

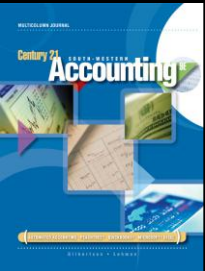
LESSON 2-1

Using T Accounts

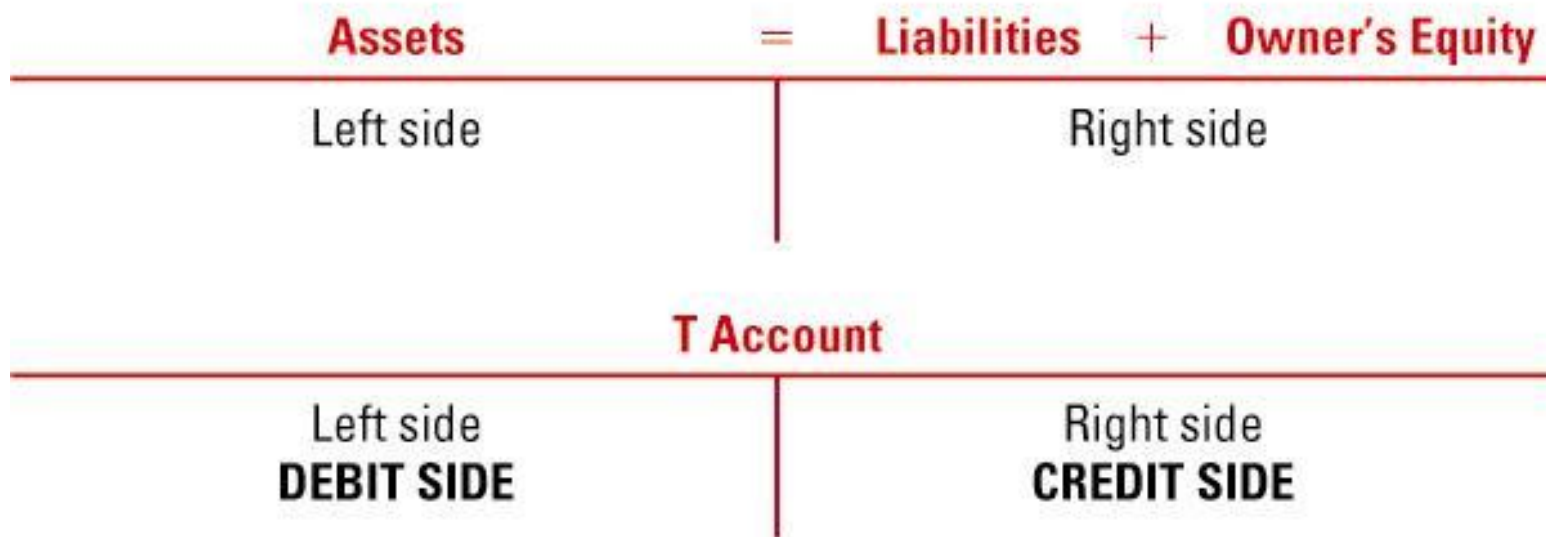
ANALYZING THE ACCOUNTING EQUATION

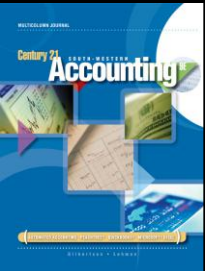
The diagram illustrates the accounting equation using a T-account structure. A horizontal red line is drawn across the page. Below this line, a vertical red line descends from the center, creating a T-shape. To the left of the vertical line, the word "Assets" is written in red above the word "Left side" in black. To the right of the vertical line, the words "Liabilities + Owner's Equity" are written in red above the words "Right side" in black. An equals sign "=" is positioned at the top center, between the "Assets" and "Liabilities + Owner's Equity" terms.

$$\begin{array}{ccc} \text{Assets} & = & \text{Liabilities} + \text{Owner's Equity} \\ \hline \text{Left side} & & \text{Right side} \end{array}$$



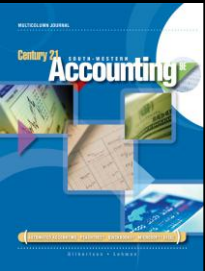
ACCOUNTS



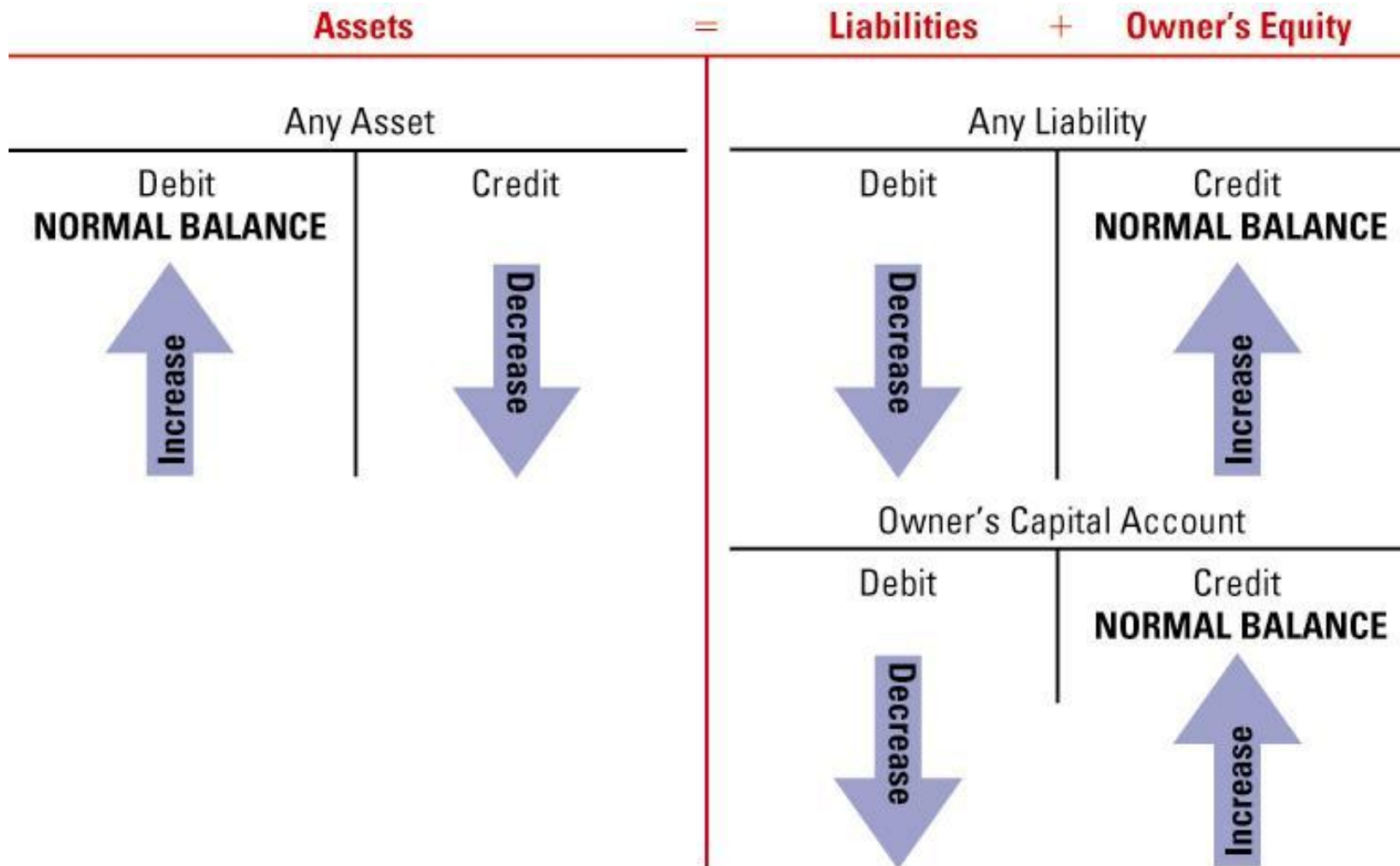


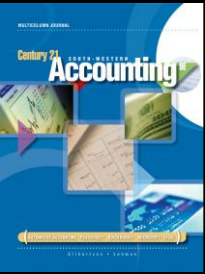
ACCOUNT BALANCES

Assets		=	Liabilities		+	Owner's Equity	
Any Asset			Any Liability				
Debit NORMAL BALANCE	Credit		Debit	Credit NORMAL BALANCE			
			Owner's Capital Account				
			Debit	Credit NORMAL BALANCE			



INCREASES AND DECREASES IN ACCOUNTS





TERMS REVIEW

page 31

- T account
- debit
- credit
- normal balance