

# Classification of Accounts

| <i>Account Title</i>                    | <i>Account Classification</i>             | <i>Normal Balance</i> | <i>Financial Statement</i>                    |
|---|---|-----------------------|---|
| Accounts Payable                        | Current liability                         | Credit                | Balance sheet                                 |
| Accounts Receivable                     | Current asset                             | Debit                 | Balance sheet                                 |
| Accumulated Depreciation                | Contra fixed asset                        | Credit                | Balance sheet                                 |
| Accumulated Depletion                   | Contra fixed asset                        | Credit                | Balance sheet                                 |
| Advertising Expense                     | Operating expense                         | Debit                 | Income statement                              |
| Allowance for Doubtful Accounts         | Contra current asset                      | Credit                | Balance sheet                                 |
| Amortization Expense                    | Operating expense                         | Debit                 | Income statement                              |
| Bonds Payable                           | Long-term liability                       | Credit                | Balance sheet                                 |
| Building                                | Fixed asset                               | Debit                 | Balance sheet                                 |
| _____ Capital                           | Owner's equity                            | Credit                | Statement of owner's equity/<br>Balance sheet |
| Capital Stock                           | Stockholders' equity                      | Credit                | Balance sheet                                 |
| Cash                                    | Current asset                             | Debit                 | Balance sheet                                 |
| Cash Dividends                          | Stockholders' equity                      | Debit                 | Retained earnings statement                   |
| Cash Dividends Payable                  | Current liability                         | Credit                | Balance sheet                                 |
| Common Stock                            | Stockholders' equity                      | Credit                | Balance sheet                                 |
| Cost of Merchandise (Goods)<br>Sold     | Cost of merchandise<br>(goods sold)       | Debit                 | Income statement                              |
| Deferred Income Tax Payable             | Current liability/Long-<br>term liability | Credit                | Balance sheet                                 |
| Depletion Expense                       | Operating expense                         | Debit                 | Income statement                              |
| Discount on Bonds Payable               | Long-term liability                       | Debit                 | Balance sheet                                 |
| Dividend Revenue                        | Other income                              | Credit                | Income statement                              |
| Dividends                               | Stockholders' equity                      | Debit                 | Retained earnings statement                   |
| _____ Drawing                           | Owner's equity                            | Debit                 | Statement of owner's equity                   |
| Employees Federal Income Tax<br>Payable | Current liability                         | Credit                | Balance sheet                                 |
| Equipment                               | Fixed asset                               | Debit                 | Balance sheet                                 |
| Exchange Gain                           | Other income                              | Credit                | Income statement                              |
| Exchange Loss                           | Other expense                             | Debit                 | Income statement                              |
| Factory Overhead (Overapplied)          | Deferred credit                           | Credit                | Balance sheet (interim)                       |
| Factory Overhead (Underapplied)         | Deferred debit                            | Debit                 | Balance sheet (interim)                       |
| Federal Income Tax Payable              | Current liability                         | Credit                | Balance sheet                                 |
| Federal Unemployment Tax<br>Payable     | Current liability                         | Credit                | Balance sheet                                 |
| Finished Goods                          | Current asset                             | Debit                 | Balance sheet                                 |
| Gain on Disposal of Fixed Assets        | Other income                              | Credit                | Income statement                              |
| Gain on Redemption of Bonds             | Other income                              | Credit                | Income statement                              |
| Gain on Sale of Investments             | Other income                              | Credit                | Income statement                              |
| Goodwill                                | Intangible asset                          | Debit                 | Balance sheet                                 |
| Income Tax Expense                      | Income tax                                | Debit                 | Income statement                              |
| Income Tax Payable                      | Current liability                         | Credit                | Balance sheet                                 |
| Insurance Expense                       | Operating expense                         | Debit                 | Income statement                              |
| Interest Expense                        | Other expense                             | Debit                 | Income statement                              |
| Interest Receivable                     | Current asset                             | Debit                 | Balance sheet                                 |
| Interest Revenue                        | Other income                              | Credit                | Income statement                              |
| Investment in Bonds                     | Investment                                | Debit                 | Balance sheet                                 |
| Investment in Stocks                    | Investment                                | Debit                 | Balance sheet                                 |
| Investment in Subsidiary                | Investment                                | Debit                 | Balance sheet                                 |
| Land                                    | Fixed asset                               | Debit                 | Balance sheet                                 |
| Loss on Disposal of Fixed Assets        | Other expense                             | Debit                 | Income statement                              |
| Loss on Redemption of Bonds             | Other expense                             | Debit                 | Income statement                              |
| Loss on Sale of Investments             | Other expense                             | Debit                 | Income statement                              |
| Marketable Securities                   | Current asset                             | Debit                 | Balance sheet                                 |
| Materials                               | Current asset                             | Debit                 | Balance sheet                                 |

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|---|--|-----------------------|---|
| Medicare Tax Payable                            | Current liability                      | Credit                | Balance sheet                             |
| Merchandise Inventory                           | Current asset/Cost of merchandise sold | Debit                 | Balance sheet/Income statement            |
| Notes Payable                                   | Current liability/Long-term liability  | Credit                | Balance sheet                             |
| Notes Receivable                                | Current asset/Investment               | Debit                 | Balance sheet                             |
| Organizational Expenses                         | Operating expense                      | Debit                 | Income statement                          |
| Patents   | Intangible asset                       | Debit                 | Balance sheet                             |
| Paid-In Capital from Sale of Treasury Stock     | Stockholders' equity                   | Credit                | Balance sheet                             |
| Paid-In Capital in Excess of Par (Stated Value) | Stockholders' equity                   | Credit                | Balance sheet                             |
| Payroll Tax Expense                             | Operating expense                      | Debit                 | Income statement                          |
| Pension Expense                                 | Operating expense                      | Debit                 | Income statement                          |
| Petty Cash                                      | Current asset                          | Debit                 | Balance sheet                             |
| Premium on Bonds Payable                        | Long-term liability                    | Credit                | Balance sheet                             |
| Prepaid Insurance                               | Current asset                          | Debit                 | Balance sheet                             |
| Prepaid Rent                                    | Current asset                          | Debit                 | Balance sheet                             |
| Preferred Stock                                 | Stockholders' equity                   | Credit                | Balance sheet                             |
| Purchases                                       | Cost of merchandise sold               | Debit                 | Income statement                          |
| Purchases Discounts                             | Cost of merchandise sold               | Credit                | Income statement                          |
| Purchases Returns and Allowances                | Cost of merchandise sold               | Credit                | Income statement                          |
| Rent Expense                                    | Operating expense                      | Debit                 | Income statement                          |
| Rent Revenue                                    | Other income                           | Credit                | Income statement                          |
| Retained Earnings                               | Stockholders' equity                   | Credit                | Balance sheet/Retained earnings statement |
| Salaries Expense                                | Operating expense                      | Debit                 | Income statement                          |
| Salaries Payable                                | Current liability                      | Credit                | Balance sheet                             |
| Sales   | Revenue from sales                     | Credit                | Income statement                          |
| Sales Discounts                                 | Revenue from sales                     | Debit                 | Income statement                          |
| Sales Returns and Allowances                    | Revenue from sales                     | Debit                 | Income statement                          |
| Sales Tax Payable                               | Current liability                      | Credit                | Balance sheet                             |
| Sinking Fund Cash                               | Investment                             | Debit                 | Balance sheet                             |
| Sinking Fund Investments                        | Investment                             | Debit                 | Balance sheet                             |
| Social Security Tax Payable                     | Current liability                      | Credit                | Balance sheet                             |
| State Unemployment Tax Payable                  | Current liability                      | Credit                | Balance sheet                             |
| Stock Dividends                                 | Stockholders' equity                   | Debit                 | Retained earnings statement               |
| Stock Dividends Distributable                   | Stockholders' equity                   | Credit                | Balance sheet                             |
| Supplies  | Current asset                          | Debit                 | Balance sheet                             |
| Supplies Expense                                | Operating expense                      | Debit                 | Income statement                          |
| Transportation In                               | Cost of merchandise sold               | Debit                 | Income statement                          |
| Transportation Out                              | Operating expense                      | Debit                 | Income statement                          |
| Treasury Stock                                  | Stockholders' equity                   | Debit                 | Balance sheet                             |
| Uncollectible Accounts Expense                  | Operating expense                      | Debit                 | Income statement                          |
| Unearned Rent                                   | Current liability                      | Credit                | Balance sheet                             |
| Utilities Expense                               | Operating expense                      | Debit                 | Income statement                          |
| Vacation Pay Expense                            | Operating expense                      | Debit                 | Income statement                          |
| Vacation Pay Payable                            | Current liability/Long-term liability  | Credit                | Balance sheet                             |
| Work in Process                                 | Current asset                          | Debit                 | Balance sheet                             |