

What is a T-Account?

Worksheet

A T-account is a simplified ledger diagram - shaped like a T - with debits recorded on the left side and credits on the right side of a single account.

Questions

1. In a T-account, where are debits recorded?

- A) Right side
- B) Left side
- C) Top
- D) Bottom

2. Cash increases when a customer pays an invoice. How is this recorded in the Cash T-account?

- A) Credit (right side)
- B) Debit (left side)
- C) Neither side
- D) Both sides

3. Which account type increases with a credit?

- A) Assets
- B) Expenses
- C) Liabilities
- D) Dividends

4. A T-account's balance is the debit total minus the credit total. If debits = \$9,000 and credits = \$3,000, the balance is:

- A) \$12,000 credit
- B) \$6,000 debit
- C) \$3,000 debit
- D) \$6,000 credit

5. A company receives \$5,000 cash from a customer. Show the T-account entry for Cash.

6. A business pays \$1,200 cash for rent. Show the T-account entries.

7. A company borrows \$8,000 from a bank. Show the T-account entries.

8. Define: What shape gives the T-account its name?

9. Define: Which side is the debit side?

10. Define: Which side is the credit side?

Answer Key

1. B) Left side - Debits always go on the left side of a T-account.
2. B) Debit (left side) - Cash is an asset, and asset increases are debits (left side).
3. C) Liabilities - Liabilities, equity and revenue all increase with credits.
4. B) \$6,000 debit - 9,000 3,000 = 6,000, and since debits exceed credits it's a debit balance.
5. Cash is an asset account An increase in an asset is recorded as a debit Debit Cash \$5,000 (left side of the Cash T-account)
6. Cash (asset) decreases credit Cash \$1,200 (right side) Rent Expense increases debit Rent Expense \$1,200 (left side)
7. Cash (asset) increases debit Cash \$8,000 (left side) Notes Payable (liability) increases credit Notes Payable \$8,000 (right side)
8. It looks like the letter T - a vertical line splits debits (left) from credits (right), with the account name on top.
9. The left side of a T-account is always the debit side.
10. The right side of a T-account is always the credit side.

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