1. Bookkeeping Basics for Small Business Owners - Single vs Double-entry Accounting - YouTube

<https://www.youtube.com/watch?v=c-MDPhfm9sQ>

Transcript:

the second step is to choose between single entry or double entry accounting double entry is a system of accounting that tracks where your money comes from and where it's going to essentially you record every transaction twice picking assets from somewhere call to credit and putting it somewhere else called a debit your debits and credits should always equal each other that's how you know that your books are balanced for example say you buy a new laptop for your business and it costs a thousand dollars

you'd subtract one thousand dollars in cash from your credit account and add one thousand dollars in assets to your debit account you may have lost one thousand dollars in cash but you gained one thousand dollars in the form of a new asset double entry accounting is kind of like double checking your homework and it helps you create financial statements which you'll need to make smart financial decisions so what is the single entry method it's essentially just recording your transactions once as they happen it's less robust but if

your business is a simple sole proprietorship with no inventory and no employees you can probably use the single entry method if your business is any more complex than that your accountant will probably recommend the double entry method