



Handout

Subject – Accountancy

Class - XI

Ch – Accounting Equation & Rules of Debit & Credit (Module 2/2)

This module covers the following topics-

Traditional Classification of Accounts:

Personal Accounts
Real Accounts
Nominal Accounts

Modern Classification of Accounts:

Assets
Liabilities
Capital
Revenues
Expenses

Rules of debit and credit: An account is divided into two sides. The left side of an account is known as debit and the credit. The rules of debit and credit depend on the nature of an account. Debit and Credit both represent either increase or decrease, depending on the nature of an account.

These rules are summarised as follows :

Name of an account	Debit	Credit
Assets	Increase	Decrease
Liabilities	Decrease	Increase
Capital	Decrease	Increase
Revenues	Decrease	Increase
Expenses	Increase	Decrease