

DOUBLE-ENTRY BOOKKEEPING GUIDE

A practical workbook for HVAC, plumbing, electrical, and other field-service contractors

Understand the numbers. Keep the books in balance. Make better decisions.

How to use this guide

This guide is designed to be used alongside the [Double-Entry Bookkeeping: The Complete Business Guide by Aptora](#). The article explains the concepts; this workbook helps you put them into practice. Use the reference pages when you need a quick answer, complete the worksheets as you set up or review your books, and keep the monthly checklist with your bookkeeping procedures.

Inside: Chart of Accounts Builder • Debit & Credit Quick Reference • Journal Entry Practice • Transaction Analysis Worksheet
Bookkeeping Setup Checklist • Monthly Reconciliation & Review Checklist • Financial Statement Review Questions • Common Error Check

1. THE FOUNDATION: WHAT DOUBLE-ENTRY REALLY MEANS

Double-entry bookkeeping records the financial effects of each transaction in at least two accounts. The total debits must equal the total credits. That structure gives you a built-in mathematical check, while also showing what the business owns, owes, earns, and spends.

The accounting equation

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

Every transaction must keep this relationship in balance. For example, buying a truck with a loan increases an asset and a liability. Paying the loan with cash decreases an asset and a liability.

Think beyond money in and money out

What you need to understand	Examples
What the business owns	Cash, accounts receivable, inventory, vehicles, equipment
What the business owes	Accounts payable, credit cards, loans, payroll liabilities
What customers owe you	Accounts receivable
What you have earned	Service revenue, installation revenue
What it costs to operate	Materials, subcontractors, wages, fuel, insurance, rent
What belongs to the owner	Contributions, distributions, equity

A simple contractor example

Transaction	Debit	Credit
Buy \$200 of parts on supplier credit	Parts Inventory \$200	Accounts Payable \$200
Invoice customer \$400 for completed work	Accounts Receivable \$400	Service Revenue \$400
Pay supplier \$200	Accounts Payable \$200	Cash \$200

Key takeaway: A transaction is more than cash changing hands. Double-entry records the connected financial effects so the books show the complete picture.

2. DEBIT & CREDIT QUICK REFERENCE

Debit and credit do not automatically mean money in or money out. They identify the left and right sides of an account. Whether an account increases or decreases depends on the account type.

Account Type	Increase	Decrease	Normal Balance
Assets	Debit	Credit	Debit
Expenses	Debit	Credit	Debit
Liabilities	Credit	Debit	Credit
Equity	Credit	Debit	Credit
Revenue	Credit	Debit	Credit

A simple way to work through any transaction

1	What accounts changed?
2	What type of accounts are they?
3	Did each account increase or decrease?
4	Only then determine the debit and credit.

DEALER memory aid

Draws/distributions, **E**xpenses, and **A**ssets normally increase with **D**ebits. Liabilities, **E**quity, and **R**evenue normally increase with **C**redits.

Quick Practice

Account	Type	If it increases, Debit or Credit?
Cash	Asset	_____
Accounts Payable	Liability	_____
Service Revenue	Revenue	_____
Fuel Expense	Expense	_____
Owner Contributions	Equity	_____

3. CONTRACTOR CHART OF ACCOUNTS BUILDER

A chart of accounts is the organized list of accounts you use to classify financial activity. The goal is enough detail to understand the business without creating hundreds of unnecessary categories.

Account Type	Common Contractor Accounts	Your Account / Notes
Assets	Checking; Accounts Receivable; Inventory; Vehicles; Equipment	
Liabilities	Accounts Payable; Credit Card; Sales Tax Payable; Payroll Liabilities; Loans Payable	
Equity	Owner Contributions; Owner Distributions; Retained Earnings	
Revenue	Service Revenue; Installation Revenue; Other Operating Revenue	
Expenses	Materials; Subcontractors; Wages; Payroll Taxes; Fuel; Insurance; Rent; Advertising; Office Expense	

Before you add another account, ask:

Will this account provide useful reporting detail?

Does the account serve a legitimate accounting purpose?

Could the activity be captured appropriately by an existing account?

Will this level of detail help me understand how the business is performing?

Opening balances checklist

- ☐ Cash
- ☐ Accounts receivable
- ☐ Accounts payable
- ☐ Inventory
- ☐ Fixed assets
- ☐ Credit cards
- ☐ Loans
- ☐ Equity

4. JOURNAL ENTRY PRACTICE

Use the four-step process from the debit and credit reference page. Identify the accounts, classify them, decide whether each increased or decreased, and then determine the debit and credit.

1. A customer pays a \$1,200 outstanding invoice.

Accounts to consider: Accounts Receivable / Cash

Account	Debit	Credit
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

2. You purchase \$600 of materials on account.

Accounts to consider: Materials or Inventory / Accounts Payable

Account	Debit	Credit
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

3. You pay a \$900 supplier invoice.

Accounts to consider: Accounts Payable / Cash

Account	Debit	Credit
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

4. The company purchases a \$5,000 piece of equipment for cash.

Accounts to consider: Equipment / Cash

Account	Debit	Credit
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

5. You invoice a customer \$2,500 for completed service work.

Accounts to consider: Accounts Receivable / Service Revenue

Account	Debit	Credit
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____

6. The owner puts \$10,000 of personal funds into the business.

Accounts to consider: Cash / Owner Contributions

Account	Debit	Credit
	\$	\$
	\$	\$

5. TRANSACTION ANALYSIS WORKSHEET

Use this page when a transaction feels confusing. Don't start with 'Is this a debit or credit?' Start by identifying what actually happened.

Transaction date:	_____
What happened?	_____
Source document:	Invoice / Receipt / Purchase Order / Bank Record / Other: _____
Account 1:	_____
Account 1 type:	Asset / Liability / Equity / Revenue / Expense
Account 1 change:	Increase / Decrease
Account 2:	_____
Account 2 type:	Asset / Liability / Equity / Revenue / Expense
Account 2 change:	Increase / Decrease
Debit:	\$ _____
Credit:	\$ _____

Does the entry make sense?

- ☐ The debit and credit amounts are equal.
- ☐ The accounts accurately describe what happened.
- ☐ The amount agrees with the source document.
- ☐ The transaction is recorded in the correct accounting period. I can explain why each account was debited or credited.

Remember: Books can balance and still be wrong. Equal debits and credits do not guarantee that the right account, amount, or accounting period was used.

6. DOUBLE-ENTRY BOOKKEEPING SETUP CHECKLIST

Use this checklist when establishing a new bookkeeping system or cleaning up an existing one.

Chart of Accounts

- ☐ Create the accounts needed to understand the business.
- ☐ Avoid unnecessary accounts that add complexity without useful reporting detail.
- ☐ Separate assets, liabilities, equity, revenue, and expenses appropriately.

Opening Balances

- ☐ Verify cash and bank balances.
- ☐ Establish accounts receivable and accounts payable balances.
- ☐ Record inventory and fixed assets where applicable.
- ☐ Verify credit cards and loans.
- ☐ Confirm the opening equity balance.

Accounting Procedures

- ☐ Decide who enters vendor bills.
- ☐ Decide who approves bills.
- ☐ Establish when invoices are generated.
- ☐ Define who records customer payments.
- ☐ Assign responsibility for bank reconciliation.
- ☐ Define who reviews financial statements.
- ☐ Limit who can create journal entries or reopen closed periods.

Ongoing Recording

- ☐ Record transactions consistently throughout the year.
- ☐ Keep source documents such as invoices, receipts, purchase orders, loan documents, and bank records.
- ☐ Make sure business transactions are clearly identified.

7. MONTHLY BOOKKEEPING CHECKLIST

Regular bookkeeping is easier to maintain than a once-a-year cleanup. Use this page as a recurring monthly review.

Task	Complete	Notes / Exceptions
Record all customer invoices	☐	_____
Record customer payments	☐	_____
Enter vendor bills and purchases	☐	_____
Record payroll and payroll liabilities	☐	_____
Reconcile bank accounts	☐	_____
Reconcile business credit cards	☐	_____
Review Accounts Receivable	☐	_____
Review Accounts Payable	☐	_____
Review inventory, equipment, and other key balances	☐	_____
Review unusual or unexpected account balances	☐	_____
Review financial statements	☐	_____
Investigate discrepancies before they carry forward	☐	_____

Reconciliation reminder

Compare accounting-system balances with reliable outside records. Regular reconciliation can uncover missing transactions, duplicate entries, timing differences, and other errors while they are still relatively easy to investigate.

8. FINANCIAL STATEMENT REVIEW

The purpose of bookkeeping is not simply to produce reports. Once the books are structured, transactions are recorded, and accounts are reconciled, the numbers should help you understand what is happening in the business.

Why did gross margin change?

What the numbers show: _____

Why did accounts receivable increase faster than sales?

What the numbers show: _____

Why is cash declining while profit is increasing?

What the numbers show: _____

Why are payroll costs increasing?

What the numbers show: _____

Which jobs lost money?

What the numbers show: _____

Which departments are producing profit?

What the numbers show: _____

Financial statement review notes

Area	What I noticed	What I need to investigate
Revenue		
Gross margin		
Cash		
Accounts receivable		
Accounts payable		
Payroll		
Job profitability		

Important: Double-entry bookkeeping provides the financial structure, but it does not by itself determine job profitability. Accurate job costing is also needed to capture the parts, labor, and other costs associated with each job.

9. COMMON DOUBLE-ENTRY ERRORS: QUICK CHECK

A balanced set of books can still contain errors. Use this review when something looks wrong or when you are cleaning up a period.

Common error	Question to ask
Recording only one side	Did every transaction record both financial effects?
Using the wrong account	Does the account classification accurately describe what happened?
Recording the wrong amount	Does the entry agree with the invoice, receipt, purchase order, loan document, or bank record?
Recording in the wrong period	Was the transaction recorded in the accounting period when it belongs?
Forcing the books to balance	Did you investigate the underlying difference instead of creating an unexplained adjustment?

Final review

- ☐ Debits and credits agree.
- ☐ Account classifications make sense.
- ☐ Amounts agree with supporting documents.
- ☐ Transactions are in the correct period.
- ☐ Reconciliations have been completed.
- ☐ Unusual balances have been investigated.
- ☐ Financial statements have been reviewed for meaningful changes.

The goal is not simply balanced books. The goal is **accurate** books.

10. PRACTICE ANSWER KEY

Practice	Debit	Credit
1. Customer pays \$1,200 invoice	Cash \$1,200	Accounts Receivable \$1,200
2. Buy \$600 materials on account	Materials/Inventory \$600	Accounts Payable \$600
3. Pay \$900 supplier invoice	Accounts Payable \$900	Cash \$900
4. Buy \$5,000 equipment for cash	Equipment \$5,000	Cash \$5,000
5. Invoice customer \$2,500	Accounts Receivable \$2,500	Service Revenue \$2,500
6. Owner invests \$10,000	Cash \$10,000	Owner Contributions \$10,000

A better way to think about bookkeeping

Good bookkeeping is not about memorizing a collection of accounting rules or staring at a spreadsheet until the numbers look right. It is about maintaining a reliable chain of financial information from the work your company performs to the financial statements you use to run it.

For a field-service business, that means connecting the operational activity that creates the numbers, including estimates, work orders, purchase orders, inventory, timecards, payroll, vendor bills, customer invoices, payments, and job costing, with the accounting records.

When those pieces stay connected, your financial reports can become more than a record of what happened. They can help you understand where money is going, which work is profitable, and where the business needs attention.

Want accounting and field-service operations to work from the same information?

Aptora connects accounting with the operational side of contracting, including jobs, customers, technicians, purchasing, inventory, and other activities that generate financial data. [Request your demo today!](#)

Use this guide as a working document. Print the worksheets, keep the reference page near your bookkeeping station, and revisit the monthly checklist throughout the year.