

PRACTICE BOOKKEEPING TEST

Answer Key

Please ignore taxes. The time allotted for the actual test is maximum 1 hour.

- School District #61 (the "District") has the following account balances:

Accounts Receivable	\$ 2,000
Office Supplies	\$ 6,400
Amortization Expense	\$ 2,750
Wages Payable	\$ 1,750
Prepaid Expenses	\$ 500
Revenue	\$ 9,900

Please insert the accounts into the "trial balance format" including the amounts under either the Debit or Credit column.

School District #61
Trial Balance
June 30, 20XX

Account Title	DEBIT	CREDIT
<i>Accounts Receivable</i>	<i>2,000</i>	
<i>Office Supplies</i>	<i>6,400</i>	
<i>Amortization Expense</i>	<i>2,750</i>	
<i>Wages Payable</i>		<i>1,750</i>
<i>Prepaid Expenses</i>	<i>500</i>	
<i>Revenue</i>		<i>9,900</i>

2. ABC Company rented a facility from the District for \$200. The District prepared an invoice to send to ABC Company.

- a. Please prepare the journal entry to record the invoice.

Dr. Accounts Receivable \$200
Cr. Revenue \$200

- b. The District received a cheque for \$200 from ABC Company for payment of the invoice. Please prepare the journal entry to record the receipt of the cheque.

Dr. Cash \$200
Cr. Accounts Receivable \$200

3. Please prepare the journal entry for the following actions:

- a. Purchase \$200 in office supplies.

Dr. Office Supplies expense \$200
Cr. Cash or Accounts Payable \$200

- b. Record bank service charge of \$10 discovered when doing the bank reconciliation.

Dr. Bank charge expense \$10
Cr. Cash \$10

- c. Correct a miscoded transaction. The \$200 transaction was debited to GL 150-141-000-446 but should have been debited to GL 150-141-000-448.

Dr. 150-141-000-448 \$200
Cr. 150-141-000-446 \$200

4. a) Briefly explain the difference between a Balance Sheet and an Income Statement.

A Balance Sheet lists the assets and liabilities of the organization at a specific date (e.g. at June 30, 2015) whereas the Income Statement shows the revenues and expenses over a period of time (e.g. from July 1, 2014 - June 30, 2015) and shows whether the organization has earned a profit or suffered a loss.

b) List one account that would normally have a credit balance and one account that would normally have a debit balance.

Dr - Cash, Capital Assets, Interest expense

Cr - Equity, Accounts Payable

5. The District receives an invoice on April 8, 2015 dated April 5, 2015. The District's fiscal year end is March 31, 2015. The supplies were received on March 25, 2015. The transaction should be recorded in April 2015 as that is when the invoice was dated.

a) True

b) False - the supplies were received in March; therefore the transaction should be dated March

When the monthly bank statement is received it will always agree with the bank account shown in the general ledger.

a) True

b) False - there will sometimes be reconciling items such as outstanding cheques, bank fees on the bank statement not yet recorded in the general ledger etc.

When a cheque is written, a cash account should be:

a) Debited

b) Credited

A supplier of goods or services is known as a:

c) Vendor

d) Debtor

6. For items a - e, select the action necessary to reconcile the bank statement:

- a) Outstanding cheques - ***Deduct from bank balance***
- b) Bank charges (e.g. NSF charges) - ***Deduct from book balance***
- c) Deposits in transit - ***Add to bank balance***
- d) Interest credited to bank account - ***Add to book balance***

Action:

- Add to book balance
- Deduct from book balance
- Add to bank balance
- Deduct from bank balance