



BOOKKEEPING KNOWLEDGE QUIZ

Thank you for downloading this quiz! You may use this quiz as part of your hiring process to determine the candidate's knowledge of accounting and bookkeeping. Answers with explanations are provided after the quiz.

Instructions: Read each question carefully. Select the letter of the best answer.

1. Which of the following is not a core financial statement?
 - a. Balance Sheet
 - b. Cash Flow Statement
 - c. Income Statement
 - d. Trial Balance

2. The right side of the account is often referred to as the ____.
 - a. Debit side
 - b. Credit side
 - c. Normal balance
 - d. Ending balance

3. Which of the following has a normal debit balance?
 - a. Prepaid expenses
 - b. Accounts payable
 - c. Loans from partner
 - d. Owner's capital

4. Which of the following statements is incorrect?
 - a. Prepaid expense is an asset account.
 - b. A journal entry must have the same number of accounts debited as credited.
 - c. A credit balance in a checking account general ledger represents a negative balance in the account. .
 - d. All of the statements are correct.

5. The following pertains to the accrual basis of accounting, EXCEPT
 - a. Revenue is recognized when it is earned
 - b. Customer receivables arise for sales on account
 - c. Payables arise when expenses are recorded but not yet paid
 - d. Expenses are recognized only when they are paid

6. Which of the following accounts is debited to record annual depreciation expense?
 - a. Accumulated depreciation
 - b. Depreciation expense
 - c. Fixed assets
 - d. Loss on disposal of fixed assets

7. The following are common reconciling items when reconciling bank accounts, EXCEPT
 - a. Deposits in transit
 - b. Outstanding checks
 - c. Bank charges
 - d. All of the above

8. You are asked to record an invoice. The invoice subtotal is \$100 before \$6 of sales tax. What amount should be credited to sales?
- \$100
 - \$106
 - Cannot be determined
9. Which of the following is the entry to record advance payment for goods and services yet to be delivered or performed?
- Debit Accounts Receivable; Credit Unearned Revenue
 - Debit Wages Expense; Credit Unearned Revenue
 - Debit Cash; Credit Unearned Revenue
 - Debit Unearned Revenue; Credit Revenue
10. You discovered that the predecessor accountant didn't record accrued salaries expenses of \$1,000 at the end of 2023. Which of the following statements is FALSE?
- Salaries expense in 2023 is understated by \$1,000
 - Net income in 2024 is understated by \$1,000
 - Salaries expenses in 2024 is overstated by \$1,000
 - Salaries payable in 2023 is overstated by \$1,000

ANSWER KEY

1. **D.** The four core financial statements are the following: Income Statement, Owner's Equity Statement, Balance Sheet, and Cash Flow Statement.
2. **B.** The right side of the T-Account is always the credit side while the left side is the debit side.
3. **A.** Accounts payable, loans from partners, and owner's capital have normal credit balances. All liability, equity, and revenue accounts have normal credit balances whereas all asset and expense accounts have normal debit balances.
4. **B.** A journal entry doesn't need to have the same number of debit and credit entries. What matters is the equality of the debit and credit totals.
5. **D.** Under the accrual basis of accounting, revenues and expenses are recorded when they are earned and incurred, not when they are paid.
6. **B.** The entry to record depreciation includes a debit to depreciation expense and a credit to accumulated depreciation.
7. **D.** All are reconciling items.
8. **A.** The correct journal entry should be:

<i>Accounts receivable</i>	106	
<i>Sales</i>		100
<i>Sales tax payable</i>		6
9. **D.** Choices A, B, and C are incorrect journal entries.
10. **D.** The entry to record accrued salaries include a debit to salaries expense and credit to salaries payable. Omitting this entry will result to the following:
 - Understated 2023 salaries expense
 - Understated 2023 salaries payable
 - Overstated 2023 net income
 - Overstated 2024 salaries expense
 - No effect in 2024 salaries payable
 - Understated 2024 net income