Glencoe Accounting

Chapter 5: Transactions that Affect Revenue, Expenses, and Withdrawals

I-Summary

In this chapter, you explored the concepts of temporary and permanent accounts. Now you have an understanding of which accounts are transferred to Owner's Capital at the end of an accounting period. These revenue, expense, and withdrawals accounts, considered temporary capital accounts, have their own set of rules of debit and credit. Withdrawals and expense accounts are increased on the debit side, while revenue accounts are increased on the credit side.

Glencoe Accounting

Chapter 5: Transactions that Affect Revenue, Expenses, and Withdrawals

I-Quiz

1. Which of the following statements is true?

A. Revenue accounts are increased on the credit side.
B. Expense accounts are increased on the credit side.
C. The Withdrawals account is increased on the credit side.

2. Which of the following is an example of a *temporary* account?

A. Accumulated Depreciation
B. Cash in Bank
C. Rent Expense

3. On which date does the revenue recognition principle state that revenue should be recorded?

A. on the date cash is received
B. on the date earned, even if cash has not been received
C. on the last day of the month

4. If a company issues a check to buy office equipment, which account is credited?

A. Office Equipment
B. Accounts Payable
C. Cash in Bank

Answer Key

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