

Bookkeeping Quiz

I. Match the account titles with the appropriate financial statement classification:

- | | | |
|---------------------------------|-------|--------------------------|
| A Current Assets | _____ | Sales |
| B Property, Plant and Equipment | _____ | Cash in Checking |
| C Other Assets | _____ | Accumulated Depreciation |
| D Current Liabilities | _____ | Depreciation Expense |
| E Long Term Liabilities | _____ | Sales Tax Payable |
| F Equity | _____ | Advertising |
| G Revenue | _____ | Office Salaries |
| H Expenses | _____ | Goodwill |
| I Other Income and Expense | _____ | Retained Earnings |
| | _____ | Mortgage Payable |
| | _____ | Accounts Payable |
| | _____ | Gain on Sales of Assets |
| | _____ | Garnishments Payable |
| | _____ | Accounts Receivable |
| | _____ | Petty Cash |
| | _____ | Telephone Expense |
| | _____ | Auto Insurance |
| | _____ | Payroll Taxes Payable |

II. For each account listed below, indicate whether it *normally* has a debit or a credit balance:

Account Name	Debit Balance	Credit Balance
Sales		
Cash in Checking		
Accumulated Depreciation		
Depreciation Expense		
Sales Tax Payable		
Advertising		
Office Salaries		
Goodwill		
Retained Earnings		
Mortgage Payable		
Accounts Payable		
Prepaid Insurance		
Garnishments Payable		
Accounts Receivable		
Petty Cash		
Telephone Expense		
Auto Insurance		
Payroll Taxes Payable		

III. What is the accounting equation?

_____	=	_____	+	_____
-------	---	-------	---	-------

IV. Prepare a journal entry to record the payroll for ABC Company.

The chart of accounts includes the following accounts:

Cash - Payroll
 Payroll Taxes Payable
 Garnishments Payable
 Office Salaries
 Payroll Tax Expense

The payroll is prepared by an outside service. The service provides this detail at period end:

Gross Wages	36,000
Fed Tax Withheld	7,200
FICA/Medicare Withheld	3,240
State Tax Withheld	3,600
Employer Taxes	3,640
Garnishments Withheld	500
Net Payroll Checks	21,460

Record the journal entry for ABC Company here:

Account Title	Debit	Credit
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total:	_____	_____

V. Match the term with its description:

- | | | |
|----------------------------|-------|--|
| A Current assets | _____ | Income from a company's principal operating activity determined by subtracting cost of goods sold and operating expenses from net sales. Does not include interest income, sub-lease of office space, gain or loss on capital equipment or other non-operating expenses. |
| B Current liabilities | | |
| C Income from operations | | |
| D Net income | _____ | Cash and other resources that can reasonably be expected to be realized in cash, sold or consumed by the business within the next 12 months. |
| E Other revenues and gains | | |
| | _____ | The amount by which revenues exceed expenses. |
| | _____ | A non-operation section of the income statement that shows revenues from auxiliary operations and gains unrelated to the company's operation. This category includes items such as interest income, sub-lease of office space and gain on sale of capital equipment. |
| | _____ | Obligations reasonably expected to be paid from existing current assets or through the creation of other current liabilities within the next 12 months. |

VI. Match the accounts with the documents used to reconcile:

- | | | |
|-----------------------|-------|------------------------------|
| A Cash in Bank | _____ | Perpetual Inventory Report |
| B Accounts Receivable | _____ | Bank Statement |
| C Accounts Payable | _____ | Loan Statement |
| D Loan Payable | _____ | Schedule of Prepaid Expenses |
| E Inventory | _____ | A/P Aged Schedule |
| F Prepaid Expenses | _____ | A/R Aged Schedule |

VII. Complete this chart:

Type of Account	Increase	Decrease
Asset	Debit	
Liability		
Equity	Credit	
Revenue		
Expense		

VIII. A distribution company uses the following chart of accounts:

- | | |
|----------------------------|--|
| A Petty Cash | J Payroll Taxes Payable |
| B Cash | K Sales Tax Payable |
| C Accounts Receivable | L Notes Payable |
| D Inventory | M Capital Stock |
| E Equipment | N Retained Earnings |
| F Computers | O Sales |
| G Accumulated Depreciation | P Cost of Goods Sold |
| H Prepaid Expense | Q General and Admin (various accounts) |
| I Accounts Payable | |

Indicate (by letter) the accounts that should be debited and credited for the following transactions:		
	Debit	Credit
1 A new petty cash account is established		
2 Payment is received from a customer for merchandise previously sold on credit		
3 Merchandise for resale is purchased on credit		
4 Bills for office supplies are received but not paid		
5 Depreciation is recorded for the company truck		
6 Payment is made for merchandise purchased on credit		
7 Inventory is adjusted for parts broken by shipping dept.		
8 Monthly truck payment is made		
9 Quarterly sales tax payment is made		
10 Merchandise is sold to retail customer on credit (show all transactions)		
11 Repair services are performed for immediate payment		
12 Previously accrued payroll taxes are paid		
13 A new network server is purchased with 30 day terms		
14 Payment is made for a six month supply of copier paper		
15 The company issues capital stock for cash		
16 A monitor stand previously capitalized should have been expensed What is the correcting entry?		

Bookkeeping Quiz - Answers

I. Match the account titles with the appropriate financial statement classification:

A Current Assets	<u> G </u>	Sales
B Property, Plant and Equipment	<u> A </u>	Cash in Checking
C Other Assets	<u> B </u>	Accumulated Depreciation
D Current Liabilities	<u> H </u>	Depreciation Expense
E Long Term Liabilities	<u> D </u>	Sales Tax Payable
F Equity	<u> H </u>	Advertising
G Revenue	<u> H </u>	Office Salaries
H Expenses	<u> C </u>	Goodwill
I Other Income and Expense	<u> F </u>	Retained Earnings
	<u> E </u>	Mortgage Payable
	<u> D </u>	Accounts Payable
	<u> I </u>	Gain on Sales of Assets
	<u> D </u>	Garnishments Payable
	<u> A </u>	Accounts Receivable
	<u> A </u>	Petty Cash
	<u> H </u>	Telephone Expense
	<u> H </u>	Auto Insurance
	<u> D </u>	Payroll Taxes Payable

II. For each account listed below, indicate whether it *normally* has a debit or a credit balance:

Account Name	Debit Balance	Credit Balance
Sales		X
Cash in Checking	X	
Accumulated Depreciation		X
Depreciation Expense	X	
Sales Tax Payable		X
Advertising	X	
Office Salaries	X	
Goodwill	X	
Retained Earnings		X
Mortgage Payable		X
Accounts Payable		X
Prepaid Insurance	X	
Garnishments Payable		X
Accounts Receivable	X	
Petty Cash	X	
Telephone Expense	X	
Auto Insurance	X	
Payroll Taxes Payable		X

III. What is the accounting equation?

<u>Assets</u>	=	<u>Liabilities</u>	+	<u>Equity</u>
---------------	---	--------------------	---	---------------

IV. Prepare a journal entry to record the payroll for ABC Company.

The chart of accounts includes the following accounts:

Cash - Payroll
 Payroll Taxes Payable
 Garnishments Payable
 Office Salaries
 Payroll Tax Expense

The payroll is prepared by an outside service. The service provides this detail at period end:

Gross Wages	36,000
Fed Tax Withheld	7,200
FICA/Medicare Withheld	3,240
State Tax Withheld	3,600
Employer Taxes	3,640
Garnishments Withheld	500
Net Payroll Checks	21,460

Record the journal entry for ABC Company here:

Account Title	Debit	Credit
Office Salaries	36,000	
Payroll Taxes Expense	3,640	
Payroll Taxes Payable		17,680
Garnishments Payable		500
Cash - Payroll		21,460
Total:	39,640	39,640

V. Match the term with its description:

- | | | | |
|----------------------------|-------------|----------|--|
| A Current assets | <u> </u> | C | Income from a company's principal operating activity determined by subtracting cost of goods sold and operating expenses from net sales. Does not include interest income, sub-lease of office space, gain or loss on capital equipment or other non-operating expenses. |
| B Current liabilities | <u> </u> | A | Cash and other resources that can reasonably be expected to be realized in cash, sold or consumed by the business within the next 12 months. |
| C Income from operations | <u> </u> | D | The amount by which revenues exceed expenses. |
| D Net income | <u> </u> | E | A non-operation section of the income statement that shows revenues from auxiliary operations and gains unrelated to the company's operation. This category includes items such as interest income, sub-lease of office space and gain on sale of capital equipment. |
| E Other revenues and gains | <u> </u> | B | Obligations reasonably expected to be paid from existing current assets or through the creation of other current liabilities within the next 12 months. |

VI. Match the accounts with the documents used to reconcile:

- | | | |
|-----------------------|----------------------------|------------------------------|
| A Cash in Bank | <u> </u> E | Perpetual Inventory Report |
| B Accounts Receivable | <u> </u> A | Bank Statement |
| C Accounts Payable | <u> </u> D | Loan Statement |
| D Loan Payable | <u> </u> F | Schedule of Prepaid Expenses |
| E Inventory | <u> </u> C | A/P Aged Schedule |
| F Prepaid Expenses | <u> </u> B | A/R Aged Schedule |

VII. Complete this chart:

Type of Account	Increase	Decrease
Asset	Debit	Credit
Liability	Credit	Debit
Equity	Credit	Debit
Revenue	Credit	Debit
Expense	Debit	Credit

VIII. A distribution company uses the following chart of accounts:

- | | |
|----------------------------|--|
| A Petty Cash | J Payroll Taxes Payable |
| B Cash | K Sales Tax Payable |
| C Accounts Receivable | L Notes Payable |
| D Inventory | M Capital Stock |
| E Equipment | N Retained Earnings |
| F Computers | O Sales |
| G Accumulated Depreciation | P Cost of Goods Sold |
| H Prepaid Expense | Q General and Admin (various accounts) |
| I Accounts Payable | |

Indicate (by letter) the accounts that should be debited and credited for the following transactions:		
	Debit	Credit
1 A new petty cash account is established	A	B
2 Payment is received from a customer for merchandise previously sold on credit	B	C
3 Merchandise for resale is purchased on credit	D	I
4 Bills for office supplies are received but not paid	Q	I
5 Depreciation is recorded for the company truck	Q	G
6 Payment is made for merchandise purchased on credit	I	B
7 Inventory is adjusted for parts broken by shipping dept.	P	D
8 Monthly truck payment is made	L, Q	B
9 Quarterly sales tax payment is made	K	B
10 Merchandise is sold to retail customer on credit (show all transactions)	C, P	O, K, D
11 Repair services are performed for immediate payment	B	O
12 Previously accrued payroll taxes are paid	J	B
13 A new network server is purchased with 30 day terms	F	I
14 Payment is made for a six month supply of copier paper	H	B
15 The company issues capital stock for cash	B	M
16 A monitor stand previously capitalized should have been expensed What is the correcting entry?	Q	F