

Accounting Chapter 2 The Recording Process

ANY ASSET HAS A NORMAL DEBIT BALANCE. A DEBIT WILL INCREASE THE ACCOUNT AND A CREDIT WILL DECREASE THE ACCOUNT.

ANY LIABILITY HAS A NORMAL CREDIT BALANCE. A CREDIT WILL INCREASE THE ACCOUNT AND A DEBIT WILL DECREASE THE ACCOUNT.

COMMON STOCK HAS A NORMAL CREDIT BALANCE. A CREDIT WILL INCREASE THE ACCOUNT AND A DEBIT WILL DECREASE THE ACCOUNT.

RETAINED EARNINGS HAS A NORMAL CREDIT BALANCE. A CREDIT WILL INCREASE THE ACCOUNT AND A DEBIT WILL DECREASE THE ACCOUNT.

DIVIDENDS HAS A NORMAL DEBIT BALANCE. A DEBIT WILL INCREASE AN ACCOUNT AND A CREDIT WILL DECREASE THE ACCOUNT.

REVENUES HAS A NORMAL CREDIT BALANCE. A CREDIT WILL INCREASE AN ACCOUNT AND A DEBIT WILL DECREASE THE ACCOUNT.

EXPENSES HAS A NORMAL DEBIT BALANCE. A DEBIT WILL INCREASE AN ACCOUNT AND A CREDIT WILL INCREASE THE ACCOUNT.

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Hotel Accounting Inn Transactions

Jan. 2: The stockholders contributed \$25,000 cash in exchange for common stock

Cash 25,000

Common Stock 25,000

Jan 5: Purchased equipment for \$2,800

Equipment 2,800

Cash 2,800

Jan. 7: Rented 50 rooms and received \$5,000

Cash 5,000

Revenues 5,000

Jan. 10: Purchased supplies on account \$1,300

Supplies 1,300

Accounts Payable 1,300

Jan. 12: Group came, their bill was \$3,100 and their company will pay next week

Accounts Receivable 3,100

Revenue 3,100

Jan. 18: Paid for supplies purchased on 10th of January

Accounts Payable 1,300

Cash 1,300

Jan. 28: Paid salaries \$2,200 and Rent Expense \$400

Salary Expense 2,200

Rent Expense 400

Cash 2,600

Jan. 31: Paid dividends of \$300

Dividends 300

Cash 300

*This can now be posted into T-Account Format