ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE TRANSACTIONS WITHIN THE ACCOUNTING PUZZLE

ACCOUNTS PAYABLE TRANSACTIONS

Dealing with Suppliers on account, we first purchase from the supplier and pay them later. The first box below shows the entry for a purchase on account. The second box below shows the entry when we finally pay the supplier.

Purchase on account (Bought and didn't pay)			Payment on our account (Finally paid supplier)	

ASSETS	LIABILITY A/P **CR**		ASSETS Bank **CR**	LIABILITY A/P **DR**
EXPENSE Advertising **DR**	REVENUE		EXPENSE	REVENUE

ACCOUNTS RECEIVABLE TRANSACTIONS

Dealing with Customers on account, we first sell to the customer and get paid later. The first box below shows the entry for the sale on account. The second box below shows the entry when we finally get paid from the customer.

Earned on account (Sold and didn't get paid)			Received on account (Finally got paid)	

ASSETS A/R **DR**	LIABILITY		ASSETS Bank - **DR** A/R - **CR**	LIABILITY
EXPENSE	REVENUE Fee Earned **CR**		EXPENSE	REVENUE