**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| Capital | Credit | Amount the owner invested in the business (cash or assets) plus earnings not withdrawn.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| Drawings | Debit | Amount that the owner has withdrawn for personal use.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. |