Debit and Credits

TWO accountants, John and Mary, were given the task of auditing the trial balance of a small privately run company. The need to review all journal entries, especially and made with a debit card. So John and Mary got together to decide what was the easiest way to get through the entries. John suggested that he take the debits and Mary take the credits. But if there were more debits, then it would take more time for John. So Mary suggested that the debits be the last to review. John said …wait a minute…why don’t’ you take the debit card entries and I will take the credit card entries. Mary said, well there will be more debits than that. Why don’t you take the credits for the balance sheet and I will take the credits for the Income statement.

At this point their supervisor me in and asked if they had anything settled on debit card entries? Mary said, no they had not decided which they should take, debit card entries, or just debit entries. That would leave what to do with the credits. So the supervisor asked, will the debit card entries be a debit or a credit? So John said, it will depend if it is a balance sheet entry or an income statement entry. Mary said that maybe they should focus on all debits. The supervisor said, do you two know anything about debits and credits? Oh My were John and Mary upset. John said of course we know about credits and debits. You should give us a little credit for that.

Mary suggested that they take a break. John said ok, I need to go find an ATM to swipe my debit card. Mary said that she would also use her debit card. They got to the ATM and John swiped his debit card and it asked if it was a credit or a debit? He pushed debit. He punched in a debit of $50.00 and the machine printed put a statement that showed it credited his account. Mary said, maybe I should just use my credit card. Mary swiped her credit card and the machine asked how much to credit. She keyed in $40.00. She received a statement with a $40.00 debit to her credit card.

They went back to the office to decide how to handle the entries. John said lets take a look to see how many debit card entries there are. Mary said, good idea, she counted the debit card entries. John then said let’s also count all debit entries because some of the entries could be credits and some to the credit cards entries could be debits.

The supervisor said, this is ridiculous. John will do all debit entries and Mary will do all credit entries.