

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:

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

Any Asset		Any Liabilities	
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 form 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	
\$3000	

Cash	
	\$3000

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

Supplies	
\$1000	

Acct Pay- Searcy Ath.	
	\$1000

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

Cash	
	\$800

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

Acct Rec-- CHS	

Sales	

2. Paid cash for Rent, \$400

Cash	
	\$400

Rent Expense	
\$400	

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

Cash	
\$350	

Acct. Rec.-- CHS	
	\$350

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

Cash	
	\$2000

Jason Searcy, Drawing	
\$2000	