

# **CHAPTER 5 REVIEW**

## **Transactions That Affect Revenue, Expenses, and Withdrawals**

### **Part 1 Accounting Vocabulary (6 points)**

**Directions:** *Using terms from the following list, complete the sentences below. Write the letter of the term you have chosen in the space provided.*

Total Points	62
Student's Score	

- |                       |                                  |                               |
|-----------------------|----------------------------------|-------------------------------|
| A. capital            | D. revenue accounts              | F. temporary capital accounts |
| B. expense accounts   | E. revenue recognition principle | G. withdrawal                 |
| C. permanent accounts |                                  |                               |

- \_\_\_\_\_ **G**    0. An amount of money taken out of the business by the owner is a \_\_\_\_\_.  
 \_\_\_\_\_ 1. \_\_\_\_\_ record business income only.  
 \_\_\_\_\_ 2. \_\_\_\_\_ are used to record information for only one accounting period.  
 \_\_\_\_\_ 3. The \_\_\_\_\_ account shows the amount of the owner's investment, or equity, in a business.  
 \_\_\_\_\_ 4. Accounts that are used to record information continuously from one accounting period to the next are called \_\_\_\_\_.  
 \_\_\_\_\_ 5. \_\_\_\_\_ are used to record the costs and services used by a business.  
 \_\_\_\_\_ 6. Recognizing and recording revenue on the date it is earned even if cash has not been received on that date is known as the \_\_\_\_\_.

### **Part 2 Effects of a Transaction on an Account (24 points)**

**Directions:** *For each of the business transactions below, indicate whether the left or right side of the account is affected and whether the account balance is increased or decreased.*

	Left	Right	Increase	Decrease
0. A credit of \$850 to Accounts Payable	_____	_____ ✓	_____ ✓	_____
1. A debit of \$400 to B. Barns, Withdrawals	_____	_____	_____	_____
2. A debit of \$200 to Advertising Expense	_____	_____	_____	_____
3. A credit of \$300 to Cash in Bank	_____	_____	_____	_____
4. A credit of \$450 to Fees	_____	_____	_____	_____
5. A debit of \$650 to Rent Expense	_____	_____	_____	_____
6. A credit to B. Barns, Capital of \$1,500	_____	_____	_____	_____
7. A credit to Accounts Receivable of \$925	_____	_____	_____	_____
8. A debit to Office Supplies of \$40	_____	_____	_____	_____
9. A debit of \$3,000 to B. Barns, Capital	_____	_____	_____	_____
10. A debit of \$150 to Accounts Payable	_____	_____	_____	_____
11. A debit to Accounts Receivable of \$2,000	_____	_____	_____	_____
12. A debit to Cash in Bank of \$750	_____	_____	_____	_____

### Part 3 Analyzing Transactions Using T Accounts (20 points)

**Directions:** Use T accounts to analyze each of the transactions below. Use the following account names.

Cash in Bank	Martha Russo, Withdrawals	Advertising Expense
Accounts Receivable—Tim Ochi	Service Fees	Telephone Expense

	Accounts Receivable—Tim Ochi	Service Fees
0. Provided typing services and billed Tim Ochi \$400 for the work.	400	400
1. Paid \$45 cash for an advertisement in the newspaper.		
2. Martha Russo withdrew \$250 cash for personal use.		
3. Provided word processing services for \$975 cash.		
4. Paid the telephone bill with a check for \$90.		
5. Received \$400 on account from Tim Ochi.		

### Part 4 Testing for the Equality of Debits and Credits (12 points)

**Directions:** The balance of each account is indicated directly after the account name. Indicate the normal balance side of each account by placing the dollar amount in the appropriate debit or credit column. Add each column. The total debit balance should equal the total credit balance.

Account	Balance	Debits	Credits
Cash in Bank	\$3,725	\$ 3,725	\$
Accounts Receivable	800		
Office Supplies	200		
Office Equipment	8,500		
Accounts Payable	3,000		
G. Steiner, Capital	5,905		
G. Steiner, Withdrawals	625		
Fees	6,550		
Advertising Expense	650		
Rent Expense	725		
Utilities Expense	230		
Totals		\$	\$