drawings		3,000	
	Cash			3,000
	<i>To record cash withdrawn from the business by the owner for personal use</i>			

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LEARNING GOALS AND OBJECTIVES

Come on! Complete the table below:

<i>What I know</i>	<i>What I want to know</i>	<i>What I learned</i>
1.	1.	1.
2.	2.	2.
3.	3.	3.
4.	4.	4.
5.	5.	5.

After completing the table, write three (3) targets that you want to achieve in the end of this module:

1. _____

2. _____

3. _____



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CONTENT PROPER

Now, let us discuss the content of this module and all the aspects involved in recording business transactions, specifically for a business that provides services to customers.

A. KNOW

Let us review about journal before we proceed to the main dish.

As we discussed in our previous lessons, a **journal** is a chronological record of all the company's transactions listed by date. It is often referred to as the **book of original entry**. It is because we first record the business transactions in this book. The recording of financial information into the journal is known as the process of **journalizing**.

Most businesses, especially large companies, may adopt different kinds of journals, but all business organizations use the most basic type of journal, which is the general journal.

The **general journal** is the most basic journal. Typically, a general journal has spaces for dates, account titles and explanations, references, and two amount columns.

Example:

Date	Account Titles and Explanations	Ref	Debit	Credit

Date. The date at which the transaction occurred.

Account Titles and Explanations. The account to be debited and the account to be credited are recorded. The account titles are reference to the Chart of Accounts as discussed in the previous chapter. Correct and proper usage of the

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accounts titles are necessary for the clear and accurate presentation of amounts in the financial statements.

Reference Number. Reference number of each account journalized. The Ref column is left blank during the journalizing process and is filled out during the posting process.

Debit. Corresponding amount of the account debited is entered.

Credit. Corresponding amount of the account debited is entered.

Now, that you have refreshed your mind on the format and the elements of a general journal, let us proceed with the rules of debits and credits before we post transactions in the general journal.

But wait...
When to debit and credit?

The Rules of Debits and Credits

- Increases in assets are recorded as debits; decreases are recorded as credits
- Increases in liabilities are recorded as credits; decreases are recorded as debits
- Increases in equity are recorded as credits; decreases are recorded as debits



B. PROCESS

Let us now move on to the main dish. Let us study one-by-one:

1. recording transactions of a service business in the general journal;

Let us begin with recording transactions of a service business in the general journal.

Now, let us begin one by one with the different transactions of a service business. For the following transactions these account titles will be uses: Cash,

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Furniture and Fixtures, Notes Payable, Mr. Cruz, Capital, Mr. Cruz, Drawings, and Laundry Revenue.

Transaction 1. On January 1, 2017, the RC Laundry Shop, started an initial investment of ₱ 300,000 from its owner, Richie Cruz.

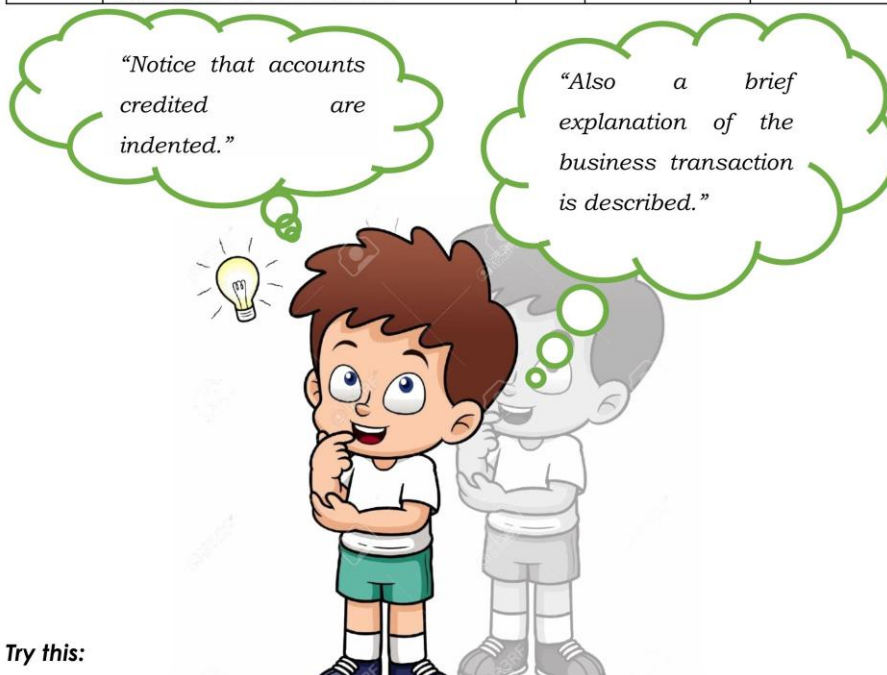
Analysis:

1. What accounts are affected and how they are affected?

Because cash was received, the Cash account will increase. Also, Cruz, Capital will increase.

2. How will the transaction be recorded in the general journal?

Date	Account Titles and Explanations	Ref	Debit	Credit
Jan. 1	Cash		300,000	
	Cruz, Capital			300,000
	<i>To record the amount invested by the owner to the business</i>			



Try this:

Jan 1, 2016 – Mrs. Crissy Santos invested ₱ 100,000 into the business.

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Transaction 2. On January 2, 2017, the proprietor borrowed ₱ 500,000 from Metro Bank. Mr. Cruz signed a promissory note on behalf of the business entity.

Analysis:

1. What accounts are affected and how they are affected?

Because the business entity received cash from the bank, the Cash account will increase. Because the restaurant now owes the bank, Notes Payable, a liability will increase.

2. How will the transaction be recorded in the general journal?

Date	Account Titles and Explanations	Ref	Debit	Credit
Jan. 1	Cash		300,000	
	Cruz, Capital			300,000
	<i>To record the amount invested by the owner to the business</i>			
Jan. 2	Cash		500,000	
	Notes Payable			500,000
	<i>To record the amount borrowed by the owner to the bank</i>			

**Note: Transactions should be recorded in a chronological order. Since we already have Transaction 1 above, we will just add Transaction 2 in the general journal as shown above.*

Try this:

Jan 2, 2017 – Mrs. Crissy Santos borrowed ₱ 30,000 from the bank by signing a note

Transaction 3. On January 19, 2017, RC Laundry Shop purchased furniture worth ₱ 150,000 and paid cash.

Analysis:

1. What accounts are affected and how they are affected?

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Because the business entity received furniture, the Furniture and Fixtures account will increase. Because cash was used to pay for the furniture and fixtures, the account Cash will decrease.

2. How will the transaction be recorded in the general journal?

Date	Account Titles and Explanations	Ref	Debit	Credit
Jan. 1	Cash		300,000	
	Cruz, Capital			300,000
	<i>To record the amount invested by the owner to the business</i>			
Jan. 2	Cash		500,000	
	Notes Payable			500,000
	<i>To record the amount borrowed by the owner to the bank</i>			
Jan. 19	Furniture and Fixtures		150,000	
	Cash			150,000
	<i>To record the amount used to purchase the furniture</i>			

Try this:

Jan. 11, 2016 – Mrs. Crissy Santos acquired furniture and fixtures amounting to ₱ 15,000.

Transaction 4. On January 25, 2017, RC Laundry Shop provided laundry services to different customers and received ₱ 10,000 cash.

Analysis:

1. What accounts are affected and how they are affected?

Because the business entity received cash, the Cash account will increase. Because the cash was received for providing laundry services from customers, Laundry Revenue account will increase.

2. How will the transaction be recorded in the general journal?

Date	Account Titles and Explanations	Ref	Debit	Credit
Jan. 1	Cash		300,000	

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	Cruz, Capital			300,000
	<i>To record the amount invested by the owner to the business</i>			
Jan. 2	Cash		500,000	
	Notes Payable			500,000
	<i>To record the amount borrowed by the owner to the bank</i>			
Jan. 19	Furniture and Fixtures		150,000	
	Cash			150,000
	<i>To record the amount used to purchase the furniture</i>			
Jan. 25	Cash		10,000	
	Laundry Revenue			10,000
	<i>To record the amount received for providing service to customers</i>			

Try this:

Jan 17, 2016 – Mrs. Crissy Santos rendered professional service to various patients and received ₱ 35,000 cash.

Transaction 5. On January 30, 2017, Mr. Cruz withdrew cash from the business for personal use amounting to ₱ 5,000.

Analysis:

1. What accounts are affected and how they are affected?

Because cash was withdrawn from the business, Cash account will decrease and Mr. Cruz, Drawings as the corresponding account will increase.

2. How will the transaction be recorded in the general journal?

Date	Account Titles and Explanations	Ref	Debit	Credit
Jan. 1	Cash		300,000	

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	Cruz, Capital			300,000
	<i>To record the amount invested by the owner to the business</i>			
Jan. 2	Cash		500,000	
	Notes Payable			500,000
	<i>To record the amount borrowed by the owner to the bank</i>			
Jan. 19	Furniture and Fixtures		150,000	
	Cash			150,000
	<i>To record the amount used to purchase the furniture</i>			
Jan. 25	Cash		10,000	
	Service Revenue			10,000
	<i>To record the amount received for providing service to customers</i>			
Jan. 30	Mr. Cruz, Drawings		5,000	
	Cash			5,000
	<i>To record the amount withdrawn from the business by the owner for personal use</i>			

Try this:

Jan 31, 2016 – Mrs. Crissy Santos withdrew cash amounting to ₱ 3,500 from the business.

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C. REFLECT AND UNDERSTAND

In a mental conversation with yourself, answer the following:

1. What is a general journal?
 - a. What are the parts of the general journal?
2. How should the transactions be showed in the general journal?
3. How the credited account be presented? Cite example.
4. What are the rules of debits and credits? Enumerate the rules.
 - a. When to debit?
 - b. When to credit?

D. TRANSFER

Based from what you have learned, analyze and record the following transactions made by Mr. Santos in a general journal.

1. January 1, 2017, Mr. Santos invested cash to his Car Wash business amounting to ₱ 150,000.
2. January 2, 2017, the owner bought washing equipment to be used in his business, ₱ 50,000.
3. January 5, 2017, the owner bought washing supplies on account, ₱10,000.
4. January 20, 2017, Mr. Santos rendered car wash service and received ₱ 15,500 from a customer.



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SUMMATIVE ASSESSMENT

Name: _____ Score: _____
Section: _____ Date: _____

Direction:

Analyze the following business transactions of Dr. Flores Clinic, a sole proprietorship. Record the transactions in the journal by following the rules of debits and credits.

Use the following account titles: Cash, Accounts Receivable, Prepaid Insurance, Furnitures and Fixtures, Computers, Accounts Payable, Notes Payable, Dr. Flores, Capital, Dr. Flores, Drawing, Professional Fees, Salaries Expense, Rent Expense, Utilities Expense, and Organizational Expense.

The following are the transactions of Dr. Flores:

- Jan.1 Investment of ₱ 750,000 into the business.
- Jan. 3 Payment of ₱ 9,500 to the city hall for a business permit.
- Jan. 5 Payment of ₱ 15,000 for a one-year insurance.
- Jan. 10 Purchased of computer equipment amounting to ₱ 50,000 for the clinic.
- Jan. 11 Acquisition of furniture and fixtures on account amounting to ₱ 25,000.
- Jan. 15 Borrowing of ₱ 60,000 from the bank by signing a note.
- Jan. 17 Professional service rendered to various patients and received 85,000 cash.
- Jan. 20 Professional service rendered to various patients. The total bill of these patients amounted to ₱ 41,000. These patients had no cash with them and promised to pay Dr. Flores on January 30.
- Jan. 30 Cash collection from various patients who owed him money in entry dated Jan. 20.
- Jan. 31 Payment of ₱ 11,000 for rent, ₱ 5,500 for utilities, and ₱ 13,000 for salaries of employees.
- Jan. 31 Withdrawal of ₱8,000 from the business for his personal use.

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SUMMARY

The entirety of the module is hereby summarized:

- A. Recording transactions of a service business in the general journal
 - a. With the foregoing illustration, we can see the significance of the journal in the accounting process.
 - i. First, it shows a chronological record of the company's transactions. Through the journal, companies can easily detect if there are missing or unrecorded transactions. Like a person's diary, the journal narrates the different business dealings of the company by date of occurrence.
 - ii. Next, it discloses the full effect of each of the transaction per entry.
 - iii. Lastly, the journal serves as a check-and-balance tool of the company. It provides the transaction's corresponding debits and credits. Debits should always equal the credits of each entry. As such, each entry in the journal helps prevent and locate errors as the debits and credits can be easily compared.
- B. Transactions are recorded to the appropriate journals in a process aptly named journalizing.
- C. The general journal is the most basic journal. Typically, a general journal has spaces for dates, account titles and explanations, references, and two amount columns.
- D. When to Debit and when to Credit: An increase in an asset account is called a debit and an increase in a liability or equity account is called a credit. Likewise, if we decrease an asset account we credit that account. On the other side of the equation, if we decrease a liability or equity account we debit those accounts.

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APPENDIX

Transfer key to corrections:

Date	Account Titles and Explanations	Ref	Debit	Credit
Jan. 1	Cash		150,000	
	Santos, Capital			150,000
	<i>To record the amount invested by the owner to the business</i>			
Jan. 2	Washing Equipment		50,00	
	Cash			50,000
	<i>To record the purchase of equipment</i>			
Jan. 5	Washing supplies		10,000	
	Accounts Payable			10,000
	<i>To record the purchase of supplies on account</i>			
Jan. 20	Cash		15,500	
	Service Revenue			15,500
	<i>To record receipt of cash from customer</i>			
Jan. 28	Mr. Cruz, Drawings		3,000	
	Cash			3,000
	<i>To record withdrawal of cash for personal use</i>			

Summative Assessment key to corrections:

Date	Account Titles and Explanations	Ref	Debit	Credit
Jan. 1	Cash		750,000	
	Dr. Flores, Capital			750,000
	<i>To record the amount invested by the owner to the business</i>			
Jan. 3	Organizational Expense		9,500	
	Cash			9,500
	<i>To record the amount paid to the city hall for a business permit</i>			

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Jan. 5	Prepaid Insurance		15,000	
	Cash			15,000
	<i>To record the amount paid for a one-year insurance</i>			
Jan. 10	Computer Equipment		50,000	
	Cash			50,000
	<i>To record the purchased computer equipment for the clinic</i>			
Jan. 11	Furniture and Fixtures		25,000	
	Accounts Payable			25,000
	<i>To record the acquired furniture and fixtures on account</i>			
Jan. 17	Cash		85,000	
	Professional Fees			85,000
	<i>To record the amount received for rendering a professional service to a patient</i>			
Jan. 20	Accounts Receivable		41,000	
	Professional Fees			41,000
	<i>To record a receivable for rendering a professional service to a patient who promised to pay on the January 30</i>			
Jan. 30	Cash		41,000	
	Accounts Receivable			41,000
	<i>To record a cash received from a billed patient last January 20</i>			
Jan. 31	Rent Expense		11,000	
	Utilities Expense		5,500	
	Salaries Expense		13,000	
	Cash			29,500
	<i>To record the amount used to pay rent, utilities and salaries expenses</i>			

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Jan. 31	Dr. Flores, Drawings		8,000	
	Cash			8,000
	<i>To record cash withdrawn from the business by the owner for personal use</i>			

GLOSSARY

Journal. It is referred to as the book of original entry. For each transaction the journal shows the debit and credit effects on specific accounts.

Journalizing. It is the process of recording a business transaction in the general journal.

General Journal. It is the most basic journal. Typically, a general journal has spaces for dates, account titles and explanations, references, and two amount columns.

ABOUT THE AUTHOR

Dr. Xerxes Mateo Budomo is a teacher at Chester-Joplin-Inverness School in Chester, Montana, USA.

In the field of education, Dr. Budomo holds a **Master of Science in Curriculum and Instruction** from **Western Governors University (2024)**, a **Master of Arts in Education Major in Special Education** from **Cebu Technological University (2023)**, and a **Bachelor of Secondary Education Major in Social Studies (2021)** from **Don Mariano Marcos Memorial State University** through the **Expanded Tertiary Education Equivalency and Accreditation Program (ETEEAP)** of the **Commission on Higher Education (CHED)**. Additionally, he earned a **Doctor of Business Administration (2021)**, a **Master in Business Administration (2017)** both from **Tarlac State University**, and a **Bachelor of Science in Business**

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Administration (2014) from **Tarlac Agricultural University** with **cum laude** distinction.

With his strong academic background and passion for continuous learning, Dr. Budomo has presented and published research papers in international conferences and journals. Some of his research publications include:

- **Readiness and Willingness of the Enterprises in Accepting Work Immersion Activities of Senior High School Students**
- **Implementing an Instructional Intervention to Support Special Education Students with Systems of Equations: An Action Research Approach**
- **The Impact of Bionic Reading on the Reading Motivation and Self-Efficacy of Students with Learning Disabilities**

Dr. Budomo holds teaching licenses in **Montana, North Dakota, and New Mexico** in the fields of **Business, Social Studies, and Special Education**. He is now in his fourth year as an international teacher in Montana, USA. As a **special education teacher**, he serves as a **case manager** for high school students. During the **2021–2022 school year**, he also worked as a **yearbook adviser and business teacher** at **Turner Public School, Turner, Montana**.

A highly dedicated educator, Dr. Budomo has received multiple awards, including:

- **Best Teacher Award (2017)**
- **Outstanding Teacher Award (2018)**
- **Teacher of the Month (2019)**
- **Outstanding Distinguished Educator (2023)**
- **Outstanding Global Educator – Accountancy, Business, and Management (2023)**
- **Nominee for New Teacher of the Year – Montana Business Education Association (2023)**
- **Outstanding Educator of the Year (December 2024)**

He is also one of the authors of the book "**Filipino Teachers' Journey in the USA**," which features true-to-life stories of Filipino educators teaching in America.

Beyond education, Dr. Budomo is a **certified professional in human resources** and previously served as **training head** at a state university in the Philippines. In

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this role, he and his team developed **training programs**, facilitated **employee orientations**, and supervised **training activities** for the university.

Dr. Budomo is happily married to **Mrs. Criselda Manzano Budomo**, who is also a **certified teacher in Montana, USA**, and a **licensed teacher in the Philippines**. Together, they are blessed with two children, **Xerxes II "Taze" and Buck Turner**, whom they consider precious gifts and blessings from their Almighty God, Jehovah.

A committed philanthropist, Dr. Budomo founded the **Dr. Xerxes Budomo Care Foundation in 2024**, which provides **financial support to communities in need**. Through this foundation, he has **donated classroom equipment, assisted families and individuals financially—especially during and after natural disasters**, and **funded students' tuition, graduation expenses, seminars, training, and educational materials**.

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