

Lesson 4: Bookkeeping — Recording Every Transaction

Part A: Label Each Transaction

For each transaction below, identify: (1) which accounts are affected, (2) whether each is debited or credited.

#	Transaction	Account Debited	Account Credited	Amount
1	Paid \$1,200 rent in cash			
2	Received \$5,000 from a client for services			
3	Purchased \$800 of supplies on credit			
4	Paid \$400 on an outstanding bill			
5	Owner invested \$10,000 cash into business			

Part B: Two-Sided Journal Entry Practice

Write the journal entry (date, accounts, debit/credit amounts) for the following:

Transaction: On May 1, paid \$2,400 cash for a 12-month insurance policy.

Date	Account Name	Debit (\$)	Credit (\$)
May 1			

Part C: Short Answer

1. What is the difference between single-entry and double-entry bookkeeping?

2. Why must every debit have a corresponding credit of equal value?
