

# Bookkeeping Proficiency

(Exam)



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## Accounts

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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

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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

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### **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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