

Glencoe Accounting

Chapter 4: Transactions That Affect Assets, Liabilities, and Owner's Capital

I- Summary

This chapter supplied you with several tools to analyze business transactions. The T account is a tool you'll use continually in Accounting as you apply the rules of debit and credit for business transactions. You learned that every account type has an increase side, a decrease side, and a normal balance side. For assets, the *increase* side is the debit, or left, side. The debit side is also the normal balance side. For liability and owner's capital accounts, the *increase* side is the credit, or right, side. The credit side is also the normal balance side for these accounts.

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I-Quiz

1. What does *debit* mean?
 - A. left side
 - B. an increase in debt
 - C. an increase in an account
2. Which side of an account is the *normal* balance side?
 - A. the debit side
 - B. the credit side
 - C. the increase side
3. In a typical chart of accounts, which sequence of numbers would be applied to assets?
 - A. 100-200
 - B. 201-300
 - C. 301-400
4. How is a liability account decreased?
 - A. on the debit side
 - B. on the credit side
 - C. on the normal balance side

Answer Key

1. A
2. C
3. A
4. A