

Lesson 2 — Debits, Credits & T-Accounts

Name: _____ Date: _____ Score: ____/25

Part A — Debit or Credit? (10 points)

For each account, indicate whether the account normally carries a Debit (Dr) or Credit (Cr) balance, and whether the given action increases or decreases it.

Account	Normal Balance	Action	Dr or Cr?
Cash		Owner invests cash	
Accounts Payable		Pay off a supplier bill	
Sales Revenue		Record a sale	
Rent Expense		Pay monthly rent	
Equipment		Purchase new laptop	

Part B — T-Account Exercise (10 points)

Record the following transactions in the Cash T-account and calculate the closing balance.

Transactions: (1) Owner invests \$15,000 (2) Pay rent \$2,000 (3) Receive customer payment \$4,500 (4) Purchase supplies \$800 (5) Pay salary \$3,200

DEBIT (Dr)	CREDIT (Cr)
Balance: \$	

Part C — Journal Entry (5 points)

A business buys office furniture for \$3,500 on credit. Write the journal entry:

Date	Account	Debit	Credit
	Narration:		