**Activity 18: Dual effects**

Identify the correct dual effect for each of the transactions below.

1. James starts a business by putting £20,000 into the business bank account.

A. DEBIT Bank £20,000

CREDIT Capital £20,000

B. DEBIT Capital £20,000

CREDIT Bank £20,000

C. DEBIT Bank £20,000

CREDIT Drawings £20,000

2. A business sells £4,000 goods on credit terms to a customer who will pay in two months’ time.

A. DEBIT Bank £4,000

CREDIT Sales £4,000

B. DEBIT Sales £4,000

CREDIT Trade receivables £4,000

C. DEBIT Trade receivables £4,000

CREDIT Sales £4,000

3. A business makes a bank payment transfer of £750 for electricity.

A. DEBIT Electricity £750

CREDIT Bank £750

B. DEBIT Bank £750

CREDIT Electricity £750

C. DEBIT Electricity £750

CREDIT Trade payables £750