

Bookkeeping Proficiency

(Exam)



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Table of Contents [\(click to navigate\)](#)

Accounts	3
Accounts Payable	5
Accounts Receivable	6
Adjusting Entries	8
Bank Reconciliation	12
Closing Entries	14
Debits and Credits	15
Depreciation	18
Financial Statements	20
Inventory	24
Payroll	26
Petty Cash	28
Recording	29
Various Terminology	31
Answers	34

Accounts

1. A listing of the account numbers and titles but without account balances is the _____ of accounts.
2. Posted transactions are stored in accounts contained in the _____ ledger.
3. A sole proprietor's withdrawal of cash for personal use is recorded in the account Salaries Expense.
True False
4. Bad Debts Expense is an income statement account used to report the losses associated with the asset account _____.
5. _____ Depreciation is a contra-asset account.
6. Sales and services that are provided on credit will cause an increase in the asset account _____.
7. Accounts Payable, Wages Payable, and Notes Payable are examples of _____ accounts.
8. Prepaid Insurance and Supplies on Hand are examples of _____ accounts.
9. Customer Deposits and Unearned Fees are examples of accounts under the balance sheet classification of _____.
10. Each revenue and expense account will begin the accounting year with _____ balance.
the prior year's ending a zero
11. Freight-out is part of a company's _____.
cost of goods sold selling expenses
12. The Allowance for Doubtful Accounts is one of the accounts under the _____ section of the chart of accounts.

13. The end-of-year balances in the asset accounts will become the following year's _____ balances.
14. A control account in the general ledger is supported by the details in a _____ ledger.
15. Sales commission expense is part of the cost of goods sold.
True False
16. The _____ accounts are usually listed first in the general ledger and in the chart of accounts.
17. The purchase of supplies should be recorded in the company's Purchases account.
True False
18. A separate account for meals expense is helpful since business meals are expensed in full on the financial statements but may be only 50% deductible on the income tax return.
True False
19. The interest due on a long-term loan is usually recorded in an account which is separate from the account containing the principal amount.
True False
20. A lawsuit has been filed against a company. Even if the company's attorney believes that it is remote that the company will lose, the amount should be recorded in a liability account.
True False

Accounts Payable

21. A company owes its suppliers \$38,000 and it owes its bank \$50,000. The suppliers and the bank are referred to as the company's _____.
creditors debtors
22. Prior to approving a vendor's invoice for payment, the invoice, receiving report, and _____ order should be compared.
23. A supplier's invoice for \$1,000 is received on June 1 and has terms of 1/10, net 30. If the invoice is paid on June 9, the amount to be paid is \$_____.
24. An invoice from a supplier has credit terms of 2/10, net 30. The invoice is for \$1,000 but \$100 of the goods were returned within two days as instructed by the supplier. The amount to be remitted to the supplier within the discount period is \$_____.
25. A _____ discount is usually a percentage that is deducted from a catalog's list price.

Use the following information for answering Questions 26 - 28:

A supplier shipped goods to the buyer on December 28. The buyer received the goods on January 2. The terms were FOB shipping point.

26. Who owns the goods on December 31?
Buyer Supplier
27. Does the buyer have a liability as of December 31?
Yes No
28. Who should pay the shipping costs?
Buyer Supplier
29. When goods are purchased using credit, we say that the goods were purchased on credit or were purchased on _____.
30. Who pays the freight cost when the terms of a sale are FOB destination?
Buyer Supplier

Answers

Accounts

1. chart
2. general
3. False
4. Accounts Receivable
5. Accumulated
6. Accounts Receivable
7. liability
8. asset
9. liabilities
10. a zero
11. selling expenses
12. asset
13. beginning (or starting)
14. subsidiary
15. False
16. asset
17. False
18. True
19. True
20. False

Accounts Payable

21. creditors
22. purchase
23. \$990 (\$1,000 - \$10)
24. \$882 (\$900 - \$18)
25. trade
26. Buyer
27. Yes
28. Buyer
29. account
30. Supplier

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