



SUCCESS CENTER ACCOUNTING TIPS

Financial Accounting

Accounting Equations

Basic Equation

Assets	=	Liabilities	+	Stockholders' Equity ³			
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Expanded Basic Equation 1

Assets	=	Liabilities	+	Common Stock	+	Retained Earnings	-	Dividends	+	Net Income ¹
									-	or
									-	Net Loss ¹

Expanded Basic Equation 2

Assets	=	Liabilities	+	Common Stock	+	Retained Earnings	-	Dividends	+	Revenues	-	Expenses
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Debit/Credit Effects

Dr	Cr		Dr	Cr												
+	-		-	+		-	+		+	-		-	+		+	-

Retained Earnings Equation

Beginning Retained Earnings ²	+	Net Income ¹			-	Dividends	=	Ending Retained Earnings ^{2,3}
	-	Net Loss ¹						
	+	or						
	-	or						
	+	+	-	+				

1. The Net Income or Net Loss from the Income Statement goes in the Retained Earnings Statement.
2. The Retained Earnings Statement also includes Beginning Retained Earnings and Ending Retained Earnings
3. The Ending Retained Earnings from the Retained Earnings Statement goes to the Balance Sheet.

Indicates account Normal Balance