

## Lesson 3 — Chart of Accounts

Name: \_\_\_\_\_ Date: \_\_\_\_\_ Score: \_\_\_\_/20

### Part A — Classify Each Account (8 points)

Assign each account to the correct category: Asset (A), Liability (L), Equity (E), Revenue (R), or Expense (X).

Account Name	Category (A/L/E/R/X)	Normal Balance
Accounts Receivable		
Mortgage Payable		
Salaries Expense		
Service Revenue		
Inventory		
Retained Earnings		
Insurance Expense		
Unearned Revenue		

### Part B — Build a Mini Chart of Accounts (8 points)

You are opening a small bakery called 'Golden Crust LLC.' Create a chart of accounts with at least 10 accounts, using a 4-digit numbering system (1000s = Assets, 2000s = Liabilities, 3000s = Equity, 4000s = Revenue, 5000s = Expenses).

Account #	Account Name	Type

### Part C — Short Answer (4 points)

Why is a well-organized chart of accounts important for a growing business? Give two reasons.

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