

Study Guide 5

Name	Perfect Score	Your Score
Identifying Accounting Terms	8 Pts.	
Identifying Accounting Concepts and Practices	16 Pts.	
Identifying Accounting Concepts	10 Pts.	
Analyzing Posting from a Journal to a General Ledger	16 Pts.	
Total	50 Pts.	

Part One—Identifying Accounting Terms

Directions: Select the one term in Column I that best fits each definition in Column II. Print the letter identifying your choice in the Answers column.

Column I

Column II

Answers

- | | | |
|-----------------------|--|----------|
| A. account number | 1. A group of accounts. (p. 97) | 1. _____ |
| B. correcting entry | 2. A ledger that contains all accounts needed to prepare financial statements. (p. 97) | 2. _____ |
| C. file maintenance | 3. The number assigned to an account. (p. 97) | 3. _____ |
| D. general ledger | 4. The procedure for arranging accounts in a general ledger, assigning account numbers, and keeping records current. (p. 98) | 4. _____ |
| E. ledger | 5. Writing an account title and number on the heading of an account. (p. 99) | 5. _____ |
| F. opening an account | 6. Transferring information from a journal entry to a ledger account. (p. 101) | 6. _____ |
| G. posting | 7. Determining that the amount of cash agrees with the balance of the cash account in the accounting records. (p. 109) | 7. _____ |
| H. proving cash | 8. A journal entry made to correct an error in the ledger. (p. 109) | 8. _____ |

Part Two—Identifying Accounting Concepts and Practices

Directions: Place a *T* for True or an *F* for False in the Answers column to show whether each of the following statements is true or false.

Answers

- | | |
|--|-----------|
| 1. Because an account form has columns for the debit and credit balance of an account, it is often referred to as the balance-ruled account form. (p. 96) | 1. _____ |
| 2. The asset division accounts for Encore Music are numbered in the 100s. (p. 97) | 2. _____ |
| 3. The cash account is the first asset account and is numbered 110. (p. 97) | 3. _____ |
| 4. The second division of Encore Music's chart of accounts is the owner's equity division. (p. 97) | 4. _____ |
| 5. The first digit of account numbers for accounts in the owner's equity ledger division is 3. (p. 97) | 5. _____ |
| 6. The last two digits in a 3-digit account number indicate the general ledger division of the account. (p. 97) | 6. _____ |
| 7. When adding a new expense account between accounts numbered 510 and 520, the new account is assigned the account number 515. (p. 98) | 7. _____ |
| 8. Encore Music arranges expense accounts in chronological order in its general ledger. (p. 98) | 8. _____ |
| 9. The two steps for opening an account are writing the account title and recording the balance. (p. 99) | 9. _____ |
| 10. Each amount in the Debit and Credit columns in a general journal is posted to the account written in the Account Title column. (p. 101) | 10. _____ |
| 11. The posting reference should always be recorded in the journal's Post. Ref. column before amounts are recorded in the ledger. (p. 101) | 11. _____ |
| 12. The only reason for the Post. Ref. columns of the journal and general ledger is to indicate which entries in the journal still need to be posted if posting is interrupted. (p. 101) | 12. _____ |
| 13. The steps for posting are to write the date, journal page number, amount, and balance. (p. 101) | 13. _____ |
| 14. If the previous account balance and the current entry posted to an account are both debits, the new account balance is a debit. (p. 103) | 14. _____ |
| 15. When all posting is completed, the journal's Post. Ref. column is completely filled. (p. 104) | 15. _____ |
| 16. Cash is proved by comparing the cash balance shown in the checkbook with the cash balance in the general ledger cash account. (p. 109) | 16. _____ |

Name _____

Part Three—Identifying Accounting Concepts

Directions: Place a check mark in the proper Answers column to show whether each of the following statements is best described as a debit or a credit.

Answers
Debit Credit

- | | | |
|---|-------|-------|
| 1. Normal balance of Cash. (p. 101) | _____ | _____ |
| 2. Normal balance of owner's capital account. (p. 102) | _____ | _____ |
| 3. Account balance column in which the account balance is recorded when the only entry is a credit. (p. 102) | _____ | _____ |
| 4. Balance column in the capital account after an initial investment is posted. (p. 102) | _____ | _____ |
| 5. Normal balance of Supplies. (p. 103) | _____ | _____ |
| <hr/> | | |
| 6. Column in the accounts payable account in which an entry for supplies bought on account is posted. (p. 103) | _____ | _____ |
| 7. Account balance column in which the new account balance is recorded when the previous balance is a debit of \$500.00 and the current entry is a credit of \$200.00. (p. 103) | _____ | _____ |
| 8. Normal balance of Sales. (p. 108) | _____ | _____ |
| 9. Normal balance of Rent Expense. (p. 108) | _____ | _____ |
| 10. Balance column in the cash account which is compared with the checkbook to prove cash. (p. 109) | _____ | _____ |

Part Four—Analyzing Posting from a Journal to a General Ledger

Directions: In the journal below, some items are identified with capital letters. In the general ledger accounts, locations to which items are posted are identified with numbers. For each number in a general ledger account, select the letter in the journal that will be posted to the account. Print the letter identifying your choice in the Answers column. (pp. 101–103)

GENERAL JOURNAL						PAGE A	
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT		
1 20-- May	2 Cash	R1		1 000 00		1	
2	Adam Oliver, Capital				1 000 00	2	
3	4 Supplies	M1		2 000 00		3	
4	Accounts Payable—Premier Supplies				2 000 00	4	
5	6 Prepaid Insurance	C1		5 000 00		5	
6	Cash				5 000 00	6	
7 B C D		E				7	

ACCOUNT Cash				ACCOUNT NO. 110			
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
1 2		3					

ACCOUNT Supplies				ACCOUNT NO. 120			
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
5 6		7					

ACCOUNT Prepaid Insurance				ACCOUNT NO. 130			
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
9 10		11					

ACCOUNT Accounts Payable—Premier Supplies				ACCOUNT NO. 210			
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE		
					DEBIT	CREDIT	
13 14		15					

Bold Numbers in Ledger Accounts

Answers

1.

2.

3.

4.

5.

6.

7.

8.

9.

10.

11.

12.

13.

14.

15.

16.