

Test Bank for Century 21 Accounting Multicolumn Journal 11th Gilbertson

Chapter 02—Debit and Credit Parts

1. An accounting device used to analyze transactions is a T account.

- a. True
- b. False

ANSWER: True

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO1 - Show the relationship between the accounting equation and a T account.

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2. An amount recorded on the right side of a T account is a debit.

- a. True
- b. False

ANSWER: False

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO1 - Show the relationship between the accounting equation and a T account.

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3. Each asset account has a normal credit balance.

- a. True
- b. False

ANSWER: False

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO2 - Identify the debit and credit side, the increase and decrease side, and the balance side of various accounts.

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4. Each liability account has a normal debit balance.

- a. True
- b. False

ANSWER: False

POINTS: 1

DIFFICULTY: Remember/Understand

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QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO2 - Identify the debit and credit side, the increase and decrease side, and the balance side of various accounts.

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5. The balance of an account increases on the same side as the normal balance side.

- a. True
- b. False

ANSWER: True

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO2 - Identify the debit and credit side, the increase and decrease side, and the balance side of various accounts.

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6. Asset accounts decrease on the credit side.

- a. True
- b. False

ANSWER: True

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO2 - Identify the debit and credit side, the increase and decrease side, and the balance side of various accounts.

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7. Each transaction changes the balances in at least two accounts.

- a. True
- b. False

ANSWER: True

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO3 - Restate and apply the two rules that are associated with the increase side of an account.

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8. A list of accounts used by a business is a chart of accounts.

a. True

b. False

ANSWER: True

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: True / False

HAS VARIABLES: False

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9. When cash is paid for supplies, the Supplies account is increased by a credit.

a. True

b. False

ANSWER: False

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO5 - Analyze transactions for operating a business into debit and credit parts.

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10. Common accounting practice is to record withdrawals as debits directly in the owner's capital account.

a. True

b. False

ANSWER: False

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO5 - Analyze transactions for operating a business into debit and credit parts.

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11. The left side of an asset account is the credit side because asset accounts are on the left side of the accounting equation.

a. True

b. False

ANSWER: False

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POINTS: 1
DIFFICULTY: Remember/Understand
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: CH02_LO2 - Identify the debit and credit side, the increase and decrease side, and the balance side of various accounts.
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12. A drawing account is increased by debits and decreased by credits.

- a. True
- b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Remember/Understand
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: CH02_LO2 - Identify the debit and credit side, the increase and decrease side, and the balance side of various accounts.
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13. Increases in expense accounts are recorded as debits because they decrease the owner's capital account.

- a. True
- b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Remember/Understand
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: CH02_LO3 - Restate and apply the two rules that are associated with the increase side of an account.
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14. The normal balance side of an Accounts Receivable account is a debit.

- a. True
- b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Remember/Understand
QUESTION TYPE: True / False
HAS VARIABLES: False

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15. Accounts Payable accounts are increased with a debit.

a. True

b. False

ANSWER: False

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO5 - Analyze transactions for operating a business into debit and credit parts.

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16. Utilities Expense is increased with a debit.

a. True

b. False

ANSWER: True

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO5 - Analyze transactions for operating a business into debit and credit parts.

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17. Cash is increased with a debit.

a. True

b. False

ANSWER: True

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: True / False

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO5 - Analyze transactions for operating a business into debit and credit parts.

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18. Prepaid Insurance is decreased with a credit.

a. True

b. False

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ANSWER: True
POINTS: 1
DIFFICULTY: Remember/Understand
QUESTION TYPE: True / False
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19. To summarize withdrawal information separately from the other records, owner withdrawal transactions are recorded in the owner's capital account.

- a. True
- b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Remember/Understand
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: CH02_LO5 - Analyze transactions for operating a business into debit and credit parts.
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20. Decreases to liability accounts are recorded on the credit side.

- a. True
- b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Remember/Understand
QUESTION TYPE: True / False
HAS VARIABLES: False
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21. The left side of a T account is the

- a. debit side.
- b. credit side.
- c. normal balance side.
- d. equity side.

ANSWER: a
POINTS: 1
DIFFICULTY: Remember/Understand
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False

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22. If an amount is recorded on the side of a T account opposite the normal balance side, the account balance is

- a. increased.
- b. decreased.
- c. unaffected.
- d. correct.

ANSWER: b

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO1 - Show the relationship between the accounting equation and a T account.

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23. The normal balance side of a liability account is the

- a. debit side.
- b. credit side.
- c. decrease side.
- d. left side.

ANSWER: b

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

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24. When an owner invests cash in a business, the owner's capital account is

- a. increased by a debit.
- b. increased by a credit.
- c. decreased by a debit.
- d. decreased by a credit.

ANSWER: b

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: Multiple Choice

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25. When a business pays cash on account, a liability account is

- a. increased by a debit.
- b. increased by a credit.

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- c. decreased by a debit. d. decreased by a credit.

ANSWER: c

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

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26. When cash is received from sales, the change in the owner's equity is usually recorded

- a. on the debit side. b. directly in the owner's capital account.
c. as interest revenue. d. in a separate revenue account.

ANSWER: d

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO5 - Analyze transactions for operating a business into debit and credit parts.

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27. Increases in a revenue account are shown on a T account's

- a. debit side. b. left side.
c. credit side. d. none of these.

ANSWER: c

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO1 - Show the relationship between the accounting equation and a T account.

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28. When \$1,500 cash is received on account,

- a. Sales is increased with a credit and Cash is increased with a credit.
b. Accounts Receivable is increased with a debit and Cash is increased with a credit.
c. Accounts Receivable is decreased with a credit and Cash is increased with a debit.
d. Accounts Receivable is decreased with a debit and Cash is increased with a debit.

ANSWER: c

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: Multiple Choice

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HAS VARIABLES: False

LEARNING OBJECTIVES: CH02_LO5 - Analyze transactions for operating a business into debit and credit parts.

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29. The normal balance side of any revenue account is the

- a. debit side.
- b. credit side.
- c. left side.
- d. none of these.

ANSWER: b

POINTS: 1

DIFFICULTY: Remember/Understand

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

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