# Debits and Credits

<table>
<thead>
<tr>
<th>Types of Accounts to Debit</th>
<th>Types of Accounts to Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Debit</strong></td>
<td><strong>Credit</strong></td>
</tr>
<tr>
<td>Expenses</td>
<td>Revenues</td>
</tr>
<tr>
<td>Assets</td>
<td>Liabilities</td>
</tr>
<tr>
<td>Dividends</td>
<td>Stockholder’s Equity</td>
</tr>
</tbody>
</table>

- Expenses – Money owed for something used (i.e. Utilities expense, supplies expense)
- Assets – Something that can be turned into cash (i.e. Cash, supplies, prepaid insurance)
- Dividends – Money paid to stockholders
- Revenues – Money earned from services, products or interest
- Liabilities – Money owed (i.e. Accounts payable, interest payable)
- Stockholders Equity – Consisting of common stock and retained earnings

Note: To increase debit expenses, assets, and dividends and credit revenue, liabilities, and stockholders’ equity. To decrease, do the opposite.

# Accruals and Deferrals

## Accruals
- **Action** before Dollars
- The **Action** occurs before money exchanged
  - Examples:
    1. Eating at a restaurant – Eat before paying
    2. Utilities expense – The use of the utilities determines the amount billed
    3. Interest Revenue – Collected only after it is accrued

## Deferrals
- **Dollars** before action
- The **Dollars** are exchanged before the action
  - Examples:
    1. Ordering online – Payment is made prior to shipment of product
    2. Prepaid insurance – Insurance premiums are paid in advance
    3. Unearned service revenue – Customer pays prior to services rendered