

GENERALLY ACCEPTED ACCOUNTING PRACTICES

In completing accounting work, we are guided by generally accepted accounting practices:

- 1) Errors are corrected in a way that does not cause doubts about what the correct information is. If an error is recorded, cancel the error by neatly drawing a line through the incorrect item. Write the correct item immediately above the canceled item.
- 2) Sometimes an entire entry is incorrect and is discovered before the next entry is journalized. Draw neat lines through all parts of the incorrect entry. Journalize the entry correctly on the next blank line.
- 3) Sometimes several correct entries are recorded after an incorrect entry is made. The next blank lines are several entries later. Draw neat lines through all incorrect parts of the entry. Record the correct items on the same lines as the incorrect items, directly above the canceled parts.
- 4) Words in accounting records are written in full when space permits. Words may be abbreviated only when space is limited. All items are written legibly.
- 5) Dollars and cents signs and decimal points are not used when writing amounts on ruled accounting paper. Sometimes a color tint or a heavy vertical rule is used on printed accounting paper to separate the dollars and cents columns.
- 6) Two zeros are written in the cents column when an amount is in even dollars, such as \$500.00. If the cents column is left blank, doubts may arise later about the correct amount.
- 7) A single line is ruled across amount columns to indicate addition or subtraction.
- 8) A double line is ruled across amount columns to indicate that the totals have been verified as correct.
- 9) Neatness is very important in accounting records so that there is never any doubt about what information has been recorded. A ruler is used to make single and double lines.