Debit, Credit, Payment Direction, and Ledger Reference

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Overview

This guide will help you interpret debit/credit and money direction correctly across source transactions, payment accounts, party ledgers, and the general ledger.

You can distinguish receipt/payment direction from debit/credit presentation and avoid reversed entries.

Who can do this

You need access to Relevant transaction/report access; posting changes require accounting authority.

Before you start

Know the business event, account types, party role, whether money is received or paid, and set up mappings.

> Before saving, check that the correct company is open and that you have permission to complete this task.

Where to find it

Open source transaction, Payment Account Statement, party ledger, Journal Ledger, and Account Ledger.

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Step 1: Describe the business event without accounting labels

Step 2: Identify assets, liabilities, equity, income, expenses, party balances, and payment

Identify assets, liabilities, equity, income, expenses, party balances, and payment accounts affected.

Step 3: Confirm money direction separately from debit/credit wording

Step 4: Trace the source-generated journal

Step 5: Recalculate ledger running balances using their displayed convention

Step 6: Reconcile subledger and general-ledger controls

Check your work

Generated journals balance and source, party, payment-account, and general-ledger totals agree.

> Take a moment to check your work before closing the window. This small check can save time later.

If something goes wrong

- Never change payment direction by editing labels or one journal side.
- Confirm each report's sign convention.

Related guides

- Trace a Source Transaction into the General Ledger
- Reconcile a Payment Account Statement
- Review an Account Ledger

What to do next

> **Trace a Source Transaction into the General Ledger**.

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