ILuvAccounting

Debits & Credits Cheat Sheet

Every transaction touches at least two accounts. Get this right and your books will always balance.

The Golden Rule

Assets = Liabilities + Equity. This must be true after every single transaction. A journal entry's total debits must always equal its total credits — that's what keeps the equation balanced.

Normal Balances by Account Type

Account Type	Normal Balance	Debit Does	Credit Does
Assets	Debit	Increases	Decreases
Expenses	Debit	Increases	Decreases
Draws / Dividends	Debit	Increases	Decreases
Liabilities	Credit	Decreases	Increases
Equity	Credit	Decreases	Increases
Revenue	Credit	Decreases	Increases

Memory Trick

ADE = Assets, Draws, Expenses — these three have a normal **Debit** balance (a debit makes them go up). **LER** = Liabilities, Equity, Revenue — these three have a normal **Credit** balance (a credit makes them go up). If you remember ADE and LER, you can figure out the rest.

Worked Example

You pay $500 cash for office supplies. Office Supplies Expense goes up (an expense → debit), and Cash goes down (an asset going down → credit).

Account	Debit	Credit
Office Supplies Expense	$500	
Cash		$500

Quick Sanity Check

After recording any entry, add up all the debit amounts and all the credit amounts. If they don't match, you have an error — find it before moving on. Debits are always listed first (left), credits second (indented, right).