CONCEPT: DEBITS AND CREDITS

● *Transaction* – you _____ something and you _____ something in return

    □ Every transaction will affect at least _____ accounts

    □ We use a system of *debits* and *credits* to account for transactions

    □ Every transaction must have an _____ amount of debits and credits

       - *Asset* and *Expense* accounts are increased with _____

       - *Liabilities, Equity,* and *Revenue* accounts are increased with _____

Increase with	**Increase with**
_____	_____
Assets	Liabilities
Expenses	Equity
	Revenues

EXAMPLE: Fun Times Happy Company purchased a machine for $50,000. Record the transaction.

Journal Entry:				
Assets	**=**	**Liabilities**	**+**	**Equity**

PRACTICE: The Goods Company purchased goods from its suppliers. The goods cost $20,000. Record the transaction.

Journal Entry:				
Assets	**=**	**Liabilities**	**+**	**Equity**