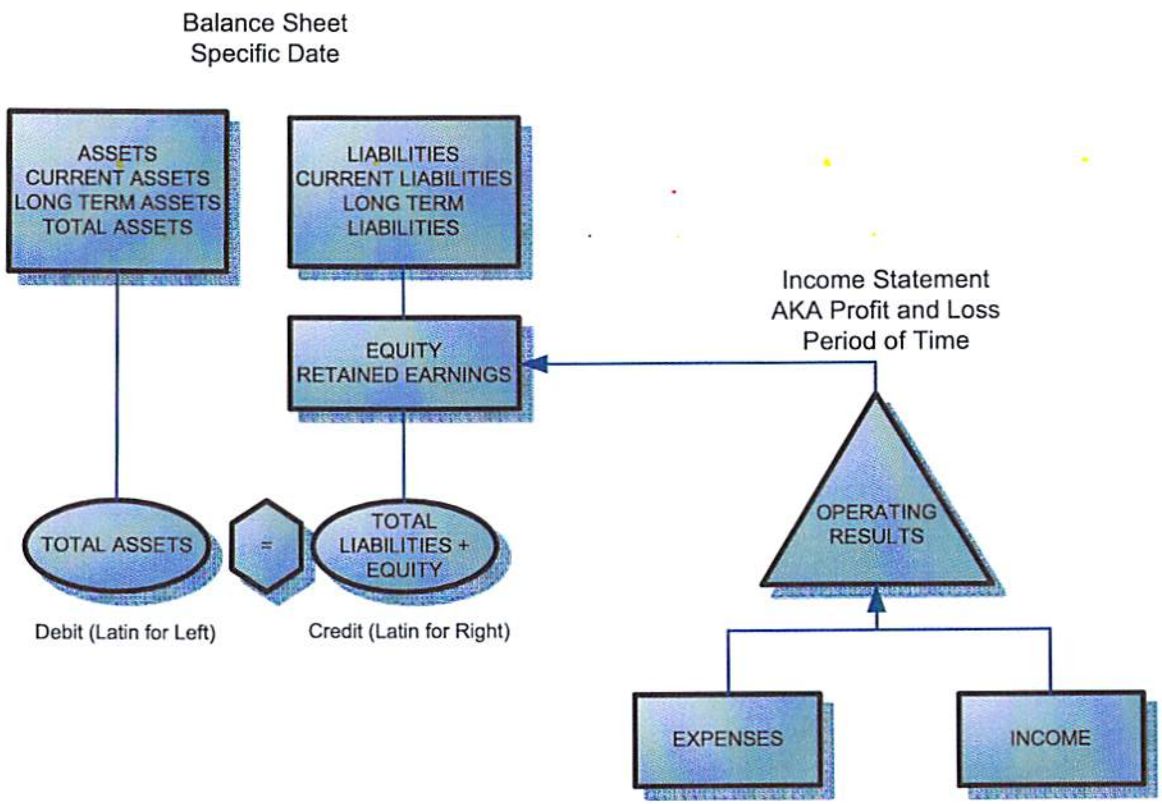

In accounting, one of the things that confuses people are the terms "Debit" is Latin for left and "Credit" is Latin for right.

The accounting formula is Assets (Debits) = (Credits) Liabilities + Equity. Assets, Liabilities and Equity are the balance sheet accounts (permanent accounts)

Looking at the graphics. Note the Equity account has an arrow pointing from the income statement. This is because the accounts on the income statement (AKA Profit and Loss) are what's known as temporary accounts whose totals flow into owners' equity.