

What is a Journal Entry?

Worksheet

A journal entry is a chronological record of a transaction showing which accounts are debited and credited, following the rule that total debits must equal total credits.

Questions

- In a journal entry, which account is listed first?
 - The credited account
 - The debited account
 - Whichever has the larger amount
 - Alphabetically first
- A company pays \$400 cash for utilities. What is the correct entry?
 - Dr. Utilities Expense \$400 / Cr. Cash \$400
 - Dr. Cash \$400 / Cr. Utilities Expense \$400
 - Dr. Utilities Expense \$400 / Cr. Accounts Payable \$400
 - Dr. Cash \$400 / Cr. Accounts Payable \$400
- What rule must every journal entry satisfy?
 - Debits must exceed credits
 - Credits must exceed debits
 - Total debits must equal total credits
 - Only one account may change
- A business receives \$3,000 cash for a loan from the bank. What's the entry?
 - Dr. Cash \$3,000 / Cr. Notes Payable \$3,000
 - Dr. Notes Payable \$3,000 / Cr. Cash \$3,000
 - Dr. Cash \$3,000 / Cr. Owner's Capital \$3,000
 - Dr. Notes Payable \$3,000 / Cr. Owner's Capital \$3,000
- On July 1, a company buys office supplies for \$600 cash. Record the journal entry.
- On July 5, a company provides \$2,500 of services on credit to a client.
- On July 10, the owner invests \$10,000 cash into the business.
- Define: What is a journal entry?
- Define: What must always be true of a journal entry?
- Define: What is written first in a journal entry?

Answer Key

1. B) The debited account - Convention is to list the debit account and amount first, then the credit account indented below.
2. A) Dr. Utilities Expense \$400 / Cr. Cash \$400 - Expense increases (debit) and cash, an asset, decreases (credit).
3. C) Total debits must equal total credits - Double-entry bookkeeping requires debits to equal credits in every entry.
4. A) Dr. Cash \$3,000 / Cr. Notes Payable \$3,000 - Cash (asset) increases with a debit; Notes Payable (liability) increases with a credit.
5. Supplies (asset) increases debit Supplies \$600 Cash (asset) decreases credit Cash \$600 Jul 1: Dr. Supplies \$600 / Cr. Cash \$600
6. Accounts Receivable (asset) increases debit Accounts Receivable \$2,500 Service Revenue increases credit Service Revenue \$2,500 Jul 5: Dr. Accounts Receivable \$2,500 / Cr. Service Revenue \$2,500
7. Cash (asset) increases debit Cash \$10,000 Owner's Capital (equity) increases credit Owner's Capital \$10,000 Jul 10: Dr. Cash \$10,000 / Cr. Owner's Capital \$10,000
8. The first formal, chronological record of a transaction, listing debited and credited accounts and amounts.
9. Total debits must equal total credits.
10. The date, followed by the debited account and amount, then the credited account (indented) and amount.

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