

Accounting Chapter 4

1. Chart of Accounts

2. Ledger

3. Double- Entry
Accounting

4. Debit-

5. Credit-

6. T account-

7. Normal Balance

Accounts and Account Balances:

$$\textbf{\textit{Assets}} \quad = \quad \textbf{\textit{Liabilities}} \quad + \quad \textbf{\textit{OE}}$$

<u>Any Asset</u>		<u>Any Liabilities</u>	
Debit	Credit	Debit	Credit
Normal Balance			Normal Balance
+	—	—	+

Account	Account Classification	Account Balance		Increase Side		Decrease Side	
		Debit	Credit	Debit	Credit	Debit	Credit
Cash	ASSET	X		X			X
Accounts Rec.	ASSET	X		X			X
Supplies	ASSET	X		X			X
Prepaid Ins.	ASSET	X		X			X
Accounts Pay.	LIABILITY		X		X	X	
Accounts Payable	LIABILITY		X		X	X	
Capital	OE		X		X	X	

Appareal

3-2 – Analyzing Transactions:

1. Maria Sanchez took \$25000 from personal savings and deposited that amount to open a business checking account.

Cash		Capital	
Debit	Credit	Debit	Credit
\$25000			\$25000

2. Paid Cash for Supplies, \$250

Supplies		Cash	
\$250			\$250

3. roadrunner issued check 101 for \$3000 to buy a computer system

Computer Equipment	Cash
\$3000	\$3000

4. Bought Supplies on account from Searcy Athletic, \$1000

Supplies	Acct Pay- Searcy Ath.
\$1000	\$1000

5. Paid Cash On Account to Searcy Athletic, \$800

Cash	Acct. Pay.- Searcy Ath.
	\$800

3-3 Transaction and the Owner's Equity

1. Received cash from sales, \$2000

Cash	Sales

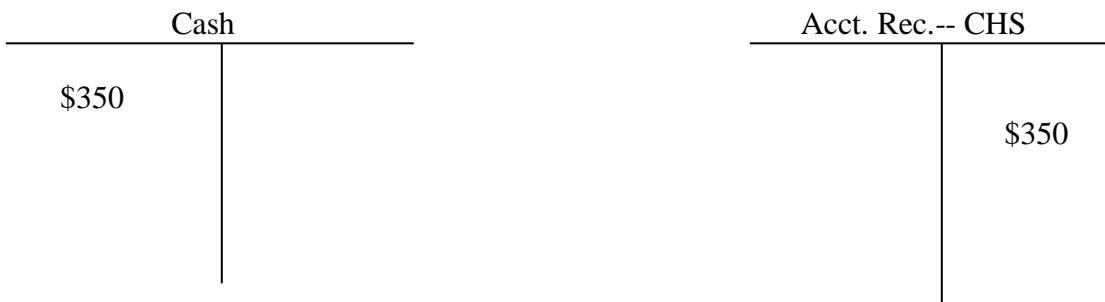
2. Sold services on account to Centerville High School, \$1600



2. Paid cash for Rent, \$400



3. Receive Cash on account, from CHS. \$350



4. Paid cash to owner for Personal Use, \$2000

