

TYPES OF ACCOUNTS - PROBLEMS AND SOLUTIONS

Problem # 1: For each of the following, write Types of Accounts, Normal Balances, Increase and rule to Decrease?

S.no	Items	Types of Accounts	Normal Balance	Rule to Increase	Rule to Decrease
1	Cash	Asset			
2	Accounts Payable	Liability			
3	Insurance Premium	Expense			
4	Income Taxes	Expense			
5	Inventories	Assets			
6	Long term Debt	Liability			
7	Transportation	Expense			
8	Prepaid Expenses	Asset			
9	Sales	Revenue			
10	Leasehold Land	Assets			
11	Note Payable	Liability			
12	Bill Receivables	Asset			
13	Salary Outstanding	Liability			
14	Drawings	Drawings			
15	Salaries	Expense			
16	Commission Received	Revenue			
17	Return Inward	Contra Revenue			
18	Intangibles	Asset			
19	Carriage Outward	Expense			
20	Common Stock	Owner's Equity			
21	Rent Credit	Revenue			
22	Free Sample	Expense			
23	Sundry Debtors	Asset			
24	Return Outward	Contra Expense			
25	Unearned Revenue	Liability			



Problem # 2: For each of the following, write Types of Accounts, Normal Balances, Increase and rule to Decrease?

S.no	Items	Types of Accounts	Normal Balance	Rule to Increase	Rule to Decrease
1	Bank		Dr	Dr	Cr
2	Capital		Cr	Cr	Dr
3	Sundry Creditors		Cr	Cr	Dr
4	Due from Customer		Dr	Dr	Cr
5	Unexpired Revenue		Cr	Cr	Dr
6	Resources Owned		Dr	Dr	Cr
7	Loss and Capital Loss		Dr	Dr	Cr
8	Advertising		Dr	Dr	Cr
9	Allowance for Doubtful Accounts		Cr	Cr	Dr
10	Amortization		Dr	Dr	Cr
11	Stock		Dr	Dr	Cr
12	Bad Debts		Dr	Dr	Cr
13	Bonds Payable		Cr	Cr	Dr
14	Building		Dr	Dr	Cr
15	Accumulated Depreciation		Cr	Cr	Dr
16	Copyrights		Dr	Dr	Cr
17	Cost of Goods Sold		Dr	Dr	Cr
18	Investments		Dr	Dr	Cr
19	Depreciation		Dr	Dr	Cr
20	Dividend payable		Cr	Cr	Dr
21	Depreciation Expense		Dr	Dr	Cr
22	Expired Cost		Dr	Dr	Cr
23	Provision for Bad Debts		Cr	Cr	Dr
24	Loan to Employees		Dr	Dr	Cr
25	Debt		Cr	Cr	Dr



Problem # 3: For each of the following, write Types of Accounts, Normal Balances, Increase and rule to Decrease?

S.no	Items	Types of Accounts	Normal Balance	Rule to Increase	Rule to Decrease
1	Freight Out			Dr	Cr
2	Gain on Disposal of Plant			Cr	Dr
3	Goodwill			Dr	Cr
4	Income Tax Payable			Cr	Dr
5	Insurance Expense			Dr	Cr
6	Share Capital			Cr	Dr
7	Interest Receivable			Dr	Cr
8	Discount on Purchases			Cr	Dr
9	Equity Stock			Cr	Dr
10	Other Income			Cr	Dr
11	Unexpired Expense			Dr	Cr
12	Retained Earnings			Cr	Dr
13	Due to Vendors			Cr	Dr
14	Profit or Capital Gain			Cr	Dr
15	Closing Stock/Inventory			Dr	Cr
16	Equipment			Dr	Cr
17	Rent and Taxes			Dr	Cr
18	Resources owed			Cr	Dr
19	Supplies Expenses			Dr	Cr
20	Mortgage Payable			Cr	Dr
21	Sales Return and Allowance			Dr	Cr
22	Note Payable			Cr	Dr
23	Owner's Capital			Cr	Dr
24	Loss on Disposal of Plant			Dr	Cr
25	Patents			Dr	Cr



Problem # 4: For each of the following, write Types of Accounts, Normal Balances, Increase and rule to Decrease?

S.no	Items	Types of Accounts	Normal Balance	Rule to Increase	Rule to Decrease
1	Furniture Withdrawal by Owner				
2	Unearned Sales				
3	Supplies				
4	Salaries and Wages				
5	Equity Stock				
6	Land				
7	Sales Discount				
8	Maintenance and Repairs				
9	Sales Revenue				
10	Selling Expense				
11	Service Revenue				
12	Carriage Inward				
13	Paid-in-Capital in Excess of Par-Common Stock				
14	Utilities Bill				
15	Bank Overdrawn				
16	Stock Investment				
17	Expired Cost				
18	Leasehold Apartment				
19	Treasury Stock				
20	Accumulated Amortization				
21	Transportation Outward				
22	Accrued Revenue				
23	Loading, and Unloading				
24	Factory Overhead				
25	Loan from Employee				



Problem # 5: For each of the following, write Types of Accounts, Normal Balances, Increase and rule to Decrease?

S.no	Items	Types of Accounts	Normal Balance	Rule to Increase	Rule to Decrease
1	Depletion				
2	Salary Earned				
3	Leasehold Premises				
4	Bank Overdraft				
5	Preferred Stock				
6	Fixture and Fittings				
7	Furniture and Fitting				
8	Debenture				
9	Octri				
10	Accrued Salaries				
11	Trade Mark				
12	Short Term Debts				
13	Carriage				
14	Stationery				
15	Interest (Cr)				
16	Mines, Coal and Forest				
17	Mortgage Loan				
18	Discount Received				
19	Wages Incurred				
20	Unearned Service Revenue				
21	Marketable Securities				
22	Discount Allowed				
23	Cartage				
24	Opening Stock/Inventory				
25	Fuel and Power				

Lesson

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