

# Study Guide 3

Name	Perfect Score	Your Score
Identifying Accounting Terms	10 Pts.	
Identifying Accounting Concepts and Practices	20 Pts.	
Recording Transactions in a General Journal	20 Pts.	
<b>Total</b>	<b>50 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. check	1. A form for recording transactions in chronological order. (p. 58)	1. _____
B. double-entry accounting	2. Recording transactions in a journal. (p. 58)	2. _____
C. entry	3. Information for each transaction recorded in a journal. (p. 59)	3. _____
D. invoice	4. The recording of debit and credit parts of a transaction. (p. 59)	4. _____
E. journal	5. A business paper from which information is obtained for a journal entry. (p. 59)	5. _____
F. journalizing	6. A business form ordering a bank to pay cash from a bank account. (p. 60)	6. _____
G. memorandum	7. A form describing the goods or services sold, the quantity, the price, and the terms of sale. (p. 60)	7. _____
H. receipt	8. An invoice used as a source document for recording a sale on account. (p. 60)	8. _____
I. sales invoice	9. A business form giving written acknowledgement for cash received. (p. 61)	9. _____
J. source document	10. A form on which a brief message is written to describe a transaction. (p. 61)	10. _____

## 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.

	<b>Answers</b>
1. Information in a journal includes the debit and credit parts of each transaction recorded in one place. (p. 59)	1. _____
2. The Objective Evidence accounting concept requires that there be proof that a transaction did occur. (p. 59)	2. _____
3. Examples of source documents include checks, sales invoices, receipts, and memorandums. (p. 59)	3. _____
4. A memorandum is the source document used when items are paid in cash. (p. 61)	4. _____
5. A receipt is the source document for cash received from transactions other than sales. (p. 61)	5. _____
6. A calculator tape is the source document for daily cash sales. (p. 61)	6. _____
7. The accounts affected when cash is received from the owner as an investment are Cash and Sales. (p. 62)	7. _____
8. When cash is paid for supplies, the Cash account is debited. (p. 63)	8. _____
9. When cash is used to pay for insurance, the asset account Prepaid Insurance increases. (p. 65)	9. _____
10. The source document used when supplies are ordered by telephone on account is a memorandum. (p. 66)	10. _____
11. The source document used when supplies bought on account are paid for is a receipt. (p. 67)	11. _____
12. When cash is received from sales, both the Cash account and the Sales account are increased. (p. 70)	12. _____
13. The source document <i>sales invoice</i> is abbreviated as S in a journal entry. (p. 71)	13. _____
14. When services are sold on account, an asset account and a liability account are affected. (p. 71)	14. _____
15. The accounts affected when paying cash for equipment rental are Equipment Rental Expense and Cash. (p. 72)	15. _____
16. When cash is received on account, one asset account increases and another asset account decreases. (p. 73)	16. _____
17. The accounts affected when paying cash to the owner for a withdrawal of equity are the capital account and Cash. (p. 74)	17. _____
18. If there is only one blank line remaining on a journal page, it is standard practice to split the entry and record the second line of the entry on the next page. (p. 76)	18. _____
19. To correct an error in a journal, simply erase the incorrect item and write the correct item in the same place. (p. 78)	19. _____
20. If an error is detected in a journal entry after several additional journal entries have been made, the entry should be corrected by drawing a line through the incorrect parts and writing the correct parts on the same line above the error. (p. 78)	20. _____

### Part Three—Recording Transactions in a General Journal

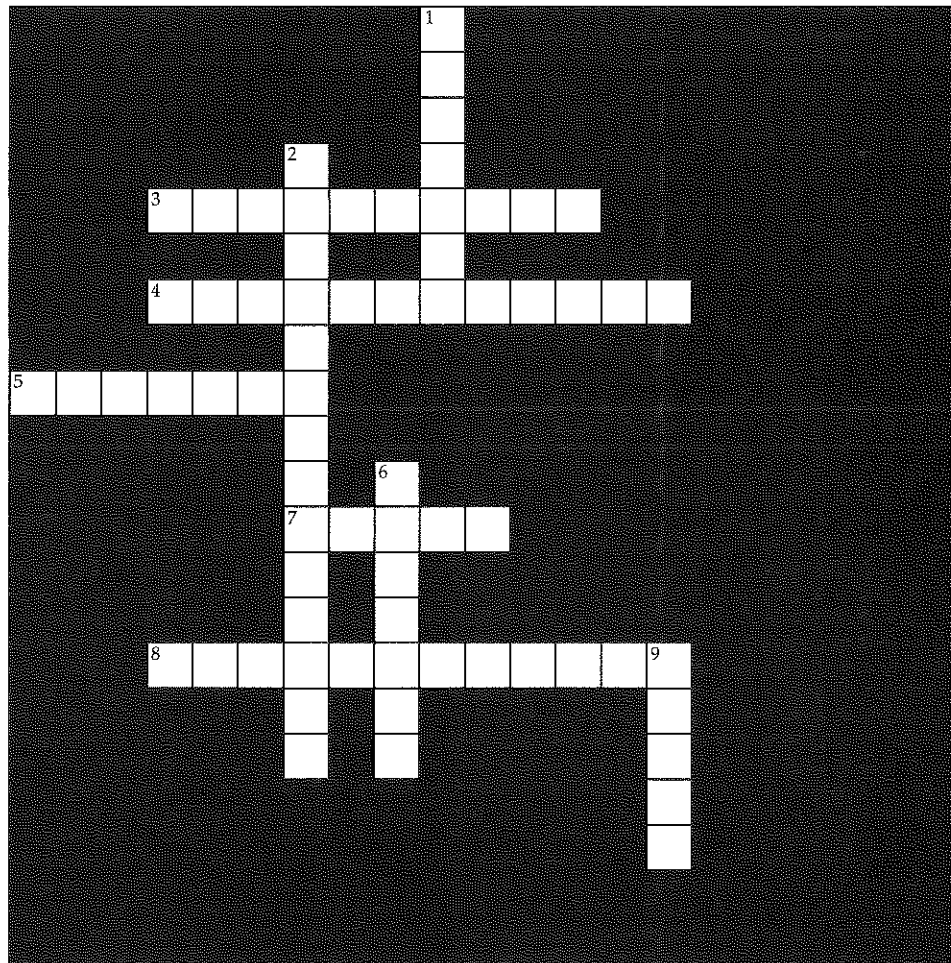
**Directions:** Analyze each of the following transactions into debit and credit parts and choose account titles from the list below. Print the letters identifying your choices in the proper Answers columns.

#### Account Titles

- |                                   |                          |                      |
|-----------------------------------|--------------------------|----------------------|
| A. Accounts Payable—Casey Company | C. Advertising Expense   | G. Prepaid Insurance |
| B. Accounts Receivable—T. Sundeen | D. Cash                  | H. Sales             |
|                                   | E. David Dumire, Capital | I. Supplies          |
|                                   | F. David Dumire, Drawing | J. Utilities Expense |

#### Answers

	<b>Debit</b>	<b>Credit</b>
1–2. Received cash from owner, David Dumire, as an investment. (p. 62)	1. _____	2. _____
3–4. Paid cash for supplies. (p. 63)	3. _____	4. _____
5–6. Paid cash for insurance. (p. 65)	5. _____	6. _____
7–8. Bought supplies on account from Casey Company. (p. 66)	7. _____	8. _____
9–10. Paid cash on account to Casey Company. (p. 67)	9. _____	10. _____
11–12. Received cash from sales. (p. 70)	11. _____	12. _____
13–14. Sold services on account to T. Sundeen. (p. 71)	13. _____	14. _____
15–16. Paid cash for advertising expense. (p. 72)	15. _____	16. _____
17–18. Received cash on account from T. Sundeen. (p. 73)	17. _____	18. _____
19–20. Paid cash to owner, David Dumire, for a withdrawal of equity. (p. 74)	19. _____	20. _____



**Across**

3. A form on which a brief message is written to describe a transaction.
4. Recording transactions in a journal.
5. A form describing the goods or services sold, the quantity, the price, and the terms of sale.
7. A business form ordering a bank to pay cash from a bank account.
8. An invoice used as a source document for recording a sale on account. It is also referred to as a sales ticket or a sales slip.

**Down**

1. A form for recording transactions in chronological order.
2. A business paper from which information is obtained for a journal entry.
6. A business form giving written acknowledgement for cash received.
9. Information for each transaction recorded in a journal.