

**Accounts and Debit-Credit Theory**  
**Practice Quiz**  
**(30 marks)**

**Part A: Debit-Credit Theory****(12 marks)**

Use a check mark in the appropriate column to identify each of the following descriptors as a debit or credit to the specified account.

Question No.	Descriptor	Debit	Credit
<i>Example</i>	<i>Increase a "Mortgage Payable" account.</i>		✓
1	Decrease the "Cash" account.		✓
2	Decrease an "Account Payable" account.	✓	
3	Increase the "Automobile" account.	✓	
4	Increase the "Capital" account.		✓
5	Increase a "Bank Loan Payable" account.		✓
6	Increase an "Account Payable" account.		✓
7	Increase the "Equipment" account.	✓	
8	Increase the "Supplies" account.	✓	
9	Decrease the "Furniture" account.		✓
10	Increase the "Cash" account.	✓	
11	Decrease an "Account Receivable" account.		✓
12	Decrease the "Automobile" account.		✓

**Part B: Transactions**

**(12 marks)**

Using only the accounts indicated below, write the correct account title in the appropriate column to identify which account would be debited and which account would be credited for each of the following transactions. (Note: No amounts are given, so no amounts need to be recorded.)

Question No.	Descriptor	Debit	Credit
<i>Example</i>	<i>Pay down a bank loan.</i>	<i>Bank Loan Payable</i>	<i>Cash</i>
1	The owner invests money into the business.	<b>Cash</b>	<b>Capital</b>
2	The business purchases equipment on credit from Home Depot.	<b>Equipment</b>	<b>A/P Home Depot</b>
3	The business takes out a Bank Loan. (The money is deposited directly into the business bank account.)	<b>Cash</b>	<b>Bank Loan Payable</b>
4	The business purchases supplies on account from Grand & Toy.	<b>Supplies</b>	<b>A/P – Grand &amp; Toy</b>
5	The business provides their service to D. Hendricks on account. (i.e. D. Hendricks does not pay for the service yet.)	<b>A/R – D. Hendricks</b>	<b>Capital</b>
6	The business buys furniture for cash.	<b>Furniture</b>	<b>Cash</b>
7	The business purchases equipment on account from <i>Acme Suppliers</i> .	<b>Equipment</b>	<b>A/P – Acme Suppliers</b>
8	The business pays the Acme Suppliers account created in the above transaction.	<b>A/P – Acme Suppliers</b>	<b>Cash</b>
9	The business returns some of the furniture that it purchased in transaction no. 6.	<b>Cash</b>	<b>Furniture</b>
10	The business receives payment on the D. Hendricks account. (i.e. D. Hendricks is paying down the money that she owes.)	<b>Cash</b>	<b>A/R – D. Hendricks</b>
11	The business pays the Grand & Toy account created in transaction no. 4.	<b>A/P – Grand &amp; Toy</b>	<b>Cash</b>
12	The owner withdraws cash from the business.	<b>Capital</b>	<b>Cash</b>

Cash	Bank Loan Payable
Supplies	A/P – D. Hendricks
Equipment	A/P – Acme Suppliers
Furniture	A/P – Ontario Hydro
Fixtures	A/P – Home Depot
A/R – D. Hendricks	A/P – Grand & Toy
A/R – Acme Suppliers	Capital
A/R – Ontario Hydro	
A/R – Grand & Toy	
A/R – Home Depot	

**Part C: Account Balances**

**(6 marks)**

Write the current balance for the following accounts in the space provided beside each account. Also, indicate whether the balance is a debit or a credit balance.

Cash	
Debit	Credit
4,000.00	
	700.00
	450.00
250.00	
	35.00
35.00	

Balance: 3,100.00  
 Debit or Credit: Debit

Equipment	
Debit	Credit
8,000.00	
1,000.00	
500.00	
	600.00
	700.00

Balance: 8,200.00  
 Debit or Credit: Debit

Bank Loan	
Debit	Credit
	10,000.00
500.00	
500.00	
	3,000.00
500.00	

Balance: 11,500.00  
 Debit or Credit: Credit

Capital	
Debit	Credit
	4,000.00
	1,000.00
	500.00
	600.00
	1,400.00

Balance: 7,500.00  
 Debit or Credit: Credit

Account Payable / Staples	
Debit	Credit
	3,000.00
250.00	
250.00	
250.00	
250.00	

Balance: 2,000.00  
 Debit or Credit: Credit

Hydro Expense	
Debit	Credit
50.00	
110.00	
87.00	
78.00	
25.00	

Balance: 350.00  
 Debit or Credit: Debit

**Part D: Trial Balance**

**(6 marks)**

Using the following account titles and balances, complete the June 30, 2010 trial balance for McTavish Delivery Inc .

Cash	\$ 5,600.00
A/R - Dowber	85.00
A/R - Talbot	2,400.00
A/R - Weima	4,115.00
Office Equipment	6,500.00
Delivery Truck	9,400.00
Bank Loan Payable	3,000.00
A/P - Gautreau	1,200.00
A/P - Southend	900.00
R. McTavish, Capital	23,000.00

**McTavish Delivery Inc.**

**Trial Balance**

**June 30, 2010**

Cash	\$ 5,600.00	
A/R - Dowber	85.00	
A/R - Talbot	2,400.00	
A/R - Weima	4,115.00	
Office Equipment	6,500.00	
Delivery Truck	9,400.00	
Bank Loan Payable		\$ 3,000.00
A/P - Gautreau		1,200.00
A/P - Southend		900.00
R. McTavish, Capital		23,000.00
	<u>\$28,100.00</u>	<u>\$28,100.00</u>