

Name _____ Date _____ A

Discussion Section _____ Row _____ Seat _____

PRINCIPLES OF FINANCIAL ACCOUNTING I

Chapter 2

Fall 2014

“As a student of ORU, I hereby pledge my full and hearty support to the Honor Code. I agree not only to be honest myself but to report all cases of dishonesty that are observed by me.”

Indicate whether the following are true or false by indicating + for TRUE and 0 for FALSE in the blank preceding each statement.

- ___ 1. A debit signifies an increase in a liability account.
- ___ 2. Revenue accounts are credited for decreases.
- ___ 3. Asset accounts are debited for increases.
- ___ 4. Posting a transaction twice will cause the trial balance totals to be unequal.
- ___ 5. The left side of an account is referred to as the credit side.
- ___ 6. For a month's transactions for a typical business, the Accounts Receivable account is likely to have both debit and credit entries.
- ___ 7. The account, Supplies, can be decreased by a credit to Supplies.
- ___ 8. The erroneous moving of an entire number one or more spaces to the right or left, such as writing \$450 as \$45, is called a transposition.
- ___ 9. The account, John Doe, Drawing, is decreased with a debit because its normal balance is a credit.
- ___ 10. The normal balance of an expense account is a debit; therefore, you would decrease the account with a credit.

When you have finished, please put your paper face down at the end of your row.

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- 0 8. The erroneous moving of an entire number one or more spaces to the right or left, such as writing \$450 as \$45, is called a **transposition**. (*false: called a slide*)
- 0 9. The account, John Doe, Drawing, is decreased with a debit because its normal balance is a credit.
- + 10. The normal balance of an expense account is a debit; therefore, you would decrease the account with a credit.

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