

spreadsheet? In this module, I showed you how to record transactions and prepare an income statement, how to prepare a statement of owner's equity, how to do a balance sheet, how to figure out net worth of a business, how to calculate liquidity, and how to assess the risk of a company.

## Double Entry Accounting System - Debits and Credits

The system that is universally followed worldwide was set up in 1492 by a priest by the name of Luca Pacioli. All transactions are recorded in the form of t accounts, with the account name on top when a transaction is recorded on the left side of a t account. This is called debit debit debit, meaning left side in the language of Luca Tashera. I want you to open t accounts for cash, capital rent expense, office equipment, and drawings salaries expense. Then open accounts for bank loan, motor vehicle, and furniture. Olli Technique so stop this recording and print the case out when you have it in front of you. It's imperative that you write this down explaining what's the lefthand tree which is debit and what's the right entry which is credit; this is done in a book called a journal, hence it's known as a journal entry. You have to explain in English what happened so you would say 10,000 cash was invested in the business.

The text is about a business that uses a system where the left is always equal to the right. The next one is I think the most complicated, and let's break it down very slowly. They provided services for 59507 dollars, fifty nine thousand five collected cash, forty thousand, so how much money do customers owe them 19500? What do you call customers who owe you money? Accounts receivable. So the two accounts are impacted cash and supplies should look like. The company received 10,000 cash from customers previously, so what two accounts would be impacted cash? Accounts receivable because you got money and who paid you the customer? That is accounts receivable. The company purchased them a motor vehicle from the local dealer, the arkansas car mart, for 30,000 on account. In this module, I wanted to show you how to record transactions using t accounts and how to prepare a trial balance. The left totals 1502500 and the right turtles 1502500. So you did everything perfectly now from the trial balance you do an income statement of owner's equity and balance sheet.