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