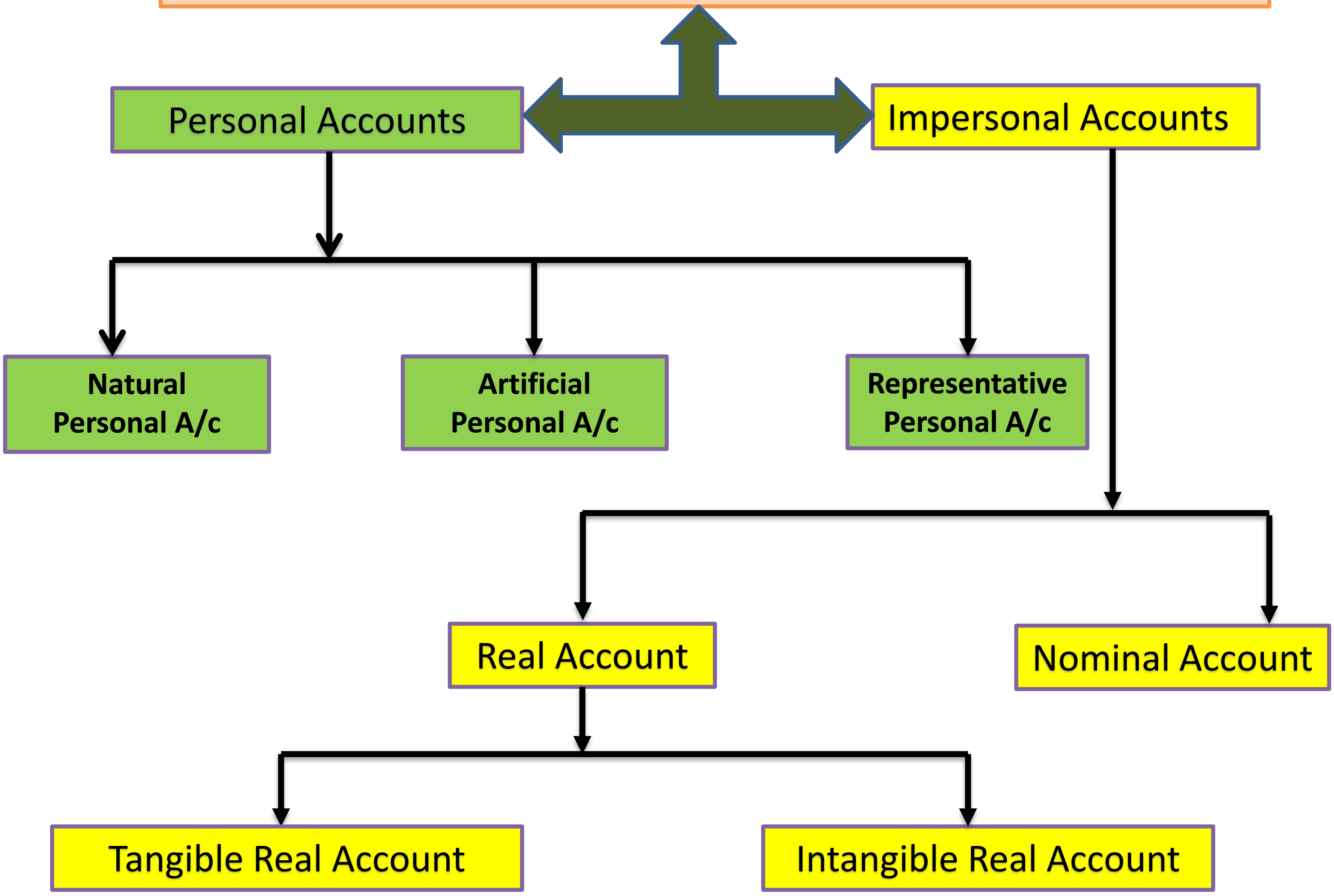
Types of account
&
Golden rules of accounting

Types of Account



Personal Accounts:

These are the accounts which are related to person, institution or companies.

Personal account are classified into three types:

1. Natural personal A/c – Ram A/c, Krishna A/c, Anil A/c etc.
2. Artificial Personal A/c – Google A/c, SBI A/c, Maruti A/c etc.
3. Representative Personal A/c - Capital A/c, Outstanding salary A/c etc.

Impersonal Accounts:

Accounts which is not related to person is called Impersonal accounts. These are divided into two types –

1. Real A/c 2. Nominal A/c

1. **Real Account:** Real accounts deals with all tangible & intangible assets of a company

   a) Tangible assets: tangible assets are the assets which can be seen, touched & felt physically. E.g.: building, machinery, stock etc.

   b) Intangible assets: Intangible assets are those which are not seen, touched & felt physically. E.g.: Goodwill , patents , Copyrights etc.

2. **Nominal Account:** The accounts related to expenses, income, losses or gain are called Nominal account E.g.: Sale, Purchase, Salary , Interest & Profit etc.

Debit & Credit:

Debit & Credit has no meaning at all. These are mere action symbols which represents two sides of accounts. One side is debit another side credit. Mainly these are used to follow the golden rule of accounts.

Golden rules of accounting:

A. Personal Account:

a. Debit	The Receiver
b. Credit	The Giver

A. Real Account:

a. Debit	What comes in
b. Credit	What goes out

A. Nominal Account:

a. Debit	All Expenses and Losses
b. Credit	All incomes and Gains

Example :

Personal Account

Q. Paid ABC Pvt. Ltd. Rs.10,000 by cheque.

ABC Pvt. Ltd.	Personal A/C	Receiver	Debit(Dr)
Bank	Personal A/C	Giver	Credit(Cr)

Real Account

Q. Purchase machinery Rs. 5,000 in cash.

Machinery	Real A/c	Comes in	Debit(Dr)
Cash	Real A/c	Goes out	Credit(Cr)

Nominal Account

Q. Salaries paid to staff Rs. 10000

Salary	**Nominal A/c**	**All expenses and losses**	**Debit(Dr)**
cash	**Real A/c**	**Goes out**	**Credit(Cr)**