

Glencoe Accounting

Chapter 14: Accounting for Sales and Cash Receipts

I-Summary

In this chapter, you explored the accounting mechanisms of a merchandising business. Through an analysis of various sales transactions, you learned about credit terms and sales tax, and recorded cash sales and sales on account. Sales returns, cash refunds, bankcard sales, and cash discounts were also a part of your studies.

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I-Quiz

1. What is the account name for products that a business offers for sale?
 - A. Assets
 - B. Goods
 - C. Inventory
2. What kind of account is the Sales account and what is its normal balance?
 - A. a Revenue account with a Credit balance
 - B. an Asset account with a Debit balance
 - C. a Revenue account with a Debit balance
3. The ledger that contains detailed data summarized to a controlling account in the general ledger is called a
 - A. customer ledger.
 - B. subsidiary ledger.
 - C. sales ledger.
4. Merchandise returned for credit or for a cash refund is called a
 - A. sales return.
 - B. cash discount.
 - C. sales discount.
5. When a business collects sales tax from customers, it records a debit to Cash in Bank and a
 - A. credit to Sales.
 - B. credit to Sales Tax Payable.
 - C. credit to Sales Discounts.

Answer Key

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