**Accounting Tips**

**Debits and Credits**

**Types of Accounts to Debit**

**D**ebit

**E**xpenses

**A**ssets

**D**ividends

**Types of Accounts to Credit**

**C**redit

**R**evenues

**L**iabilities

**S**tockholder’s Equity

* 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**

* **A**ction 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**

* **D**ollars 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