Bookkeeper's Hiring Test

Basic Test
Payroll Option
Depreciation Option
Inventory-Perpetual Option

Test Name: AIPB Hiring Test
Test Form: 8
Test Points: 25.00
[1] BASIC BANK01 - BAT 007
Which of the following is an asset account?
A. Retained Earnings
B. Unearned Revenue
C. Prepaid Insurance
D. Social Security Taxes Withheld

[2] BASIC BANK02 - BAT 007
Which of the following is not a balance sheet account?
A. Wages Payable
B. Prepaid Rent
C. Advertising Expense
D. Unearned Revenue

[3] BASIC BANK03 - OE 010
During January, 20X1, your firm, which is on the accrual basis, performed services and mailed a $2,500 invoice of which the customer promptly paid $1,600. On March 23, the customer pays the $900 balance due. How do you record receipt of the $900 balance due?
A. Cash 900
   Revenue 900
B. Cash 900
   Accounts Receivable 900
C. Cash 2,500
   Unearned Revenue 1,600
   Revenue 900
D. Cash 900
   Unearned Revenue 1,600
   Revenue 2,500

[4] BASIC BANK04 - ABB 007
AnCo wrote $7,700 in checks that had not cleared the bank as of the date of the bank statement. In AnCo’s bank reconciliation, $7,700 would be:
A. Added to the balance per books
B. Deducted from the balance per books
C. Added to the balance per bank
D. Deducted from the balance per bank
If a company writes a $3,200 check but records it as $2,300, the $900 difference is:
A. Added to the balance per bank in a bank reconciliation
B. Deducted from the balance per books in a bank reconciliation
C. Added to the balance per books in a bank reconciliation
D. Deducted from the balance per bank in a bank reconciliation

On January 1, your calendar-year company, which is on the accrual basis, receives a $72,000, 10% note receivable. If, as of December 31, your company has collected $7,000 interest for the year, what adjusting entry do you record?
A. Cash 720
   Interest Revenue 720
B. Interest Revenue 720
   Interest Receivable 720
C. Interest Receivable 200
   Interest Revenue 200
D. Interest Revenue 200
   Interest Payable 200

On November 1, your calendar-year company, which is on the accrual basis, receives a $5,000 advertising bill from a magazine for the next 5 months. If you pay and record $1,000 the same day and the remainder next year, what entry do you record on December 31?
A. Advertising Expense 1,000
   Cash 1,000
B. Advertising Expense 2,000
   Advertising Payable 2,000
C. Advertising Expense 1,000
   Advertising Payable 1,000
D. Advertising Expense 5,000
   Advertising Payable 5,000

This test was designed by the American Institute of Professional Bookkeepers, the national association and certifying organization for bookkeepers. For information, visit www.aipb.org or call 800-622-0121
© 2005 American Institute of Professional Bookkeepers All rights reserved.
On October 15, your firm, which is on the accrual basis, accepts a $30,000 advance on a $70,000 painting job and books the advance in Deferred Revenue. If, at year end, 30% of the work has been completed, what adjusting entry do you record?

A. Cash  
   Revenue  21,000
B. Deferred Revenue  21,000
   Revenue  21,000
C. Deferred Revenue  9,000
   Revenue  9,000
D. Revenue  9,000
   Deferred Revenue  9,000

Your accrual-basis company pays a $5,000 advance on a $20,000 paint job, recording it in Painting Expense. If, at year end, 10% of the job is completed, what adjusting entry do you record?

A. Painting Expense  3,000
   Prepaid Painting  3,000
B. Painting Expense  3,000
   Cash  3,000
C. Prepaid Painting  3,000
   Painting Expense  3,000
D. Painting Expense  2,000
   Prepaid Painting  2,000

On July 17, your firm receives $600 from Customer C representing partial payment of its $1,350 accounts receivable balance and records it as follows:

Cash       600
Accounts Receivable—Customer D  600

If you discover the error a week later on July 24, what correcting entry, if any, should you record?

A. Accounts Receivable  600
   Cash  600
B. Allowance for Doubtful Accounts  600
   Accounts Receivable  600
C. Accounts Receivable  600
   Revenue  600
D. Accounts Receivable –Customer D  600
   Accounts Receivable –Customer C  600
If employee Rhonda is paid $10 an hour and recorded the following hours for the workweek, what are her gross wages for the workweek under federal law?

<table>
<thead>
<tr>
<th>Hours worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday</td>
</tr>
<tr>
<td>Tuesday</td>
</tr>
<tr>
<td>Wednesday</td>
</tr>
<tr>
<td>Thursday</td>
</tr>
<tr>
<td>Friday</td>
</tr>
<tr>
<td>Saturday</td>
</tr>
<tr>
<td>Sunday</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

A. $520  
B. $590  
C. $580  
D. $615  

Which of the following employees are exempt from Social Security tax withholding?

A. Employees over age 65
B. Employees over age 59½
C. Employees of any age collecting Social Security benefits
D. None of the above are exempt from Social Security tax withholding

An employer must provide a W-2 to an employee by

A. March 31 of the following year
B. February 15 of the following year
C. January 31 of the following year
D. 30 days after a terminated employee’s last day of work

When your firm hires Alan as a warehouse inventory clerk just for the summer, you must classify him as:

A. An independent contractor or an employee
B. An independent contractor
C. An employee and withhold all employment taxes
D. An employee but need not withhold employment taxes
As the bookkeeper for a calendar year company on the accrual basis, how would you record the payroll below for the week ended December 31, if wages will not be paid until January 8?

Gross salary $200,000

Amounts withheld:
- Social Security tax $7,400
- Medicare tax 2,900
- Federal income tax 36,000
- State income tax 10,000 (56,300)

Net $143,700

A. Salaries Payable 200,000
   - FICA Tax Withheld 10,300
   - Federal Income Tax Withheld 36,000
   - State Income Tax Withheld 10,000
   - Salaries Expense 143,700

B. Cash 143,700
   - Salaries Payable 143,700

C. Cash 200,000
   - FICA Tax Withheld 10,300
   - Federal Income Tax Withheld 36,000
   - State Income Tax Withheld 10,000
   - Salaries Expense 143,700

D. Salary Expense 200,000
   - FICA Tax Withheld 10,300
   - Federal Income Tax Withheld 36,000
   - State Income Tax Withheld 10,000
   - Salaries Payable 143,700
On October 5, 20X4, your firm purchases a delivery van with the data shown below and will depreciate it for book purposes under generally accepted accounting principles and for tax purposes under MACRS.

Cost $25,000  
Salvage value $5,000 
Useful life 5 years 

The depreciable base of the delivery van is:
A. $25,000 for both book and tax purposes  
B. $20,000 for both book and tax purposes  
C. $25,000 for book purposes and $20,000 for tax purposes  
D. $20,000 for book purposes and $25,000 for tax purposes

On July 1, 200X, your calendar year firm purchases a building with the data shown below. If your company uses the straight-line method, what is the entry to record depreciation expense as of December 31, 200X?

Building $500,000  
Land $100,000  
Salvage value $100,000  
Useful life 50 years 

A. Accumulated Depreciation 10,000 
Depreciation Expense 10,000  
B. Depreciation Expense 5,000 
Accumulated Depreciation 5,000  
C. Depreciation Expense 10,000 
Accumulated Depreciation 10,000  
D. Depreciation Expense 4,000 
Accumulated Depreciation 4,000
On January 1, 200X, your calendar year company purchases a machine with the data shown below. What entry would you record for depreciation on December 31, 200X, under the double declining balance method?

Cost $10,000
Salvage value $2,000
Useful life 8 years

A. Accumulated Depreciation 2,000
   Depreciation Expense 2,000
B. Depreciation Expense 2,500
   Machine 2,500
C. Depreciation Expense 2,000
   Accumulated Depreciation 2,000
D. Depreciation Expense 2,500
   Accumulated Depreciation 2,500

On May 1, 20X6, your calendar year firm purchases and places in service a machine with a $5,000 cost, 10-year life and $10,000 salvage value that is 7-year property under MACRS and therefore is depreciated 14.29% in 20X6. On September 29, 20X6, your firm sells the machine for $4,200. What depreciation deduction can your firm claim for the machine on its 20X6 federal income tax return?

A. $715
B. $643
C. $0
D. $500

If a firm purchases the assets below during the year, what is its maximum Section 179 deduction?

<table>
<thead>
<tr>
<th>Asset</th>
<th>Cost</th>
<th>Useful life</th>
<th>Salvage value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machine</td>
<td>$35,500</td>
<td>5</td>
<td>$5,000</td>
</tr>
<tr>
<td>Office furniture</td>
<td>$67,000</td>
<td>7</td>
<td>$6,700</td>
</tr>
<tr>
<td>Building</td>
<td>$200,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A. $302,000
B. $102,000
C. $35,000
D. $51,000

This test was designed by the American Institute of Professional Bookkeepers, the national association and certifying organization for bookkeepers. For information, visit www.aipb.org or call 800-622-0121
© 2005 American Institute of Professional Bookkeepers All rights reserved.
How do you record a purchase on account of $500 plus $40 shipping under the perpetual method?

A. Purchases 500
   Cash 500

B. Purchases 540
   Accounts Payable 540

C. Merchandise Inventory 500
   Freight-In 40
   Accounts Payable 540

D. Merchandise Inventory 540
   Accounts Payable 540

If your company, which uses the perpetual method, purchases inventory for $10,000 at 2/10 net 30, records the purchase as shown below, and pays in full after the discount period, what should you do?

Merchandise Inventory 9,800
   Accounts Payable 9,800

A. Debit Accounts Payable for $10,000
B. Debit Purchase Discounts Lost for $200
C. Credit Purchase Discounts Lost for $200
D. Credit Merchandise Inventory for $200
How do you record a $60 refund on a $900 cash inventory purchase under the perpetual method?

A. Cash 60
   Purchase Returns And Allowances 60

B. Cash 60
   Sales 60

C. Cash 60
   Merchandise Inventory 60

D. Cash 60
   Cost Of Goods Sold 60

Under the perpetual method, how do you record a $900 cash sale of inventory that cost $600?

A. Cash 900
   Sales 900

B. Cash 900
   Cost Of Goods Sold 600
   Merchandise Inventory 600
   Sales 900

C. Cash 900
   Merchandise Inventory 600
   Cost Of Goods Sold 600
   Sales 900

D. Cash 900
   Cost Of Goods Sold 600
   Merchandise Inventory 300

If a company pays the delivery costs on its sales, it:

A. Includes delivery cost in its cost of goods sold
B. Allocates the delivery cost between cost of goods sold and ending inventory
C. Records delivery cost as a selling expense
D. Adds delivery cost to the ending inventory

You have completed the test!