

When you are given details of a transaction and have to record the double entry, the technique is to determine:

- 1) Which 2 accounts have been affected
- 2) Where they fit on the template above
- 3) Whether they have increased or decreased

This will determine which account to debit and which to credit
[of course if you have worked out what to do with one of the accounts, debit or credit, the other account will be the opposite entry because for every debit there is an equal credit]

Examples

- 1) Buy a computer and pay by cheque

the two accounts affected are "computer equipment" and "bank". Both are assets so are in the debit side of the template. The value of the computer equipment in the business has gone up, the amount of cash in the bank has gone down. So the journal is:

Dr Computer equipment
 Cr Bank

- 2) Take out a bank loan

Money in "bank" (an asset) has increased but the "Loan" (liability) has also increased. As both have increased, the bank stays as a debit and the loan (liability) stays as a credit:

Dr Bank
 Cr Loan

- 3) See booklet for further examples