

### Reading Questions – Chapter 2 – Recording the Transaction

1. In bookkeeping what does balancing refer to? \_\_\_\_\_  
\_\_\_\_\_
2. What is the accounting equation? \_\_\_\_\_
3. In bookkeeping what do the terms “Debit” and “Credit” refer? What is the abbreviation for each? Debit: \_\_\_\_\_  
Credit: \_\_\_\_\_
4. Which categories of accounts normally increase on the **debit** side and hold **debit** balances? \_\_\_\_\_  
\_\_\_\_\_
5. Which categories of accounts normally increase on the **credit** side and hold **credit** balances? \_\_\_\_\_  
\_\_\_\_\_
6. What is meant by a “double entry” system of bookkeeping?  
\_\_\_\_\_  
\_\_\_\_\_
7. What is the difference between a simple journal entry and a compound journal entry?  
\_\_\_\_\_  
\_\_\_\_\_
8. What are the six steps in analyzing a transaction? \_\_\_\_\_
  1. \_\_\_\_\_
  2. \_\_\_\_\_
  3. \_\_\_\_\_
  4. \_\_\_\_\_
  5. \_\_\_\_\_
  6. \_\_\_\_\_
9. Define “General Journal” and detail what pieces of information each line contains.  
\_\_\_\_\_  
\_\_\_\_\_

10. Complete the following “rules” for constructing the General Journal. \_\_\_\_\_

The \_\_\_\_\_ side of each transaction must be recorded before the \_\_\_\_\_ side.

The \_\_\_\_\_ and \_\_\_\_\_ are recorded at the top of each page of the General Journal.

All financial records must be kept for a period of at least \_\_\_\_\_ years.

If an entry has no cents you may use a \_\_\_\_\_ instead. Please do, it is so much easier to read.

Entries in the GJ should fill approximately \_\_\_\_\_ the space provided on the line. This allows room to make \_\_\_\_\_.

Credit entries should be \_\_\_\_\_ to distinguish them visually from \_\_\_\_\_ entries.

Transaction explanations should include details such as:

\_\_\_\_\_

\_\_\_\_\_

Leave a \_\_\_\_\_ line between transactions.

A transaction should not be \_\_\_\_\_

General Journal pages should be numbered \_\_\_\_\_. Example: \_\_\_\_\_

Do not include \_\_\_\_\_ signs when recording dollar amounts. All numbers in money columns should be written the \_\_\_\_\_ size.

All entries in the General Journal should be made with a/an \_\_\_\_\_ to maintain the integrity of the information.

**Exercises: 1-8 over several days. Do “Think About It” before moving on.**