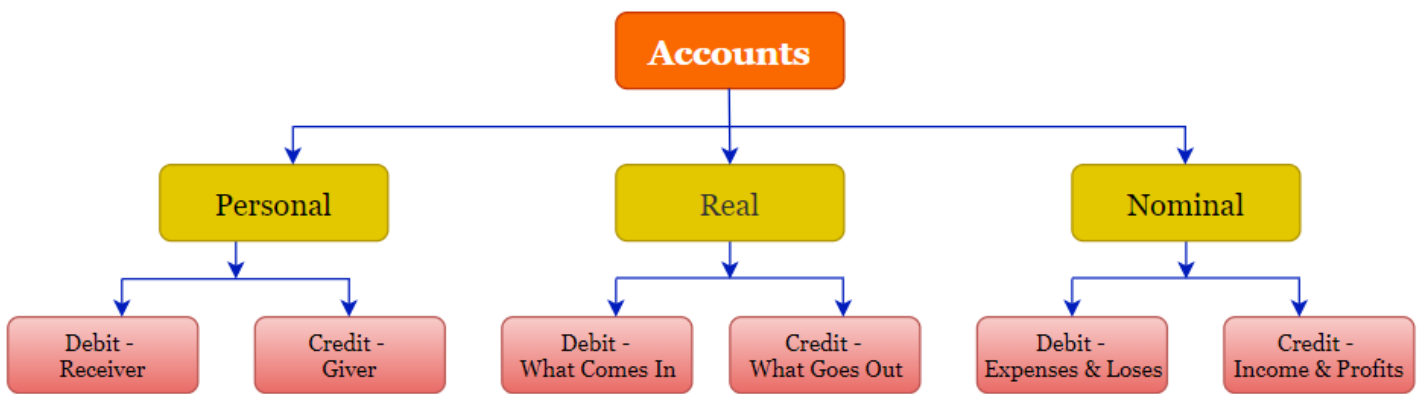


Types of Accounts – Personal, Real and Nominal Accounts

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.**

Date	Particulars	Amount	Amount	Rule Applied
20-Jun-19	ABC Limited	5000		Debit the Receiver

Real Accounts

Real Accounts refer to an assets owned or possessed by business. This real accounts reveals the valuation and movement of assets that occurred between 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 in to business, transaction will be debited. If the assets are going out of business, than the transaction will be credited.

- Debit what comes in
- Credit what goes out

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

Date	Particulars	Amount	Amount	Rule Applied
10-Jun-19	Furniture A/c	5000		Debit what comes in
	To Cas Account A/c		5000	Credit what goes out

Nominal Accounts

Nominal accounts are temporary accounts that related to incomes, expenses. revenues and losses of business. Nominal accounts are mainly deal with 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.

Date	Particulars	Amount	Amount	Rule Applied
10-Jun-19	Goods A/c	2000		Debit all expenses
	To Cash Account A/c		2000	Real A/c – what goes out

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