

BUSA 100 -Chapter 2: Rules of Debits and Credits
Expanded Fundamental Accounting Equation

Assets	=	Liabilities	+	Equity	+	Revenues	-	Expenses	
Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
+	-	-	+	-	+	-	+	+	-

Rules of Debits and Credits:

- Assets are increased by debits and decreased by credits.
- Liabilities are increased by credits and decreased by debits.
- Equity accounts are increased by credits and decreased by debits.
- Revenues are increased by credits and decreased by debits.
- Expenses are increased by debits and decreased by credits.

Debits must always equal credits after recording a transaction. ALWAYS!!!!!!!!!!!!!!

After recording transactions in T-Accounts. Foot them. Add up both sides. Then subtract the totals and put the final balance on the side that has the larger total.

Make sure all accounts have NORMAL Balances. (The normal balance of an account is the side that receives the increase.)