

Debits & Credits Cheat Sheet

The one page to keep next to your keyboard. Print it, pin it, stop second-guessing.

THE ACCOUNTING EQUATION

$$\text{Assets} = \text{Liabilities} + \text{Equity}$$

Every entry touches at least two accounts.
Total debits must equal total credits.

DEBIT (DR)

Left side

Increases what you **own** and what you **spend**.

CREDIT (CR)

Right side

Increases what you **owe** and what you **earn**.

THE FIVE ACCOUNT TYPES

ACCOUNT TYPE	DEBIT DOES	CREDIT DOES	NORMAL BALANCE	EXAMPLES
Assets	Increase	Decrease	Debit	Cash, accounts receivable, equipment
Liabilities	Decrease	Increase	Credit	Accounts payable, loans, credit cards
Equity	Decrease	Increase	Credit	Owner capital, retained earnings
Revenue	Decrease	Increase	Credit	Sales, service income, interest earned
Expenses	Increase	Decrease	Debit	Rent, wages, software, interest paid

REMEMBER IT AS DEALER

DEA / LER

- Draws, Expenses, Assets → increased by a **debit**
- Liabilities, Equity, Revenue → increased by a **credit**

Work in this order: name the account, find its type, then apply the row above. The type decides everything.

WORKED ENTRIES

Buy \$500 of office supplies with cash

Dr Office Supplies	500.00
Cr Cash	500.00

Client pays a \$3,000 invoice

Dr Cash	3,000.00
Cr Accounts Receivable	3,000.00

Loan payment: \$1,000 principal + \$200 interest

Dr Loan Payable	1,000.00
Dr Interest Expense	200.00
Cr Cash	1,200.00

CHECKING YOUR WORK

IF YOU SEE THIS	IT USUALLY MEANS
Trial balance is not zero	One side of an entry is missing, or an amount was keyed differently on each side.
An asset has a credit balance	Often correct for contra accounts such as accumulated depreciation. Otherwise, check the entry.
Revenue has a debit balance	Usually a refund, a returned sale, or a credit posted to the wrong account.
Difference divides evenly by 9	Classic sign of transposed digits, for example 540 entered as 450.

COMMON TRANSACTIONS, AT A GLANCE

WHEN THIS HAPPENS	DEBIT	CREDIT
You make a sale on credit	Accounts Receivable	Revenue
The customer pays that invoice	Cash	Accounts Receivable
A bill arrives, unpaid for now	The expense account	Accounts Payable
You pay that bill	Accounts Payable	Cash
You buy equipment with cash	Equipment (asset)	Cash
You take out a loan	Cash	Loan Payable
The owner puts money in	Cash	Owner Capital (equity)
The owner takes money out	Owner Draws	Cash
You record monthly depreciation	Depreciation Expense	Accumulated Depreciation