Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Period: \_\_\_\_\_\_\_\_

**Accounting Review – Chapters 1 - 13**

**Chapter 1 – Definitions**

Accounting \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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Accounting Equation \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Asset \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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Buying on Account \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**Chapter 1 – Concepts**

1. Withdrawals increase / decrease (circle one) owner’s equity.
2. Sales increase / decrease (circle one) owner’s equity.
3. Liabilities increase / decrease (circle one) when cash is paid on account.
4. Expenses increase / decrease (circle one) owner’s equity.
5. Give three examples of expenses.
6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ b. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ c. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
7. Identify the account titles for the transaction: **Received Cash on Account**.

Debit: \_\_\_\_\_\_\_\_\_\_\_\_\_ increase / decrease (circle one)

Credit: \_\_\_\_\_\_\_\_\_\_\_\_\_ increase / decrease (circle one)

**Chapter 2 – Definitions**

Debit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Credit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Normal Balance \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**Chapter 2 – Concepts**

1. Label the parts of the T-Accounts that are shown below. Include Debit, Credit, Normal Balance, Increase

 and Decrease side.

 Assets Liabilities Capital

 Sales (Revenue) Expenses

2. Amounts recorded on the opposite side of the normal balance increase / decrease (circle one) the

 account balance.

3. Paying cash on account increases / decreases (circle one) a liability.

4. Receiving cash on account increases / decreases (circle one) account receivable.

5. Paying cash for prepaid insurance increases / decreases prepaid insurance.

6. Draw T-Accounts to show how the transaction receiving cash from sales is recorded.

**Chapter 3 – Concepts**

1. Identify which source document is used for various transactions:

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ cash received from transactions other than sales.

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ when transactions are paid for in cash.

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to record the daily sales from the cash register

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to record a sale on account

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ used when buying supplies on account.

2. In what order are journal transactions recorded ? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. How often are journal transactions recorded? Circle one: Daily / Weekly / Monthly

4. A journal entry consists of four items:

 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5. Which two documents are considered permanent – meaning NO changes can be made to them such as

 erasing, deleting, etc. 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Chapter 4 – Definitions**

Ledger \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

File Maintenance \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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Posting \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**Chapter 4 – Concepts**

1. Using a three digit numbering system for account numbers, what does each number placement stand for?

 For example**: Account # 150**

 **1** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **50** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. Using the example below, where would the NEW account title Delivery Expense be placed in the current

 chart of accounts? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 510 Advertising Expense

 520 Insurance Expense

3. What account number would Delivery Expense be given? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4. What two steps must be done when “opening an account” in the general ledger?

 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5. The post reference column in the JOURNAL is used to record account numbers to which an amount has

 been posted. A blank in the column indicates \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. What two things must equal when proving cash?

 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Chapter 5 – Definitions**

Outstanding Check \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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Petty Cash Slip \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**Chapter 5 – Concepts**

1. Which two documents must be in agreement in order for a company to have good cash control?

 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. Banks do / do not (circle one) make customers write a check for the service charge.

3. Recording a journal entry for payment on account using Electronic Funds Transfer (EFT) is / is not (circle

 one) the same as when writing a check.

4. What is the balance of the ***cash*** account when the checking account has $3,000.00, there are $500 in

 outstanding checks and $350 of outstanding deposits and a service charge of $10?

 Choose one: $3,865.00 $2,850.00 $2,840.00

5. The journal entry to establish a petty cash fund is:

 Debit: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Credit: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. A petty cash fund is replenished (circle one) Daily / Weekly / Monthly

7. When do businesses use petty cash? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Chapter 6 – Concepts**

1. An accounting period is known as: (circle one) accounting timeframe / fiscal period / financial period

2. A business should report financial information (circle one) Daily / Weekly/ Monthly / anytime it needs to

3. On a trial balance, which accounts are listed: (circle one) all / some / those with balances

4. On a trial balance, in what order are the accounts listed? (Circle one)

Alphabetical / Random / Chart of Accounts

5. List the two accounts that are affected when adjusting supplies?

 Debit: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Credit: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. On a worksheet, the owner’s capital account is extended to the Income Statement:

 (circle one) Debit / Credit column.

7. How many financial statements are prepared using a worksheet? (circle one) One / Two / Three

8. What formula is used to calculate Net Income on a worksheet?

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ -- \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Chapter 7 – Definitions**

Income Statement \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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Balance Sheet \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**Chapter 7 – Concepts**

1. The date on an Income Statement is written (circle one) For Month Ended, April 30, 2014 / April 30, 2014

2. Which columns of the worksheet are used to prepare an Income Statement: ( circle one)

 Income Statement Debit & Credit / Balance Sheet Debit & Credit / Trial Balance Debit & Credit.

3. Which column is used to prepare the Revenue section of an Income Statement? (circle one)

 Income Statement Debit / Income Statement Credit

4. What is the calculation for the Owner’s Capital account on the Balance Sheet?

5. Single / Double (circle one) lines are ruled across Balance Sheet columns to show totals are verified.

**Chapter 8 – Concepts**

1. Income Summary is what type of account? (circle one) Asset / Liability / Permanent / Temporary

2. Drawing is what type of account? (circle one) Asset / Liability / Permanent / Temporary

3. Temporary accounts must start each fiscal period with (circle one) zero balance / beginning balance

4. To close a temporary account, an amount equal to its balance is recorded on: (circle one)

 The side of its balance / the side opposite of its balance

5. Balances of all expense accounts must / must not (circle one) be reduced to zero to prepare the accounts

 for the next fiscal period.

6. At the end of a fiscal period, the balances of temporary accounts are transferred to: (circle one)

 Owner’s Capital / Cash / Accounts Receivable

7. The ending balances of permanent accounts for one fiscal period are / are not (circle one) the beginning

 balances for the next fiscal period.

8. After closing entries have been posted, the owner’s capital account should be the same as (circle one)

 Capital on the Balance Sheet / Capital on the Income Statement

9. The accounts listed on a post-closing trial balance are (choose one)

 General ledger accounts with balances after closing entries

 General ledger accounts with balances before closing entries

 All general ledger accounts.

**Chapter 9 – Concepts**

1. The purchases account is a (circle one) asset account / expense account / liability account / cost account

2. The purchases account is used only to record the value of everything, including supplies / merchandise

 (circle one) purchased.

3. The selling price of merchandise must be (circle one) greater than / less than the cost of the merchandise

 for a business to make a profit.

4. The petty cash account Cash Short or Over is a cost account / temporary account / permanent account

5. Purchase returns and allowances increase / decrease (circle one) the amount of purchases.

6. Purchases on account / Purchases for cash / both (circle one) are recorded in the purchases journal.

7. Purchases on account (circle one) increase / decrease the amount owed to a vendor.

8. Terms of sale indicates when the invoice has to be paid. A discount may be offered if paid early.

 Example: 1/10, n/30 1/10 = a **1%** discount can be taken if paid in **10 days**.

 If NOT paid in 10 days, the invoice must be paid in **30 days**

9. If merchandise is purchased for $500 on June 1, with terms of sale 2/10, n/30, the amount to be paid on

 June 9th is (circle one) $500.00 / $450.00 / $490.00 / $10.00

**Chapter 10 – Concepts**

1. A sale of merchandise increases / decreases (circle one) the revenue of a business.

2. Sales returns and allowances increase / decrease (circle one) the amount of sales.

3. Sales tax rates are / are (circle one) not usually stated as a percentage of sales.

4. Sales returns and allowances is a (circle one) contra revenue / contra expense account.

5. Cash is received (circle one) at the time of the transaction / later for a credit card sale.

6. Record the journal entry for a sale on account of $750.00 and sales tax of $45.00.

 Debit: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ $ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Credit: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ $ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Credit: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ $ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Chapter 11 – Definitions**

Controlling Account \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**Chapter 11 – Concepts**

1. The journal that should be posted first is (circle one) Sales / Purchases / General

2. A controlling account balance must / must not (circle one) equal the sum of all account balances in a

 subsidiary ledger.

3. The total of all customer account balances in the accounts receivable ledger equals (circle one)

 Balance in accounts payable controlling account / Balance in accounts receivable controlling account

 **Chapter 12 – Concepts**

1. A business (circle one) is required / is not required by law to withhold certain payroll taxes from

 employee salaries.

2. Payroll taxes withheld represent (circle one) an asset / a liability for an employer until payment is made

 to the government.

3. The amount of income tax withheld from each employee’s total earnings is determined from:

 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4. Social Security tax is paid by (circle one) employee / employer / both

5. Businesses use payroll records for two things:

 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

6. Social security tax (circle one) is / is not calculated on earnings up to a maximum amount in a calendar

 year.

**Chapter 13 – Concepts**

1. Employer payroll taxes (circle one) are / are not business expenses.

2. Federal Unemployment insurance laws require that (circle one) employers / employees / both pay taxes

 for unemployment compensation.

3. Employers are required to send each employee a statement of annual earnings and withholdings (circle

 one) before / after January 31st each year.

4. All taxes that the employer takes out of employees checks are shown as (circle one)

 assets / liabilities / expenses until they are paid to the government.

5. The total earnings that are required to have unemployment taxes taken out are called (circle one)

 Total earnings / gross earnings / unemployment taxable earnings

Finished!