Types of Accounts – Personal, Real and Nominal Accounts

Types of Accounts

The debit and credit accounts rules are based on three types of rules, which are also called as types of accounts in accounting. The different account types are

1. Personal Accounts
2. Real Accounts
3. Nominal Accounts

Personal Accounts

Personal accounts itself refer to a name of person and it represents an Individual or Company or any Organization.

E.g of Personal Accounts: Tutorial Kart’s Account, Customers account, etc.

Rules of Personal Accounts

If a person receive something in cash or goods, transaction will be debited and if a person gives something in cash or goods, than transaction will be credited.

- Debit the receiver
- Credit the giver

Example 1: TutorialKart paid $5,000 to ABC limited by Cheque.
Real Accounts

Real Accounts refer to assets owned or possessed by the business. This real account reveals the valuation and movement of assets that occurred between the firm and other parties. Assets can be real assets or intangible assets.

- E.g. of Real assets: Buildings, Furniture, Machines, etc.
- E.g. of Intangible assets: Goodwill, trademarks, etc

Rules of Real Accounts

The assets that are coming into the business, transactions will be debited. If the assets are going out of business, then the transactions will be credited.

- Debit what comes in
- Credit what goes out

Example 1: Purchased furniture on 10th June 2019 for $790 in Cash

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Amount</th>
<th>Amount</th>
<th>Rule Applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-Jun-19</td>
<td>Furniture A/c</td>
<td>5000</td>
<td></td>
<td>Debit what comes in</td>
</tr>
<tr>
<td>10-Jun-19</td>
<td>To Cash Account A/c</td>
<td>5000</td>
<td></td>
<td>Credit what goes out</td>
</tr>
</tbody>
</table>

Nominal Accounts

Nominal accounts are temporary accounts that relate to incomes, expenses, revenues, and losses of business. Nominal accounts are mainly used to track the amount of income earned and expenses/costs incurred. It records all expenses and incomes which are not carried forward to future.

- E.g. of Nominal Accounts: Sales, cost of goods, rent, interest, etc

Rules of Nominal Accounts

The expenses and losses of business transactions are debited, and the gains and profits of business are credited.
- Debit all expenses and losses
- Credit all gains and profits.

Example 1: Purchase of goods for $2,000 in Cash.

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Amount</th>
<th>Amount</th>
<th>Rule Applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-Jun-19</td>
<td>Goods A/c</td>
<td>2000</td>
<td></td>
<td>Debit all expenses</td>
</tr>
<tr>
<td>10-Jun-19</td>
<td>To Cash Account A/c</td>
<td>2000</td>
<td></td>
<td>Real A/c – what goes out</td>
</tr>
</tbody>
</table>

**Accounting Tutorial**

- Home - Accounting Tutorial
- Accounting - What is Accounting
- Accounting - What is an Account
- Accounting - Accounting Cycle
- Accounting - Accounting Equation
- Accounting - Debit and Credit
- Accounting - Double Entry System

⇒ **Accounting - Types of Accounts**
- Accounting - Golden Rules of Accounting
- Accounting - General Ledger Accounting
- Accounting - Chart of Accounts
- Accounting - Journal Entries
- Accounting - How to post ledger
- Accounting - Contra Accounts
- Accounting - Subsidiary Books
- Accounting - Trial Balances
- Accounting - Prepare Trial Balances
- Accounting - Adjusting Entries
- Accounting - Final Accounts
- Accounting - Balance Sheet
- Accounting - Income Statement
- Accounting - Profit & Loss Accounts
## Accounting Useful Resources

- SAP Tutorials
- Tally Tutorials