

# Study Guide 11

Name	Perfect Score	Your Score
Identifying Accounting Terms	11 Pts.	
Analyzing Accounting Concepts and Practices	20 Pts.	
Analyzing Transactions Recorded in Journals	15 Pts.	
<b>Total</b>	<b>46 Pts.</b>	

## 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.

<b>Column I</b>	<b>Column II</b>	<b>Answers</b>
A. board of directors	1. A journal with two amount columns in which all kinds of entries can be recorded. (p. 320)	1. _____
B. credit memorandum	2. Credit allowed for the purchase price of returned merchandise, resulting in a decrease in the customer's account payable to the vendor. (p. 322)	2. _____
C. debit memorandum	3. Credit allowed for part of the purchase price of merchandise that is not returned, resulting in a decrease in the customer's account payable to the vendor. (p. 322)	3. _____
D. declaring a dividend	4. A form prepared by the customer showing the price deduction taken by the customer for a return or an allowance. (p. 322)	4. _____
E. dividends	5. Credit allowed to a customer for the sales price of returned merchandise, resulting in a decrease in the accounts receivable of the merchandising business. (p. 327)	5. _____
F. general journal	6. Credit allowed to a customer for part of the sales price of merchandise that is not returned, resulting in a decrease in the accounts receivable of the merchandising business. (p. 327)	6. _____
G. purchases allowance	7. A form prepared by the vendor showing the amount deducted for returns and allowances. (p. 327)	7. _____
H. purchases return	8. An amount earned by a corporation and not yet distributed to stockholders. (p. 332)	8. _____
I. retained earnings	9. Earnings distributed to stockholders. (p. 332)	9. _____
J. sales allowance	10. A group of persons elected by the stockholders to govern a corporation. (p. 333)	10. _____
K. sales return	11. Action by a board of directors to distribute corporate earnings to stockholders. (p. 333)	11. _____

## Part Two—Analyzing 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.

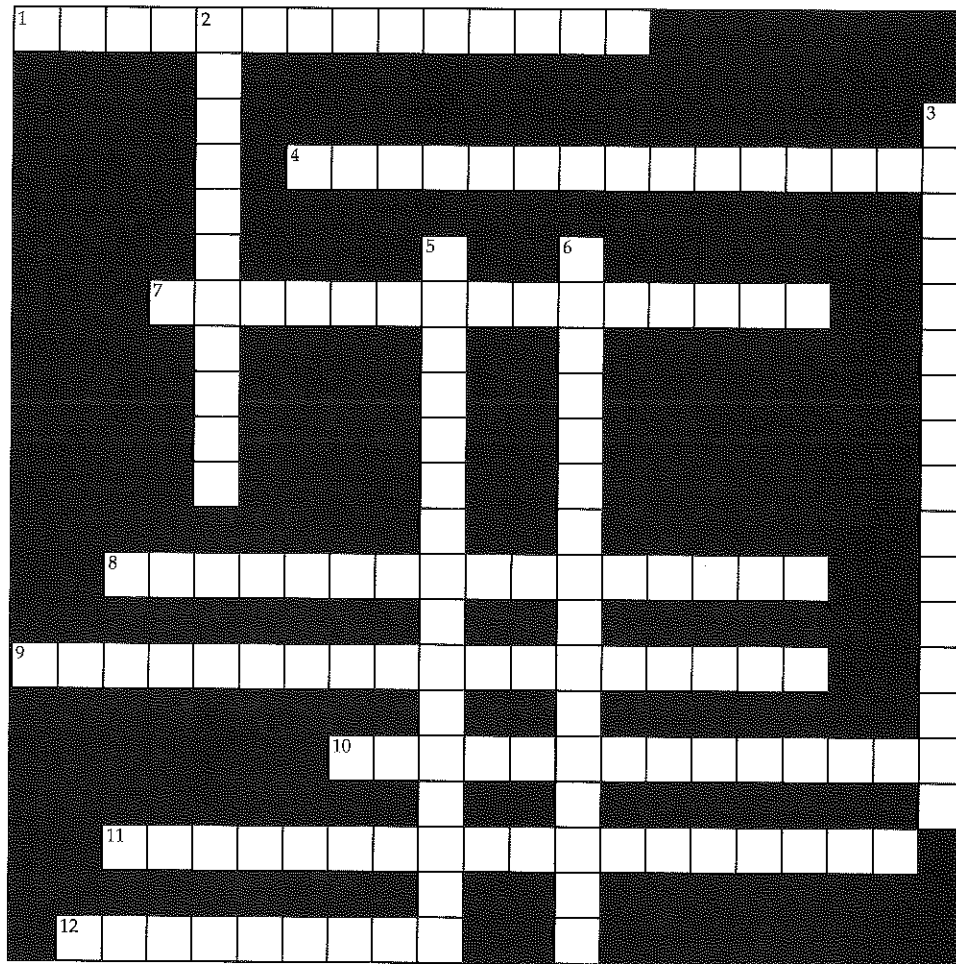
	<b>Answers</b>
1. Transactions that cannot be recorded in a special journal are recorded in a general journal. (p. 320)	1. _____
2. A general journal entry posted to Accounts Payable will also be posted to a subsidiary ledger account. (p. 321)	2. _____
3. Credit allowed for part of the purchase price of merchandise that is not returned results in an increase in the customer's account. (p. 322)	3. _____
4. A debit memorandum prepared by a customer results in the customer recording a debit to the vendor account. (p. 322)	4. _____
5. An entry recorded in a general journal will either increase all accounts or decrease all accounts affected by the entry. (p. 323)	5. _____
6. The normal account balance of Purchases Returns and Allowances is a debit. (p. 323)	6. _____
7. An entry in the general journal that affects Accounts Payable also affects a vendor's account in the accounts payable ledger. (p. 324)	7. _____
8. In a computerized accounting system, transactions recorded in a general journal are posted immediately after they are entered. (p. 325)	8. _____
9. A completed general journal page should always be reviewed to be sure that all postings have been made. (p. 325)	9. _____
10. A credit memorandum issued by a vendor results in the vendor recording a debit to the customer's account. (p. 327)	10. _____
11. The normal account balance of Sales Returns and Allowances is a debit. (p. 327)	11. _____
12. A sales return that credits the customer's account is not recorded in a cash receipts journal because the transaction does not involve cash. (p. 328)	12. _____
13. Entries in the general journal only affect account balances in general ledger accounts. (p. 329)	13. _____
14. The correcting entry to correct a sale on account recorded to the wrong customer in the sales journal involves only subsidiary ledger accounts. (p. 330)	14. _____
15. Net income increases a corporation's total stockholders' equity. (p. 332)	15. _____
16. A corporation's Dividends account is a permanent account similar to a proprietorship's drawing account. (p. 332)	16. _____
17. Dividends can be distributed to stockholders only by formal action of a corporation's chief financial officer. (p. 333)	17. _____
18. All corporations are required to declare dividends. (p. 333)	18. _____
19. The stockholders' equity account, Dividends, has a normal debit balance. (p. 333)	19. _____
20. Most corporations pay a dividend by writing a single check to an agent, such as a bank, that distributes checks to individual stockholders. (p. 334)	20. _____

**Part Three—Analyzing Transactions Recorded in Journals**

**Directions:** In Answers Column 1, print the abbreviation for the journal in which each transaction is to be recorded. In Answers Columns 2 and 3, print the letters identifying the subsidiary and general ledger accounts to be debited and credited for each transaction.

GJ—General journal; CPJ—Cash payments journal

<b>Account Titles</b>	<b>Transactions</b>	<b>Answers</b>		
		<b>1</b> <b>Journal</b>	<b>2</b> <b>Debit</b>	<b>3</b> <b>Credit</b>
A. Accounts Payable	1-2-3. Bought office supplies on account from Walton Supply. (p. 321)	1. _____	2. _____	3. _____
B. Accounts Receivable				
C. Cash	4-5-6. Returned merchandise to Yeats Corporation. (p. 323)	4. _____	5. _____	6. _____
D. Dividends				
E. Dividends Payable	7-8-9. Granted credit to Tim Thorton for merchandise returned, plus sales tax. (p. 328)	7. _____	8. _____	9. _____
F. Purchases				
G. Purchases Returns and Allowances	10-11-12. The board of directors declared a quarterly dividend. (p. 333)	10. _____	11. _____	12. _____
H. Sales				
I. Sales Return and Allowances	13-14-15. Paid cash for quarterly dividend declared December 15. (p. 334)	13. _____	14. _____	15. _____
J. Sales Tax Payable				
K. Supplies—Office				
L. Tim Thorton				
M. Walton Supply				
N. Yeats Corporation				



### Across

1. Credit allowed to a customer for part of the sales price of merchandise that is not returned, resulting in a decrease in the accounts receivable of the merchandising business.
4. Credit allowed for the purchase price of returned merchandise, resulting in a decrease in the customer's account.
7. A form prepared by the customer showing the price deduction taken by the customer for a return or an allowance.
8. A group of persons elected by the stockholders to govern a corporation.
9. Credit allowed for part of the purchase price of merchandise that is not returned, resulting in a decrease in the customer's account.
10. A journal with two amount columns in which all kinds of entries can be recorded.
11. Action by a board of directors to distribute corporate earnings to stockholders.
12. Earnings distributed to stockholders.

### Down

2. Credit allowed to a customer for the sales price of returned merchandise, resulting in a decrease in the accounts receivable of the merchandising business.
3. Processes and procedures employed within a business to ensure that its operations are conducted ethically, accurately, and reliably.
5. An amount earned by a corporation and not yet distributed to stockholders.
6. A form prepared by the vendor showing the amount deducted for returns and allowances.