

Accounting Practice Quiz Questions & Answer Key

Chapter 4

July 13, 2025 – Dr. X. Woodley

Here are five practice quiz questions covering the topics we've discussed, along with a detailed answer key. You can use these directly or adapt them as needed for your website!

Accounting Tutorial Practice Quiz

Instructions: Answer the following questions. Try to solve them before looking at the answer key!

Question 1: Which type of account typically has a **debit** normal balance?

- a) Liability
- b) Revenue
- c) Contra-Revenue
- d) Equity

Question 2: On May 5, a retail business sold merchandise for cash totaling \$800.00. The sales tax rate is 5%. What is the **total cash received** by the business from this transaction?

Question 3: When a customer returns merchandise previously sold on account, what is the effect on the **Accounts Receivable** account?

- a) It increases with a debit.
- b) It decreases with a credit.
- c) It increases with a credit.
- d) It decreases with a debit.

Question 4: A business received \$450.00 from a customer as payment on their existing account balance. Prepare the **journal entry** for this transaction, indicating the account names, debit, and credit amounts.

Question 5: On June 10, a business had bank credit card sales of \$1,500.00 plus 6% sales tax. The bank charges a 3% fee on the *total amount charged to the customer* (sales price + sales tax).

Prepare the **journal entry** for this transaction, indicating the account names, debit, and credit amounts.

Answer Key

Answer 1: c) Contra-Revenue

- *Explanation:* Contra-revenue accounts (like Sales Returns & Allowances) reduce revenue, which typically has a credit balance. Therefore, contra-revenue accounts have the opposite, a normal debit balance.

Answer 2:

- Sales amount: \$800.00
- Sales Tax: $\$800.00 \times 0.05 = \40.00
- **Total Cash Received = \$800.00 + \$40.00 = \$840.00**

Answer 3: b) It decreases with a credit.

- *Explanation:* Accounts Receivable is an asset account. When a customer returns merchandise, they no longer owe that amount, so Accounts Receivable decreases with a credit.

Answer 4:

- **Journal Entry:**
 - Debit: Cash \$450.00
 - Credit: Accounts Receivable \$450.00
- *Explanation:* When cash is received, the asset Cash increases (Debit). When a payment is received on account, the asset Accounts Receivable decreases (Credit).

Answer 5:

- Sales amount: \$1,500.00
- Sales Tax ($\$1,500.00 \times 0.06$): \$90.00
- Total amount charged to customer (Sales + Sales Tax): $\$1,500.00 + \$90.00 = \$1,590.00$
- Bank Credit Card Fee ($\$1,590.00 \times 0.03$): \$47.70
- Cash received from bank ($\$1,590.00 - \47.70): \$1,542.30
- **Journal Entry:**
 - Debit Cash \$1,542.30
 - Debit Bank Credit Card Expense \$47.70
 - Credit Sales \$1,500.00
 - Credit Sales Tax Payable \$90.00