Bookkeeper Practice Test
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1. Laws passed by Congress in 1933 and 1934 gave the Securities and Exchange Commission (SEC) final say on matters of financial reporting by publicly owned corporations.
   A) True
   B) False

2. Tax planning is any activity associated with the preparation of tax returns and the audit of those returns.
   A) True
   B) False

3. All financial statements submitted to the SEC by publicly owned corporations must include an auditor's report prepared by
   A) an internal auditor.
   B) the firm's managerial accountant.
   C) an independent certified public accountant.
   D) anyone in the accounting department.

4. Amounts that a business must pay in the future are known as
   A) accounts receivable.
   B) accounts payable.
   C) capital.
   D) expenses.

5. If during the year total assets increase by $75,000 and total liabilities decrease by $16,000, by how much did owner's equity increase/decrease?
   A) $91,000 increase
   B) $59,000 decrease
   C) $91,000 decrease
   D) $75,000 increase

6. When equipment is purchased for cash,
   A) assets decrease and expenses increase.
   B) one asset increases and another asset decreases.
   C) assets and owner's equity increase.
   D) assets increase and liabilities decrease.
7. On a typical chart of accounts, the accounts are arranged in the same order as they appear in the trial balance.
   A) True
   B) False

8. The Income Statement is prepared first because the Net Income amount is a line item on the Balance Sheet.
   A) True
   B) False

9. Debits are used to record
   A) increases in assets.
   B) increases in revenue.
   C) increases in owner's equity.
   D) increases in liabilities.

10. The process of transferring the data from the journal into the ledgers is called:
    A) footing
    B) posting
    C) transponding
    D) journalizing

11. The Accounts Payable account has a $3,000 credit balance. An entry for the payment of $1,000 on the amount owed is recorded and posted. The new balance of the Accounts Payable account is
    A) a $2,000 credit balance.
    B) a $4,000 credit balance.
    C) a $2,000 debit balance.
    D) a $4,000 debit balance.

12. The cost of a long-term asset, such as equipment, is transferred to expense as it is used during its life.
    A) True
    B) False
13. Which of the following need not be completed separately if a worksheet is prepared?
A) a trial balance
B) an income statement
C) a balance sheet
D) a statement of owner’s equity

14. The entry to close the revenue account Fees Income requires a debit to that account.
A) True
B) False

15. The entry to transfer a net loss to the owner's capital account would include a debit to
A) the owner's capital account and a credit to Cash.
B) the owner's drawing account and a credit to the owner's capital account.
C) Income Summary and a credit to the owner's capital account.
D) the owner's capital account and a credit to Income Summary.

16. A subsidiary ledger is a ledger that contains accounts of a single type.
A) True
B) False

17. The balance of a customer's account in the accounts receivable ledger is circled to show that it is a debit amount.
A) True
B) False

18. Which of the following is not one of the three basic types of business?
A) Service
B) Merchandising
C) Wholesale
D) Manufacturing

19. When a sales department needs goods, it sends the purchasing department a purchase invoice.
A) True
B) False
20. The entry to record a purchase of merchandise on credit includes
A) a debit to Purchases and a credit to Accounts Receivable.
B) a credit to Purchases and a credit to Accounts Payable.
C) a debit to Accounts Payable and a credit to Purchases.
D) a debit to Purchases and a credit to Accounts Payable.

21. Most cash transactions involve checks.
A) True
B) False

22. Which of the following is not a reason why the book balance of cash may not agree with the balance on the bank statement?
A) Deposit in transit
B) Outstanding checks
C) Service charges and other deductions
D) End of the month

23. The maximum base for the social security tax is the same as that for the Medicare tax.
A) True
B) False

24. An employee whose regular hourly rate is $10 and whose overtime rate is 1.5 times the regular rate worked 44 hours in one week. In the payroll register, the employer should record an overtime rate of ______ per hour
A) $440.
B) $220.
C) $20.
D) $15.

25. The frequency of deposits of federal income taxes withheld and social security and Medicare taxes is determined by the amount owed.
A) True
B) False
26. Springville Distributors made sales using a list price of $880 and a trade discount of 30 percent. What amount should be recorded for the sale?
   A) $264
   B) $616
   C) $594
   D) $216

27. Springville Distributors made sales using a list price of $590 and a trade discount of 20 percent. What amount should be recorded for the sale?
   A) $418
   B) $172
   C) $472
   D) $118

28. Springville Distributors made sales using a list price of $360 and a trade discount of 15 percent. What amount should be recorded for the sale?
   A) $54
   B) $306
   C) $630
   D) $354

29. Aspen Corporation made sales using a list price of $4,500 and trade discounts of 30 percent then 20 percent. What amount should be recorded for each sale?
   A) $2,520
   B) $3,150
   C) $3,600
   D) $2,250

30. Aspen Corporation made sales using a list price of $6,750 and trade discounts of 20 percent then 10 percent. What amount should be recorded for each sale?
   A) $4,400
   B) $6,075
   C) $4,725
   D) $4,860
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
| 1. | A | 16. | A |
| 2. | B | 17. | B |
| 3. | C | 18. | C |
| 5. | A | 20. | D |
| 6. | B | 21. | A |
| 7. | A | 22. | D |
| 8. | B | 23. | B |
| 10. | B | 25. | A |
| 12. | A | 27. | C |
| 14. | A | 29. | A |
| 15. | D | 30. | D |

**Bookkeeper Practice Test Answer Sheet**

Name: ________________________________