

What is the concept of matching?

Speaker – Matching - For any entry that is passed an immediate corresponding entry is passed and a trial balance is taken in any computerized system. This has its own set of challenges, for e.g. entries can be changed which in turn will affect entire books and records. One needs to be careful while making the entries. Understanding the concept of double entry book keeping system puts you at a better position to analyze, interpret and translate the results. Like we saw in the financial statements, the whole issue of matching concept is in a way a double entry concept.

Matching concept says that for every credit there will be a debit; it also talks about categorization of expenses and income. One category of income and expenditure or debits and credits should be clubbed together. In the income and expenditure account we saw one project where income was matched against its expenditure and similarly in the balance sheet we saw funds represented by assets. At a managerial level you may not be required to maintain books but unless this concept is clear, it is difficult to analyze and take decisions