

# ACCOUNTING I

## SEMESTER ONE FINAL EXAM STUDY GUIDE

### Chapter 1 – Changes that Affect the Accounting Equation

1. What is the accounting equation? (p. 8)
2. What is the account used to summarize the owner's equity in a business? (p. 10)
3. What does "on account" mean? (p. 12)

### Chapter 2 – Analyzing Transactions into Debit and Credit Parts

1. What is the normal balance of an asset account? (p. 29)
2. What is the normal balance of any liability account? (p.29)
3. What is the normal balance of an owner's capital account? (p. 29)
4. What is the normal balance of a drawing account? (p. 42)
5. What is the normal balance of any revenue account? (p. 38)
6. What is the normal balance of any expense account? (p. 40)
7. What is the classification of Prepaid Insurance? (p. 34)
8. Know the debit and credit parts **and** how each account classification is affected (asset, liability, or owner's equity) in the following transactions: (p. 32 – 42)
  - a. Received cash from owner as an investment.
  - b. Paid cash for supplies.
  - c. Paid cash for insurance.
  - d. Bought supplies on account.
  - e. Paid cash on account.
  - f. Received cash from sales.
  - g. Paid cash for rent.
  - h. Paid cash to owner for personal use.
  - i. Sold services on account.
  - j. Received cash on account.

### Chapter 3 – Journalizing Transactions

1. What happens at the end of the month even if a journal page is not filled? (p. 75)

2. What is “proving cash?” (p. 76)

#### Chapter 4 – Posting to a General Ledger

1. What is posting? (p. 96)
2. What is the first step in the posting procedure? (p. 98)
3. What is the last step in the posting procedure? (p. 98)
4. What is the purpose of the numbers in the Post. Ref. columns of the general ledger account and the journal? (p. 97)
5. What is the book definition of a general ledger? (p. 92)
6. What is used to indicate that column totals are not to be posted? (p. 100)

#### Chapter 5 – Cash Control Systems

1. What is the book definition of a check? (p. 119)
2. What is a blank endorsement? (p. 120)
3. What is a special endorsement? (p. 120)
4. What is a restrictive endorsement? (p. 120)
5. What is the entry to establish a petty cash fund? (p. 134)
6. Know how to reconcile a bank statement. (p. 125)

#### Chapter 6 – Work Sheet for a Service Business

1. What is the book definition of a work sheet? (p. 153)
2. Which accounts are listed on a trial balance? (p. 154)
3. What is the book definition of an adjustment? (p. 157)
4. Know which accounts are extended to the Income Statement and which are extended to the Balance Sheet. (p. 162 and 163)
5. What is the book definition of net income? (p. 164)
6. What is the book definition of net loss? (p. 165)
7. Where are adjustments analyzed and planned? (p. 157)
8. What is the journal entry to adjust Supplies? (p. 158)
9. What is the journal entry to adjust Prepaid Insurance? (p. 159)

## Chapter 7 – Financial Statements for a Proprietorship

1. What are the four sections of an Income Statement? (p. 182)
2. How is the date written in the heading of an Income Statement? (p. 182)
3. What is a component percentage? (p. 184)
4. What is the formula for calculating the total expenses component percentage? (p. 184)
5. What is the formula for calculating the net income component percentage? (p. 184)

## Chapter 8 – Recording Adjusting and Closing Entries for a Service Business

1. What is a permanent account? What is a temporary account? Which of these accounts begin a new fiscal period with zero balances? (p. 206)
2. What is the normal balance of the Income Summary account? (p. 207)
3. Is Income Summary a permanent or temporary account? (p. 207)
4. What is the purpose of closing entries? Which accounts are closed? (p. 206)
5. Which accounts are included in the post-closing trial balance? (p. 216)
6. What is the journal entry to close Sales? (p. 208)
7. What is the journal entry to close the expense accounts? (p. 209)
8. What is the journal entry to close the drawing account? (p. 211)

## Chapter 9 – Journalizing Purchases and Cash Payments

1. What is the book definition of a special journal? (p. 235)
2. What is markup? (p. 236)
3. How is the Purchases account classified? (p. 236)  
expense account / asset account / liability account / cost account
4. What is the purchases journal used for? (p. 237)
5. What is the entry to journalize a purchase of merchandise on account? (p. 239)
6. What is the cash payments journal used for? (p. 242)
7. What is the entry to buy supplies for cash? (p. 243)
8. What is the entry to journalize payment to replenish a petty cash fund? (p. 249)
9. What is a cash discount and why does a vendor allow for this? (p. 242)
10. What is the normal balance of Purchases Returns and Allowances? (p. 257)

11. Buying supplies on account is recorded in the \_\_\_\_\_ journal. (p. 254)
12. A customer who uses a credit card promises to pay the amount due for the credit card transaction to the \_\_\_\_\_ issuing the credit card. (p. 276)

### Chapter 10-Journalizing Sales and Cash Receipts Using Specials Journals

1. What is the normal balance of Sales Tax Payable? (p. 270)
2. An increase to Sales Tax Payable is a \_\_\_\_\_ and a decrease is a \_\_\_\_\_. (p. 270)
3. Sales tax rates are usually stated as a \_\_\_\_\_ of sales. (p. 270)
4. How is Sales Tax Payable classified? (p. 270)
5. What is the book definition of a cash sale? (p. 276)
6. What is the journal entry for a cash and credit card sales transaction? (p. 279)
7. What is the journal entry when merchandise is sold on account and sales tax is also collected? (p. 273)
8. The total amount due from all charge customers is summarized in a general ledger account titled \_\_\_\_\_. (p. 271)
9. What is the journal entry for a cash receipt on account?(p. 280)
10. What is the sales journal used for? (p. 272)
11. What is the cash receipts journal used for? (p.278)
12. What is a point-of-sale terminal? (p. 276)
13. What is the book definition of a sales return? (p. 285)
14. What is a point-of-sale terminal? (p. 276)
15. What is the book definition of a sales return? (p. 285)