For bookkeeping, all debits and credits either increase or decrease an account balance. These basic relationships are summarized in the chart below:

Account Type	Debit	Credit
Assets	Increases	Decreases
Liability	Decreases	Increases
Stockholder's Equity	Decreases	Increases
Income	Decreases	Increases
Expense	Increases	Decreases

While the bookkeeping process for your business can be rather intricate, single debit and credit entries are really quite basic. For every entry, there is an equal and offsetting co-entry. Also keep in mind that the different types of accounts have both debits and credits depending on whether the account is increased or decreased (see the prior chart). Here are five examples of equal and offsetting general ledger entries for a sock manufacturing business:

General Ledger Entries

1. Purchasing a delivery truck	**Debit**	**Credit**
Cash (Asset)		$20,000
Fixed Asset (Asset)	$20,000	
2. Purchasing yarn on account to make the socks		
Accounts Payable (Liability)		$25,000
Inventory (Asset)	$25,000	
3. Selling a sock order to a customer on account		
Accounts Receivable (Asset)	$10,000	
Sales (Income)		$10,000
4. Collecting the account receivable		
from the same customer		
Accounts Receivable (Asset)		$10,000
Cash (Asset)	$10,000	
5. Funding payroll at the end of the month		
Payroll Expense (Expense)	$20,000	
Cash (Asset)		$20,000

General Ledger

Account ___________________ **Month** _______________________

Account # __________________ **General Ledger Number** ________

Date	Item	Transaction		Balance	
		Debit	Credit	Debit	Credit