**ACCOUNTS SUMMARY**

**With a** [double-entry system](http://www.accountingcoach.com/terms/D/double-entry-accounting) of accounting, a **minimum of two accounts** is needed for every transaction—at least one account is debited and at least one account is credited. Some general rules about debiting and crediting the accounts are:

* **Expense** accounts are *debited* and have *debit balances*
* **Revenue** accounts are *credited* and have *credit balances*
* **Asset** accounts normally have *debit balances*

To increase an **asset** account, *debit* the account - To decrease an **asset** account, *credit* the account

* **Liability** accounts normally have *credit balances*

To increase a **liability** account, *credit* the account - To decrease a **liability** account, *debit* the account

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| **Asset Accounts**  |
| **Account Title**  | **To Increase**  | **Description**  |
| Cash | Debit  | All currency owned by the business.  |
| Accounts receivable  | Debit  | Amounts owed to the business for products sold or services performed but not yet paid for.  |
| Inventory  | Debit  | Cost of merchandise purchased.  |
| Prepaid insurance  | Debit  | Cost of insurance paid in advance.  |
| Land  | Debit  | Cost to acquire land.  |
| Buildings  | Debit  | Cost to acquire or construct buildings.  |
| Equipment  | Debit  | Cost to acquire equipment.  |
| **Liability Accounts**  |
| **Account Title**  | **To Increase**  | **Description**  |
| Accounts payable  | Credit  | Amount owed to suppliers who provided goods and services to the business nut did not require immediate payment.  |
| Wages payable  | Credit  | Amount owed to employees for hours worked but not yet paid.  |
| Interest payable  | Credit  | Amounts owed for interest.  |
| Loan payable  | Credit  | A formal loan taken out by the business.  |
| Unearned revenue  | Credit  | Amounts received in advance of delivering goods or providing services. When goods are delivered or services provided the liability decreases.  |
| **Equity Accounts**  |
| **Account Title**  | **To Increase**  | **Description**  |
| Capital  | Credit  | Amount the owner invested in the business (cash or assets) plus earnings not withdrawn.  |
| Drawings  | Debit  | Amount that the owner has withdrawn for personal use.  |
| **Expense Accounts**  |
| **Account Title**  | **To Increase**  | **Description**  |
| Salaries/wages expense | Debit  | Expense incurred for the work performed by employees.  |
| Rent expense  | Debit  | Cost of occupying premises.  |
| Supplies expense  | Debit  | Cost of supplies.  |
| Utilities expense  | Debit  | Cost for electricity, water etc.  |
| **Revenue Accounts**  |
| **Account Title**  | **To Increase**  | **Description**  |
| Business revenue  | Credit  | Amount earned from business operations either cash or credit.  |
| Interest revenue  | Credit  | Interest earned on bank account, investments etc.  |