

# Journal Entry (JE) Debit and Credit Convention

The Finance System is a double-entry accounting system. This means that entries of equal and opposite amounts are made to the Finance System for each transaction. As a matter of accounting convention, these equal and opposite entries are referred to as a debit (Dr) entry and a credit (Cr) entry. For every debit that is recorded, there must be an equal amount (or sum of amounts) entered as a credit. For example, if there are debit entries which total \$100, then all credit entries must total (\$100).

Note: It is not the number of debit entries that needs to be the same as the number of credit entries. It is the dollar amount of the debit entries which must be equal to the dollar amount of the credit entries, i.e., there might be two debit entries totaling \$100 and three credit entries totaling (\$100). By insuring that the debit amounts always equal the credit amounts, the finance system remains in balance.

When processing transactions within the Finance System, debits and credits must be entered into the amount field of the task pages. This is done by using the accounting sign that will have the desired impact on the account and on the subsequent financial statements. When working in the Finance System panels, a debit entry requires no special notation. For a credit entry, place a minus sign, (-) in front of the number in the amount field. For example, -\$100.00.

The illustration below demonstrates the use of the debit and credit convention for an online journal entry.

Header	Lines	Totals	Errors	Approval																																	
Unit UCOLO	Journal ID NEXT	Date 09/14/2022																																			
Template List		Change Values																																			
Inter/IntraUnit	*Process Edit Journal	Process																																			
<table border="1"> <thead> <tr> <th>Select</th> <th>Line</th> <th>*Unit</th> <th>*Ledger</th> <th>SpeedType</th> <th>Fund</th> <th>Org</th> <th>Program</th> <th>Account</th> <th>Amount</th> <th>Journal Line Description</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/></td> <td>1</td> <td>UCOLO</td> <td>ACTUALS</td> <td>11026333</td> <td>10</td> <td>10585</td> <td>17640</td> <td>700100</td> <td>-100.00</td> <td>Employee Travel - In State</td> </tr> <tr> <td><input type="checkbox"/></td> <td>2</td> <td>UCOLO</td> <td>ACTUALS</td> <td>11026333</td> <td>10</td> <td>10585</td> <td>17640</td> <td>700200</td> <td>100.00</td> <td>Employee Travel - Out-of-state</td> </tr> </tbody> </table>					Select	Line	*Unit	*Ledger	SpeedType	Fund	Org	Program	Account	Amount	Journal Line Description	<input type="checkbox"/>	1	UCOLO	ACTUALS	11026333	10	10585	17640	700100	-100.00	Employee Travel - In State	<input type="checkbox"/>	2	UCOLO	ACTUALS	11026333	10	10585	17640	700200	100.00	Employee Travel - Out-of-state
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**Credit Entry (-100.00)** is reducing the amount of expense recorded in the account for Employee In-State Travel.

**Debit Entry (100.00)** is increasing the amount of expense recorded in the account for Employee Out-of-State Travel.

The following chart lists common accounting transactions and indicates whether the associated dollar amount should normally be a debit or a credit.

Type of Account	Normal Balance or Natural Sign for this Account	Transaction Description (What debits and credits do)	
Asset	Dr	Dr	Increase the amount of an Asset.
		Cr	Decrease the amount of an Asset
Liability	Cr	Cr	Increase the amount of a Liability
		Dr	Decrease the amount of a Liability
Revenue	Cr	Cr	Increase the amount of Revenue
		Dr	Decrease the amount of Revenue
Expense	Dr	Dr	Increase the amount of Expense
		Cr	Decrease the amount of Expense
Transfers IN	Cr	Cr	Increase the amount of a Transfer IN
		Dr	Decrease the amount of a Transfer IN
Transfers OUT	Dr	Dr	Increase the amount of a Transfer OUT
		Cr	Decrease the amount of a Transfer OUT

## Questions?



[accounting@colorado.edu](mailto:accounting@colorado.edu)



[colorado.edu/controller](https://colorado.edu/controller)