

1. The fiscal year of a business is usually determined by (1 mark):
 - a. Canada Customs and Revenue Agency (formerly called Revenue Canada)
 - b. The Tax Act
 - c. The operating cycle of the business itself
 - d. Provincial securities and exchange commissions

2. The first step in the accounting cycle is (1 mark):
 - a. Adjusting entries
 - b. Journalizing transactions in the book of original entry
 - c. Analyzing transactions
 - d. Posting to the ledger

3. What does the acronym GAAP stand for? (1 mark)
 - a. Generally accepted accounting principles
 - b. Generated accepted account policies
 - c. Generally accounted for and accepted policies
 - d. Generally accepted accounting procedures

4. What is the accounting equation (1 mark):
 - a. $\text{Assets} = \text{Liabilities} + \text{Shareholders Equity}$
 - b. $\text{Assets} = \text{Liabilities} - \text{Shareholders Equity}$
 - c. $\text{Assets} = \text{Expenses} - \text{Net Income}$
 - d. None of the above

5. Collection of an account receivable would (1 mark):
 - a. decrease liabilities
 - b. decrease owner's equity
 - c. have no effect on owner's equity
 - d. increase total assets

6. A trial balance is (1 mark):
 - a. the first step in the accounting cycle
 - b. another name for the chart of accounts
 - c. a list of all accounts with their balances
 - d. another name for the balance sheet

7. The type of account and normal balance of accumulated amortization is (1 mark):
 - a. contra asset; debit
 - b. contra asset; credit
 - c. liability; credit
 - d. asset; debit

8. Another name for journal is (1 mark):
 - a. Book of final entry
 - b. Book of original entry
 - c. Book of accounts
 - d. Book of source documents

9. Accounting is (1 mark):
- The process that describes our relationship with one another in society
 - The process that describes production systems
 - The process that keeps accounts of goods, purchases and sales
 - Recording, classifying and explaining all financial transactions
10. The financial statement that reports revenues and expenses for a period of time such as a year or month is (1 mark):
- Balance Sheet
 - Income Statement
 - Statement of Cash Flows
 - Adjusted Trial Balance
 - None of the above
11. A T-account has two sides called the (1 mark):
- Debit and Credit
 - Asset and Liability
 - Revenue and Expense
 - Journal and Ledger
12. The purpose of adjusting entries is to (1 mark):
- Correct errors made in the accounting records
 - Update the balance of the owner's capital account for changes in owner's equity temporarily recorded in revenue and expense accounts
 - Prepare the revenue and expense accounts for recording the transactions of the next accounting period
 - Bring an asset or liability account balance to its proper amount while also updating the related expense or revenue account
13. Which of the following is **not** an accrued expense (1 mark):
- Salaries
 - Interest
 - Insurance
 - Furniture
14. Closing entries are made (1 mark):
- In order to terminate the business as an operating entity
 - So that all assets, liabilities, and owner's capital accounts will have zero balances when the next accounting period starts
 - To prepare accounts for recording the transactions of the next period
 - So that financial statements can be prepared

15. Assets would be overstated if a necessary adjusting entry were omitted for (1 mark):
- Expired insurance
 - Accrued salaries owing to employee's
 - Accrued interest earned
 - Revenue collected in advance during the period
16. Which of the following will **not** cause a change in the owner's equity in a business? (1 mark)
- Payment of a liability
 - Withdrawal of cash or other assets by the owner
 - Providing services to a customer on account
 - Investment of furniture by owner
17. The relationship between current assets and current liabilities is important in evaluating a company's (1 mark):
- Profitability
 - Liquidity
 - Market value
 - Accounting cycle
18. Under the accrual basis of accounting, revenues are reported in the accounting period when the (1 mark):
- Cash is Received
 - Service or Goods have been delivered
19. Unearned Revenues is what type of account (1 mark)?
- Asset
 - Liability
 - Shareholders (Owner's) Equity
 - None of the above

Use the following information for questions 20 (2 marks):

A company receives \$530 of cash as an additional investment in the company by its owner, Raj Pawan.

- 20.
- A) Should the \$530 entry to the Cash account be a debit? (1 mark)
- Yes
 - No
- B) Should the \$530 entry to R. Pawan, Capital be a debit? (1 mark)
- Yes
 - No

21. The personal assets of the owner of a company will **not** appear on the company's balance sheet because of which accounting principle (1 mark):
- Cost
 - Economic Entity
 - Monetary Unit
 - Conservatism
22. Which of the following is a category or element of the balance sheet (1 mark)?
- Expenses
 - Gains
 - Liabilities
 - Losses
23. Asset accounts have what type of balance (1 mark)?
- Debit
 - Credit
 - Contra
 - All of the above
24. Which account increases equity (1 mark)?
- Expenses
 - Withdrawals
 - Treasury stock
 - Revenues
25. A business has Cash of \$3,000, Notes Payable of \$2,500, Accounts Payable of \$4,300, Service Revenue of \$7,000, and Rent Expense of \$2,400. Based on this data, how much are its total liabilities (1 mark)?
- \$4,600
 - \$6,800
 - \$9,800
 - \$13,800
26. Why do accountants record transactions in the journal (1 mark)?
- To ensure that all transactions are posted to the ledger
 - To ensure that total debits equal total credits
 - To have a chronological record of all transactions
 - To help prepare the financial statements

27. Posting is the process of transferring information from the (1 mark):
- Journal to the trial balance
 - Ledger to the trial balance
 - Ledger to the financial statements
 - Journal to the Ledger
28. Wild Waves Co. earned revenue on account. The earning of revenue on account is recorded by a (1 mark):
- Debit to Cash and a credit to Revenue
 - Debit to Accounts Receivable and a credit to Revenue
 - Debit to Accounts Payable and a credit to Revenue
 - Debit to Revenue and a credit to Accounts Receivable
29. Jumping Jellybeans Co. purchased land for cash. This is recorded by (1 mark):
- Debit to Cash and a credit to Land
 - Debit to Cash and a debit to Land
 - Debit to Land and a credit to Cash
 - Credit to Cash and a credit to Land
30. What is the normal balance of the Accounts Receivable, Office Supplies, and Rent Expense accounts (1 mark)?
- Debit
 - Credit
31. The account credited for a receipt of cash on account is (1 mark):
- Cash
 - Accounts Payable
 - Service Revenue
 - Accounts Receivables
32. If the assets of a business are \$200,000 and the liabilities are \$90,000, how much is the shareholder's (owner's) equity (1 mark)?
- \$290,000
 - \$110,000
 - \$200,000
 - \$90,000
33. Accumulated Amortization is reported on (1 mark):
- The balance sheet
 - The income statement
 - The statement of Shareholder's equity
 - Both a and b

34. Which of the following forms of business organization is personally liable for business debts and has a single owner (1 mark)?
- Law firm
 - Proprietorship
 - Partnership
 - Corporation
35. Paying an account payable will (1 mark)?
- Increase one asset and decrease another
 - Decrease an asset and decrease owner's equity
 - Decrease an asset and decrease a liability
 - Increase an asset and increase a liability
36. Performing a service for a customer or client and receiving the cash immediately will (1 mark):
- Increase one asset and decrease another asset
 - Increase an asset and increase owner's equity
 - Decrease an asset and decrease a liability
 - Increase an asset and increase a liability
37. A worksheet is a (1 mark):
- Journal
 - Ledger
 - Financial statement
 - Device for completing the accounting cycle
38. The usefulness of the worksheet is (1 mark):
- Identifying the accounts that need to be adjusted
 - Summarizing the effects of all the transactions of the period
 - Aiding the preparation of the financial statements
 - All of the above
39. Which of the following accounts is not closed (1 mark):
- Supplies Expense
 - Prepaid Insurance
 - Interest Revenue
 - Withdrawals
40. The major expense of a merchandizing business is (1 mark):
- Cost of Goods Sold
 - Amortization
 - Rent
 - Interest

41. What is the gross margin? (1 mark)

- a. Assets less liabilities
- b. Sales less cost of sales and taxes
- c. Sales less cost of sales
- d. The value of assets give up for nothing in return
- e. None of the above

42. The bookkeeper recorded prepaid insurance in the amount of \$2,300 incorrectly as \$3,200. Which Journal entry will correct the ledger accounts if the business records prepaid expenses by debiting an asset account? (1 mark)

- a.

Accounts receivable	900	
Prepaid insurance		900
- b.

Cash	900	
Prepaid Insurance		900
- c.

Cash	900	
Insurance expense		900
- d.

Insurance expense	900	
Cash		900

43. If a business has the following items in it: \$1,000,000 Land, \$20,000 Machinery, \$10,000 Cash, and \$0 Debit; what is the value of owner's equity? (1 mark)

- a. \$1,000,000
- b. \$1,020,000
- c. \$1,010,000
- d. \$1,030,000
- e. None of the above

Use the following information to answer questions 44 – 50

The celebrity singer Usher decided to start up a new business selling couture umbrellas called, *Usher's Umbrellas Ltd*. He uses the normal-costing, perpetual method of accounting for inventories. The company accounts he uses are listed below:

- Accounts receivable
- Accounts Payable
- Cash
- Cost of Goods Sold
- Depreciation expense
- Manufacturing overhead (OH) control
- Wages expense
- Utilities payable
- Finished goods inventory
- Accumulated depreciation
- Sales Revenue
- Wages payable
- Direct material inventory
- Work in progress inventory
- Utilities expense
- Other

44. Usher's Umbrellas purchased \$15,000 raw material on account – the ___ account should be debited and the ___ account should be credited (2 marks):
- Accounts payable, cost of goods sold
 - Cost of goods sold, accounts payable
 - Direct material inventory, accounts payable
 - Accounts payable, direct material inventory
45. Usher's Umbrellas used \$8,000 raw material in the manufacturing process – the ___ account should be debited and the ___ account should be credited (2 marks):
- Work in progress inventory, direct material inventory
 - Direct material inventory, work in progress inventory
 - Finished goods inventory, direct material inventory
 - Direct material inventory, finished goods inventory
46. Usher's Umbrellas recognized 1,000 hours of direct labour at a cost of \$13,000 – the ___ account should be debited and the ___ account should be credited (2 marks):
- Wages payable, work in progress inventory
 - Work in progress inventory, wages payable
 - Cost of Goods Sold, wages payable
 - Wages payable, cost of goods sold
47. Usher's Umbrellas paid workers direct labour wages of \$13,000 – the ___ account should be debited and the ___ account should be credited (2 marks):
- Wages payable, cash
 - Cash, wages payable
 - Wages expense, wages payable
 - Wages payable, wages expense
48. Usher's Umbrellas allocated overhead costs to production at a rate of \$4 per unit – the ___ account should be debited and the ___ account should be credited (2 marks):
- Cost of goods sold, work in progress inventory
 - Work in progress inventory, cost of goods sold
 - Manufacturing OH control, work in progress inventory
 - Work in progress inventory, manufacturing OH control
49. Usher's Umbrellas recognized \$7,000 depreciation of factory machines - the ___ account should be debited and the ___ account should be credited: (2 marks):
- accumulated depreciation, cost of goods sold
 - cost of goods sold, accumulated depreciation
 - manufacturing OH control, accumulated depreciation
 - accumulated depreciation, manufacturing OH control

50. Usher's Umbrellas received factory utility bill of \$3,000 - the ____ account should be debited and the ____ account should be credited: (2 marks)
- utilities payable, manufacturing OH control
 - manufacturing OH control, utilities payable
 - cash, utilities payable
 - utilities payable, cash

For questions 51-59 involving Culinary Book Shop and its owner, John Bush, please reference the following list of accounts:

- Cash
- Revenue
- Unearned Revenue
- John Bush Withdrawals
- Office Supplies
- John Bush Capital
- Office Supplies Expense
- Accounts Payable
- Rent Expense
- Accounts Receivable
- Administration expense

51. If Culinary Book Shop owes its landlord for the past month's rent the ____ account would be debited and the ____ account would be credited: (2 marks)
- accounts payable, rent expense
 - rent expense, accounts payable
 - administration expense, accounts payable
 - accounts payable, administration expense
52. If Culinary Book Shop purchased office supplies on account the ____ account would be debited and the ____ account would be credited: (2 marks)
- office supplies, cash
 - cash, office supplies
 - office supplies, accounts payable
 - accounts payable, office supplies
53. If Culinary Book Shop provided services to a customer on account the ____ account would be debited and the ____ account would be credited: (2 marks)
- accounts receivable, revenue
 - revenue, accounts receivable
 - accounts receivable, cash
 - cash, accounts receivable

54. If the owner of Culinary Book Shop paid for the past months' rent (from transaction in question #51) with his own cash and does not intend to be paid back by the company, then the ____ account would be debited and the ____ account would be credited: (2 marks)

- a. John Bush withdrawals, accounts payable
- b. accounts payable, John Bush withdrawals
- c. accounts payable, John Bush capital
- d. John Bush capital, accounts payable

55. When Culinary book Shop uses some of the office supplies purchased in the transaction from question #52 they would debit the ____ account and credit the ____ account: (2 marks)

- a. office supplies, accounts payable
- b. accounts payable, office supplies
- c. office supplies, office supplies expense
- d. office supplies expense, office supplies

56. When the owner of Culinary Book Shop withdrew some of the supplies for personal use with no intention of paying back the company, they would debit the ____ account and credit the ____ account: (2 marks)

- a. office supplies, John Bush capital
- b. John Bush capital, office supplies
- c. office supplies, John Bush withdrawals
- d. John Bush withdrawals, office supplies

57. If Culinary Book Shop received a cash deposit from a customer for services to be provided in the future, they would debit the ____ account and credit the ____ account: (2 marks)

- a. cash, revenue
- b. revenue, cash
- c. cash, unearned revenue
- d. unearned revenue, cash

58. If Culinary Book Shop provides the service from the previous question they would then debit the ____ account and credit the ____ account: (2 marks)

- a. revenue, cash
- b. cash, revenue
- c. unearned revenue, revenue
- d. revenue, unearned revenue

59. If Culinary Book Shop paid for the office supplies that were purchased in the transaction from question #52 then the ____ account would be debited and the ____ would be credited: (2 marks)

- a. cash, accounts receivable
- b. accounts receivable, cash
- c. accounts payable, cash
- d. cash, accounts payable

Use the following information to answer questions 60 -63.

On October 1, 2017, Debbie Doolittle started a new business called Doolittle Doggie Daycare. Debbie had the following transactions:

- October 1 Received \$30,000 cash investment from owner to begin the business
3 Purchased office equipment for \$6,000, paying \$1,800 cash, balance due in 60 days
6 Received \$5,000 from a client for payment in advance for future travel services
31 Borrowed \$15,000 from the bank, signing a promissory note that indicated the terms and interest rate.

60. On October 1st, which accounts are credited and which accounts are debited (2 marks):

- a. Credit cash, Debit D. Doolittle, Capital
- b. Debit Cash, Credit Revenue
- c. Debit Cash, Credit D. Doolittle, Capital
- d. Credit Cash, Debit Revenue

61. On October 3, which accounts are credited and which accounts are debited (2 marks):

- a. Debit Office Equipment, Credit Cash, Credit Accounts Payable
- b. Debit Office Equipment, Credit Cash
- c. Credit Revenue, Debit Office Equipment
- d. Credit Office Equipment, Debit Cash, Debit Accounts Receivable

62. On October 6th, which accounts are credited and which accounts are debited (2 marks):
- Debit Accounts Receivable, Credit Revenue
 - Debit Accounts Receivable, Credit Unearned Revenue
 - Debit Cash, Credit Accounts Receivable
 - Debit Cash, Credit Unearned Revenue
63. On October 31, which accounts are credited and which accounts are debited (2 marks):
- Debit Accounts Receivable, Credit Notes Payable
 - Debit Cash, Credit Unearned Revenue
 - Debit Cash, Credit Notes Payable
 - Debit Accounts Receivable, Credit Revenue
64. Lisa Hunter bought furniture in January 2017 for \$45,000. She believes it will be useful for five years. She is currently preparing the financial statements for May 2017. What is the amount of accumulated amortization to be recorded? (1 mark)
- \$750
 - \$9,000
 - \$45,000
 - \$850
65. Lisa Hunter's company was hired on May 15 by Rock Creek Development to provide consulting services on a monthly basis. Rock Creek will pay Lisa \$3,000 monthly, with the first payment on June 15. What amount and which accounts must Lisa adjust on May 31st? (1 mark)
- Debit Cash \$1500 and Credit Service Revenue \$1500
 - Debit Accounts Receivable \$1500 and Credit Service Revenue \$1500
 - Debit Cash \$3000 and Credit Service Revenue \$3000
 - Debit Accounts Receivable \$3000 and Credit Service Revenue \$3000

Please answer the final question below. This question will be marked only in the event that we have a tie for the 1st, 2nd and 3rd place winners. The results of this question will be used to break the tie.

66. Name the six *CPABC CareerConnect Employers* from the list below:

Capilano University

EVO

Coast Mountain Bus Company

Mountain Equipment Coop

Translink

Starbucks

Unbounce

Arcteryx

BC Hydro

Deloitte

Coast Capital Savings

SRK Consulting

University of British Columbia

Loren, Nancke & Company

Simon Fraser University

Dentons

Fraser Health Authority

Microsoft Vancouver

Whistler Blackcomb

QHR Technologies

iQmetrics

Canucks Sports & Entertainment

ACL Services Ltd.

Sophos Inc.