

**Take this accounting skills self test to assess your bookkeeping skills or use it to evaluate the skills of an applicant for a job of bookkeeper**

1. State the basic accounting equation.
2. Indicate the type (Asset, Liability, Equity, Revenue, Expense) and normal balance (debit or credit) for the following:
  - Cash
  - Sales
  - Furniture and equipment
  - Accounts receivable
  - Depreciation
  - Notes payable
  - Work in Progress
3. Define the following terms:
  - Prepaid expense
  - Accrued expense
4. Explain the difference between cash and accrual basis of accounting
5. Prepare ELL Construction, Inc. journal entries for November 2004. ELL maintains their general ledger on the accrual basis.
  - On November 1, 2004, Mark & Mary form ELL Construction, Inc. by each investing \$5,000. Each will receive 500 shares of ELL common stock \$1.00 per value.
  - On November 2, 2004, ELL Construction, Inc. paid \$1,500 to Mr. Landlord for November's rent.
  - On November 5, 2004, ELL Construction, Inc. purchased \$3,000 of materials on credit from Electrical Supply, Inc. for the electrical service work at ABC Corporation.
  - On November 10, 2004, ELL Construction, Inc. billed ABC Corporation \$10,000 for the electrical service work completed November 6, 2004.
  - On November 13, 2004, ELL Construction, Inc. purchased office supplies for \$150 from XYZ Corporation.
  - On November 14, 2004, ELL Construction, Inc. purchased a Dell computer for \$1,000. ELL Construction, Inc.'s capitalization policy for fixed assets is \$500.
  - On November 15, 2004, ELL Construction, Inc. received \$5,000 payment for ABC Corporation for audit billing of November 10, 2004.
  - On November 20, 2004, ELL Construction, Inc. paid Electrical Supply for the materials purchased November 5, 2004.
  - On November 30, 2000, ELL Construction, Inc. accrued the weekly payroll of \$500.00 to be paid December 7, 2004.
6. Using T-accounts, post the journal entries generated from question 5.
7. Prepare ELL Construction, Inc. balance sheet and income statement as of November 30, 2004.