	and that shows on the statement.	Amount owed by the credit     buyer.
Credit note	A document issued by a seller to a buyer for goods returned by the buyer or to correct an overcharge on the invoice.	Particulars of the setter buyer     Details of goods returned e.g. quantity, price, value, VAT     Particulars of the seller and buyer     Details of goods returned/
Debit note	A document sent by a buyer to a selfer in respect of goods returned or over payment made.  It is also sent to correct an under charge on the invoice (as a supplementary invoice).  It is a formal request for the seller to issue a credit note.  A debit note might be issued to adjust an invoice already issued.	
Remittance advice	A document sent to the seller with a payment, showing the invoices paid and credit notes offset.      It helps the seller to identify invoices paid and those outstanding.      It confirms the amount paid so that any discrepancies can be investigated.	Method of payment     Invoice number, account number, date
Receipt	A document issued by the seller to the buyer, acknowledging money secret.      It is also called a content.	Denils of Cent received
Bank statement Pre	A document using by the bank in Cash showing transaction on the customer's bare of the balance in the cash book and the balance on the ban statement, to check that there are no error or fraud.	Balances at the beginning of the period.     Dates and amount of withdraws.     Dates and amounts of deposits.

## Read about other documents like the:

- · Payment voucher
- Petty cash voucher
- · Cheque
- · Cheque counterfoil
- Pay-in slip (Banking slip)

NB The formats of the documents vary in different entities. See sample documents in various

A ledger account in a computerized system may simply be a list of an opening balance, debit entries, credit entries and a closing balance. Consider the example of a statement for a bank account from an Automated Teller Machine (ATM).

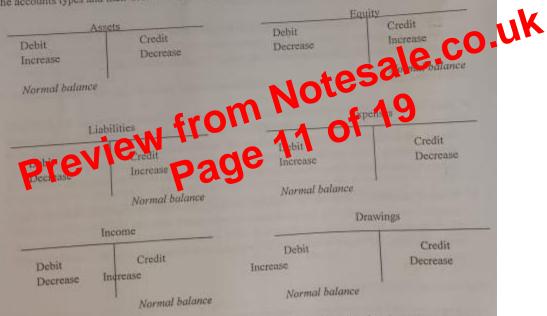
## Classification of ledger accounts and the debit and credit rules

There are two types of classification of accounts.

Today, accounts are classified according to the five elements of financial statements as follows:

- Asset accounts include machine account, furniture account, office equipment account, motor vehicle account, inventory account, receivables accounts, bank account, and cash account.
- Equity accounts include the capital account.
- Liability accounts include psyables accounts and bank loan account.
- Income accounts include the sales account, interest income account and rent income.
- Expense accounts include salary account, electricity account and rent expense account.

In addition to the five types of accounts, there is a drawings account that reduces equity. Below are the accounts types and their debit and credit rules.



The following explanations assist one in understanding the debit and credit rules above;

Whether an account is debited or credited depends on the type of account and the nature of transaction. Topic 4.0 Double entry system & accounting cycle 2021

payment of each for tent. Debit

Rent account Cash account

Receipt of cash for rent: Debit

Cash account Rent income

Payment of rent by cheque: Debit

Rent account Bank account

Withdrawal of cash for personal use by the owner: Dehit

Drawings account Cash account

Credit

Receipt of interest income from the bank: Debit

Bank account

Interest income account Credit

Deposit of cash in the bank:

Debit Credit

Bank Account Cash Account

Withdrawal of cash by cheque for the business:

Record the following transactions in the ledger accounts for Babu.

Bought goods for eash at Shs 600,000.

Paid Shs 150,000 cash for rent.

Sold goods for eash at Shs 400,000

Bought a bicycle for the business

Bought goods for

ought personal airti

rom.Notesale.co.uk

Double entry for credit purchases, credit sales, payment to creditors and receipt of money from

These are transactions where goods and services are sold but payment or receipt of money is made at debtors a later date. Source documents include sales invoices, purchase invoices and receipts.

Purchases account Purchase of inventory on credit Debit Trade accounts payable Credit

Trade accounts payable Payment of cash to a credit supplier: Debit Cash account Credit

Trade accounts payable Payment of a credit supplier by cheque: Debit Bank account Credit