**Activity 2.1.4 – Quiz on Normal Balance Side and “T” Accounts - KEY**

1. What is the accounting equation, written in the form used most often?

Assets = Liabilities + Capital

1. What is a “T” account used for and why?

To assist in analyzing an account, because it shows the left and right side so clearly.

1. If the left side is the debit side, what is the right side called? Credit side
2. What type or classification of accounts normally has a debit balance?

Asset

1. What type or classification of accounts normally has a credit balance?

Liabilities and Owner’s Equity (Capital)

1. How do you decrease an asset account? Credit the account
2. How do you decrease a liability account? Debit the account
3. Explain why the owner’s equity account is decreased with a debit.

The owner’s equity account is on the right side of the accounting equation and therefore has a normal balance side of credit. It has to be decreased by doing the opposite which is to debit the account.