



DEBITS & CREDITS | HOW THEY WORK

<u>TYPE OF ACCOUNT</u>	<u>DEBIT</u>	<u>CREDIT</u>
Assets	INCR	DECR
Liabilities	DECR	INCR
Equity	DECR	INCR
Income	DECR	INCR
Expenses	INCR	DECR

DEBITS Defined

Entry on the **left side** of a Double-Entry Bookkeeping journal entry that represents an increase in an Asset or Expense account or the decrease in a Liability, Equity or Income account.

ACTION: *Increase balances in Asset & Expense accounts*

ACTION: *Decrease balances in Liability, Equity & Income accounts*

CREDITS Defined


Entry on the **right side** of a Double-Entry Bookkeeping journal entry that represents the decrease in an Asset or Expense account or the increase in a Liability, Equity or Income account.

ACTION: *Decrease balances in Asset & Expense accounts*

ACTION: *Increase balances in Liability, Equity & Income accounts*

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