BAFS Notes Name:_____ Class: ____()

Chapter 3 The Double-entry System

Double-entry bookkeeping is a system by which transactions are entered twice,

once on the ______ side of an account and once on the ______ side of another

account, and in _____ amounts.

T account/ Account/ Ledger

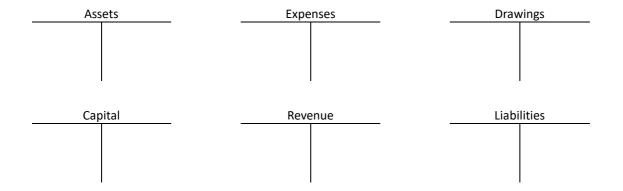
Title of account

Date	Details	Amount (\$)	Date	Details	Amount (\$)

Accounting Equation

Assets = Capital + Revenues - Expenses - Drawings + Liabilities

=



Mar 1: Started business with \$10,000 cash.						
Α	E	D	С	R	L	
Mar 3: Boug	ht a lorry for	\$6,980 on cre	edit from Supe	er Cars.		
Α	E	D	С	R	L	
Mar 14: Bou	ight goods for	\$6,000 in cas	sh.			
Α	E	D	С	R	L	
Mar 20: Solo	d goods for \$9	,000 in cash.				
Α	E	D	C	R	L	
Mar 31: Paid Super Cars the total amount owed in cash.						
Α	E	D	С	R	L	

2013	\$ 2013	\$

2013	\$ 2013	\$

2013	\$ 2013	\$

2013	\$ 2013	\$

2013	\$ 2013	\$

2013	\$ 2013	\$

Balancing off accounts is the process of calculating the _____ balance of

each account at the end of a period, usually a ______.

Balancing off accounts periodically can help firms monitor the status of each account more closely.

Steps:

- 1. Add up the total amount of entries on each side for the month.
- 2. Find the difference between the two totals. The difference is known as the balance of the account.
- 3. Enter the balance on the side with a smaller total.
- 4. Show the totals on both sides at the same level.
- 5. The balance will be brought down to the opposite side of the account at the beginning of the next month.

	Cash						
2019		\$	2019		\$		
Jan 1	Capital	300,000	Jan 2	Purchases	80,500		
Jan 4	Sales	20,000	Jan 3	Rent	30,000		
Jan 10	Trade receivables	36,800	Jan 15	Utilities	5,870		
Jan 20	Commission revenue	1,200	Jan 18	Wages	1,700		

Classification of account balances

	Assets	Expenses	Drawings	Capital	Revenues	Liabilities
Type of						
account						
balance						