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Divisional Finance Department Accounting Test

Candidate Name _____

Date _____

Start Time _____

End Time _____

1. For each account listed below indicate whether it ordinarily has a debit or credit balance:

	DEBIT	CREDIT
A. Vehicle operating expense	_____	_____
B. Accounts Payable	_____	_____
C. Petty Cash	_____	_____
D. Prepaid Insurance	_____	_____
E. Accounts receivable	_____	_____
F. Interfund Loan receivable	_____	_____
G. Deferred Revenue	_____	_____
H. Accrued Salaries	_____	_____
I. Unrestricted Donations	_____	_____
J. Accumulated Deprecation	_____	_____
K. Investments	_____	_____
L. Payroll Deductions	_____	_____
M. Depreciation Expense	_____	_____

Points : 13

2. Match the account titles with the proper financial statement classifications:

A. Current Assets	_____	Inventory
B. Long Term Investment	_____	Accounts Payable
C. Property, Plant & Equipment	_____	Notes Payable in 10 Years
D. Current Liabilities	_____	Accrued Payroll
E. Long Term Liabilities	_____	Interest Income
F. Equity	_____	Accounts Receivable
G. Revenue	_____	Fund Balance (Working Capital)
H. Expenses	_____	Restricted Donations
	_____	Land (used in Operations)
	_____	Cash
	_____	Office Supplies Expenses
	_____	Payroll Taxes Payable

Points : 12

3. Match the definitions with the proper financial statement:

- A. The statement of Assets, Liabilities and Owner's Equity
- B. The statement of revenues and expenses
- C. The Statement of sources and use of owner's equity

- 1. Income Statement _____
- 2. Balance Sheet _____
- 3. Statement of change in Financial Position _____

Points : 3

5. Match the definition with the proper accounting terms:

- A. An expense that has been recorded but not yet paid
- B. Support by a subsidiary ledger
- C. A form for recording transactions in chronological order
- D. The difference between assets and liabilities
- E. Income earned which cash has not yet been received.
- F. Cash paid for an expense in one fiscal period that is not used until a later period
- G. Any business activity that changes assets, liabilities, or owners equity
- H. A method of accounting that records income when received and expenses when paid
- I. Financial reports that summarize the financial condition and operations of a business
- J. Revenue received in advance of services being performed or merchandises being shipped.
- K. The systematic allocation of an assets to periodic expense
- L. A method of accounting that records revenue and expenses as they are earned or incurred
- M. Debts, which have not been recorded due to uncertainty as to their existence and/or amount.
- N. A concept that permits exception to an accounting principle for insignificant items
- O. An accounting device used to analyze transactions
- P. The total of all debit account balances must equal the total of all credit account balances.
- Q. Reporting income when it is earned and expenses when they are incurred

- _____ Materiality
- _____ Amortization
- _____ Cash Basis
- _____ Control Account
- _____ Equity
- _____ Financial Statement
- _____ Accrual basis
- _____ Transaction
- _____ Journal
- _____ Accounts Receivable
- _____ Prepaid Expense
- _____ Deferred Income
- _____ Accrued Expense
- _____ Contingent Liability
- _____ T-Account
- _____ Trial Balance
- _____ Accrual Basis

Points : 17

5.) Below is a partial chart of accounts for a non-profit organization:

- | | |
|-----------------------------------|--|
| A. Cash | K. Restricted Donation |
| B. Petty Cash | L. Interest Income |
| C. Account receivable | M. Revenue - United Way Fund |
| D. Prepaid Expense | N. Salaries Expenses |
| E. Cash Reserve Investment | O. Education, Recreation, & Craft Supplies |
| F. Account payable | P. Office Supplies |
| G. Accrued Salaries | Q. Utilities Expenses |
| H. Program Service Fees Income | R. Printed Material Expenses |
| I. Fund Balance (Working Capital) | S. Vehicle Operating Cost |
| J. Unrestricted Donation | T. Support Service Expense |

For the transaction listed below indicate (by letter) the account(s) that should be debited and credit:	DEBIT	CREDIT
1. Payment is received on an invoice issued previously.		
2. While reconciling the bank statement it is discovered that a check for \$105.00 issued for utilities was recorded on the books as \$150.00. A correcting entry is made.		
3. A check is received from the United Way for the current month.		
4. An invoice is issued to a day camp participant for their day camp fees.		
5. Monthly interest on the bank account is recorded.		
6. A check is received labeled, "For the Needy".		
7. A bill is received from Divisional Headquarters for Support Service, which will be paid at a later date.		
8. A check is issued as a deposit to the Cash Reserve Acct. at Divisional Headquarters.		
9. A Check is received labeled, "For food Pantry".		
10. A check is issued to pay the bill listed in #7.		
11. A check is issued to reimburse the petty cash fund for Sunday School material.		
12. A check is issued to reimburse the petty cash fund for stationary.		
13. The petty cash fund is increased from \$100.00 to \$200.00.		
14. Direct mail flyer are purchased on account.		
15. Payroll expense for the last pay period of the current fiscal processed in the subsequent fiscal year.		

Points : 30

6. If at the end of the accounting period the liabilities total \$18,000, and equity total is \$32,000, then what must be the total of the assets?

- A) \$14,000 _____
- B) \$18,000 _____
- C) \$32,000 _____
- D) \$50,000 _____
- E) None of the above _____

Points :2

7. If during the accounting period the assets decreased by \$10,000 and equity increased by \$2,000, then how did liabilities change?

- A) Increased by \$12,000 _____
- B) Increased by \$8,000 _____
- C) Decreased by \$12,000 _____
- D) Decreased by \$8,000 _____
- E) Decreased by \$6,000 _____

Points :2

8. If during the accounting period the assets increased by \$14,000 and equity increased by \$4,000, then how did liabilities change?

- A) Increased by \$10,000 _____
- B) Increased by \$4,000 _____
- C) Decreased by \$4,000 _____
- D) Decreased by \$10,000 _____
- E) Decreased by \$18,000 _____

Points :2

9. Purchasing equipment on account will have what effect on the components of the accounting equation?

- A) Increase in equipment and a decrease in equity _____
- B) Increase in equipment and an increase in equity _____
- C) Increase in equipment and an increase in liabilities _____
- D) Increase in equipment and a decrease in liabilities _____
- E) None of the above. _____

Points :2

10. Total revenues were \$105,000. Total expenses, except for wage expense were \$50,000 and net income was \$35,000. What was the amount of the wage expense?

- A) \$15,000.00 _____
- B) \$20,000.00 _____
- C) \$55,000.00 _____
- D) \$70,000 _____
- E) Can not be determined from information provided _____

Points :2

11. The accountant recorded a bank deposit at \$960 but the bank recorded the deposit at its correct amount of \$690. What entry is required to the Cash account to correct the error?

- A) No entry is required to correct the cash account. _____
- B) A credit to cash for \$270 _____
- C) A credit to cash for \$330 _____
- D) A debit to cash for \$270 _____
- E) A debit to cash for \$330 _____

Points :1

12. The accountant recorded a check at \$710.21 for store supplies. The bank recorded the check at its correct amount of \$170.21. What entry is required to the Cash account to correct the error?

- A) No entry is required to correct the cash account. _____
- B) A credit to cash for \$660 _____
- C) A credit to cash for \$540 _____
- D) A debit to cash for \$660 _____
- E) A debit to cash for \$540 _____

Points :1

13. What is the journal entry that is required for a customer's NSF check that is returned with the bank statement?

- A) Debit Accounts Receivable and credit Cash _____
- B) Debit Revenue and credit Cash _____
- C) Debit NSF Expense and credit Cash _____
- D) Debit Cash and credit Accounts Receivable _____
- E) None of the above _____

Points :1

14a. Complete the T-Accounts for the following transactions :

1. On 6/1 Received \$12,000 of income
2. On 6/3 Purchased \$1,800 of equipment on account
3. On 6/4 Paid \$360 premium for a two year insurance policy
4. On 6/6 Purchased office supplies for cash in the amount of \$300
5. On 6/10 Billed Grant for \$4000 for services provided
6. On 6/14 paid for the equipment purchased on 6/3
7. On 6/30 Depreciation of \$18.00 is recorded on the purchased equipment.
8. Record the Following Payroll Activity
 - a) Payroll Expenses \$10,000
 - b) Federal tax withheld to be paid to the IRS \$750

Points :19

CASH	Date	Ref #

AP	Date	Ref #

ACCUMULATED DEPRECIATION	Date	Ref #

AR	Date	Ref #

PREPAID	Date	Ref #

REVENUE	Date	Ref #

EXPENSE	Date	Ref #

Total

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14b Prepare a Trial Balance from the accounting transactions recorded in the T-Accounts

Category	DR	CR
TOTALS		

Points : 8

14c Transfer the balances to the Finance Report below

	DR	CR
ASSETS		
LIABILITIES		
INCOME		
EXPENSE		
SURPLUS (DEFICIT)		

Points : 15

15. The books and Bank Statement of The Salvation Service Unit revealed the following information for the month of February

Information per the books

Jan 31 Balance	\$	35,000.00
Deposits	\$	22,500.00
Checks	\$	(37,500.00)
Feb 28 Balance	\$	20,000.00

Deposits made in February

2/14/19	\$	7,500.00
02/28/19	\$	15,000.00

Checks issued February

1001	\$	125.00	1011	\$	10,500.00
1002	\$	25.00	1012	\$	7,836.10
1003	\$	28.69	1013	\$	4,852.00
1004	\$	74.28	1014	\$	1,546.00
1005	\$	1,475.36	1015	\$	25.36
1006	\$	73.88	1016	\$	58.36
1007	\$	273.48	1017	\$	1,350.00
1008	\$	648.25	1018	\$	85.36
1009	\$	1,000.00	1019	\$	6,526.16
1010	\$	781.36	1020	\$	215.36

Total Checks issued Feb		\$ 4,505.30
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Information per Bank Statement

Jan 31 Balance	\$	26,500.00
Deposits & Credits	\$	24,075.00
Checks & Debits	\$	(35,050.00)
Feb 28 Balance	\$	15,525.00

Deposits

2/1/2019	\$	16,500.00
2/15/2019	\$	7,500.00

Service Charge Feb	\$	50.00
NSF Check Returned	\$	400.00
Interest Income	\$	75.00

Checks cleared in February

997	\$	758.00	1009	\$	100.00
998	\$	5,284.45	1010	\$	781.36
999	\$	852.00	1011	\$	10,500.00
1000	\$	1,105.55	1012	\$	7,836.10
1001	\$	125.00	1013	\$	4,852.00
1002	\$	25.00	1014	\$	1,546.00
1003	\$	28.69	1015	\$	25.36
1006	\$	73.88	1016	\$	58.36
1008	\$	648.25			

Total Checks cleared Feb		\$ 34,600.00
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Prepare the bank reconciliation for February 28, using the form attached:

Previous Bank reconciliation had \$16,500.00 deposit in transit and \$8,000.00 in outstanding checks

Points : 20

Bank Reconciliation

The Salvation Army
SALVATION SERVICE UNIT
Account Name

WELLS FARGO
Name of Bank

1234567
Account Number

8913875
Location

[illegible]

*Totals Must Agree	\$0.00
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