What Is Double-Entry Bookkeeping?

Worksheet

Double-entry bookkeeping records every transaction twice — as a debit in one account and an equal credit in another — so total debits always equal total credits.

Questions

1. In double-entry bookkeeping, every transaction affects how many accounts?
A) One
B) At least two
C) Three always
D) Zero

2. A debit to Cash means cash…
A) decreased
B) increased
C) is unaffected
D) became a liability

3. If total debits are $10,000, total credits should be…
A) $5,000
B) $20,000
C) $10,000
D) Any amount

4. Which is a credit-increasing account?
A) Cash
B) Equipment
C) Revenue
D) Prepaid expenses

5. A business buys $5,000 of equipment with cash. Record the double entry.

6. A company takes a $20,000 bank loan, deposited into its checking account.

7. A shop sells $1,200 of goods for cash.

8. Define: What is double-entry bookkeeping?

9. Define: What does a debit do to an asset account?

10. Define: What does a credit do to a liability account?

Answer Key

1. B) At least two — Every transaction has a debit and a matching credit — at least two accounts.
2. B) increased — Cash is an asset; debits increase asset accounts.
3. C) $10,000 — Debits must always equal credits in a balanced entry.
4. C) Revenue — Revenue increases with a credit; assets increase with a debit.
5. Debit Equipment 5,000 (asset increases) Credit Cash5,000 (asset decreases) Total debits = total credits = $5,000
6. Debit Cash 20,000 (asset increases) Credit Loans Payable20,000 (liability increases) Both sides recorded, equation stays balanced
7. Debit Cash 1,200 (asset increases) Credit Sales Revenue1,200 (equity increases via revenue) Debits = Credits = $1,200
8. An accounting system where every transaction is recorded as a debit in one account and an equal credit in another.
9. Increases it. Debits increase assets and expenses.
10. Increases it. Credits increase liabilities, equity and revenue.