1982

A Study to Determine the Effects of Competency Based Education on Student Performance in Beginning Accounting

Benjamin P. Mason
Old Dominion University

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A STUDY TO DETERMINE THE EFFECTS OF COMPETENCY BASED EDUCATION ON STUDENT PERFORMANCE IN BEGINNING ACCOUNTING

A project presented to the Faculty of the Department of Vocational and Technical Education Old Dominion University

In Partial Fulfillment of the Requirements for the Degree Master of Science in Education

by
Benjamin P. Mason
April 1982
This research paper was prepared by Benjamin P. Mason under the direction of Dr. David I. Joyner in Vocational and Technical Education 636, Problems in Education. It was submitted to the Graduate Program Director as partial fulfillment of the requirements for the Degree of Master of Science in Education.

Approved by: David I. Joyner, Ed. D. Advisor

5/5/82

Date

David I. Joyner, Ed. D.
Graduate Program Director

5/5/82
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CHAPTER 1
INTRODUCTION

Vocational educators in Virginia are working toward reaching a common goal. This goal is to provide students in vocational classes an education that is role-relevant. It has been termed Competency Based Education, and the state has set September, 1984, as its goal for full implementation of this approach.

The purpose of Competency Based Education is to provide students with the knowledge, skills, and attitudes they will need to successfully obtain employment in occupations for which they receive training or to further their education in the area if they so desire. The skills, knowledge, and attitudes were based on role-relevant competencies performed by employees in today's work force.

The State Department of Education established four major standards for Competency Based Education. These standards were:

1. Role-relevant competencies that include standards are identified and stated.
2. Competencies are specified to students prior to instruction.
3. Criterion-referenced measures are used to measure achievement of competencies.
4. A system exists for documenting the competencies achieved by each student. (Virginia CBE Standards: May, 1979)

The state also established seven basic characteristics for Competency Based Education. These characteristics were:

1. The main indicator of the student's achievement is his/her ability to effectively and efficiently do the job for which he/she is preparing.
2. Once a student has demonstrated ability to do the job for which he/she is preparing, he/she may do it after having completed the preparation. Time is not a factor. The student may finish earlier than others, or may take more time than usual if needed.

3. The criterion of success is demonstrating one’s ability to do the job. Mastery criteria are used to determine how well the student performs. Students must satisfy these criteria if they are to be considered competent.

4. There is a minimum of concern for entrance requirements. Students are accepted at their level and instruction is designed accordingly.

5. Flexible scheduling of learning activities is essential to provide for individual differences among students. This allows for year-round educational opportunities and frequent enrollment periods.

6. There are no fixed rules to how, when, or where learning is to be accomplished.

7. Opportunities are provided to acquire competencies on the job or in practical field experience.

In the fall semester 1981, the researcher used Competency Based Education standards in one beginning accounting class at Arcadia High School. Beginning Accounting is a course designed to provide the basic knowledge of accounting practices and procedures, and to develop skills in recording and analyzing business transactions. The course also emphasizes the preparation, use, and interpretation of financial statements. Beginning Accounting was offered on an elective basis at either the eleventh or twelfth grade level, and it was supplementary to the Clerk Typing Occupational Program offered in the Business Education Departments in Accomack County, Virginia.

It is important that students receive instruction in accounting because accounting is often called "the language of business" as it is the language commonly used to convey financial information about
a business. It is also particularly important that all graduating business education students have at least one course in basic accounting principles whether they pursue an accounting career or not. As secretaries, as office managers, as owners of a business, or in everyday life situations the concepts and practices learned in an accounting class can be very helpful.

This course also opens up a career possibility for those students who are undecided about their futures. Each year three or four Arcadia students enroll in Beginning Accounting and find in this class a field they were not previously aware of, but enjoy the challenge and ideas they are introduced to so much that they go on to make the accounting field a career.

STATEMENT OF THE PROBLEM

The purpose of this study was to determine the effect of Competency Based Education by comparing achievement test scores of students enrolled in a competency based beginning accounting class with those scores of students enrolled in a non-competency based beginning accounting class at Arcadia High School.

HYPOTHESES

1. Students in a competency based beginning accounting class will score higher on publisher provided standardized tests than those students who are enrolled in a class that is not competency based.

2. Students in the lower half of their class ranking, according to their cumulative grade averages, will achieve significantly higher scores on publisher provided standardized tests in
beginning accounting if they receive instruction according to Competency Based Education standards than if they receive instruction that is not competency based.

3. Students in the upper half of their class, ranking, according to their cumulative grade averages, will achieve slightly higher scores on publisher provided standardized tests in beginning accounting if they receive instruction according to Competency Based Education standards than if they receive instruction that is not competency based.

BACKGROUND AND SIGNIFICANCE

The future holds many opportunities for workers with skills and knowledge in the field of business and industry, and vocational business educators at the secondary level must be responsible for preparing these individuals. The development and implementation of Competency Based Education is one method of reaching vocational education's primary goal of ensuring that students possess the appropriate skills, knowledge, and attitudes required for success in education and employment.

Vocational education has already been a leader in the development of modular instruction, individualized lessons, and mastery-learning systems which bring reality into the classroom. Competency Based Education, defined as educational programs in which required knowledge, skills, and attitudes are based on role-relevant competencies, has always been a part of vocational training. Students must learn and master one level of instruction before they can progress to the next.

Melvin H. Garner, Administrative Director of Vocational and Adult Education stated that through vocational business education,
students will be prepared to assume roles in the work force. He emphasized that preparing students through programs that are competency based will enhance their chance of success in an ever increasing complex society.

LIMITATIONS

This study was limited because the students studied were not randomly selected, but rather were students who had pre-registered for beginning accounting in September 1981.

A large percentage of these students came from low socio-economic backgrounds and were performing in the lower half of their class academically.

The study's results may have been limited because some of the questions on the publisher provided standardized tests could have been learned through life experiences rather than in class instruction.

ASSUMPTIONS

It was assumed in this study that:

1. The publisher provided standardized tests were valid tests of the level of competencies and skills learned.

2. The students being tested responded to the best of their abilities to the test questions because their course grade was partially determined by these tests.

3. Students tests scores in the competency based education class would improve gradually throughout the semester as they became more familiar with competency based education as a teaching/learning system.
PROCEDURES

Subjects for this study were students who enrolled in two beginning accounting classes at Arcadia High School, Oak Hall, Virginia. The majority of students came from low income homes, and many were low-achievers.

The same teacher taught both groups, but used two different teaching approaches with the two groups. With one group, the teacher used the traditional teaching methods and procedures. With the experimental group, the teacher used the guidelines and characteristics of Competency Based Education. Throughout the semester, a series of six publisher provided standardized tests were administered to both classes to measure student achievement.

DEFINITION OF TERMS

Terms which appear in this paper that may be unfamiliar or confusing to the reader will now be briefly defined.

1. **Beginning Accounting**—A course designed to provide basic knowledge of accounting procedures and to develop skills in recording and analyzing business transactions. In addition, preparation, use, and interpretation of financial records and statements are emphasized.

2. **Competency**—The ability (including knowledge, skills, and/or attitudes) to perform a specific task or duty successfully.

3. **Competency Based Education**—Educational programs in which required performances are specified and agreed to in rigorous detail in advance of instruction.

4. **Competency Documentation**—A system of recording student achievement in the vocational program. It should provide detailed information to the employer concerning the skills, knowledge, and attitudes possessed by the student.
5. **Criterion-Referenced Measure**—A test item based on a performance objective, requiring the learner to show ability to accomplish a task in a given situation according to a pre-established standard.

6. **Performance Objective**—A statement of exactly what the learner must do, indicating an activity that can be observed and measured. A performance objective must contain a condition which describes the situation, limits, and tools and equipment of the work environment; a behavior which states exactly what observable behavior the learner must demonstrate; and a standard which describes how precise the quality of work must be.

7. **Standard**—The portion of the performance objective which describes how well the task must be performed.

8. **Vocational Education**—Those programs, services, and activities which lead to meaningful and informed occupational choices and which develop sufficient skills and knowledge for the individual to enter and advance in the gainful satisfying career.

**SUMMARY**

In chapter one, the reader was introduced to competency based education and presented with the purpose of this study—to determine the effects of competency based education on student performance in beginning accounting. The reader has also been given the hypotheses, limitations, background and significance, a definition of terms, assumptions and procedures for accumulating data.

In the following chapters, the researcher will review the current literature in this subject area, discuss in detail the methods and procedures used to collect the data, and state the findings, recommendations, conclusions, and summaries drawn from this study.
CHAPTER 2
REVIEW OF THE LITERATURE

In the fall of 1981, the Virginia General Assembly's Joint Subcommittee on Vocational, Technical, and Career Education issued a statement that no Virginia public school student should be thrust into the workaday world without possessing a vocational skill. The subcommittee stated that hundreds of thousands of young men and women attend schools in Virginia each year. Most eventually graduate and either go on to college or some job-training program. However, over ten thousand students graduate each year and do not further their education. They attempt to enter the labor market inadequately prepared. Another twenty thousand drop out annually, and their economic outlook in a society where the demand and pay for unskilled and semi-skilled labor is sharply limited. (Virginian Pilot A-12)

According to the Subcommittee on Vocational, Technical, and Career Education, it was extremely cruel to release youngsters from the classroom before an attempt has been made to prepare them to become self-supporting adults. Ensuring that every student learns a job skill is not a goal that will be easily attained. The subcommittee recommended that vocational course offerings be expanded in junior and senior high schools and state aid for vocational education be expanded as well. This shows the subcommittee's prudent desire to help the young survive in a world
of work and to lighten the states prison and welfare population.
(Virginian Pilot A-12)

The recommendations fit well into the direction of vocational educators in the state of Virginia have been working to attain in the past few years, as the primary goal of vocational education in Virginia is to ensure that students acquire the skills, knowledge, and attitudes necessary to obtain employment in occupations for which they receive training. The development and implementation of Competency Based Education was one method of reaching this goal. Competency based educational concepts and principles have been used for many years to facilitate industrial and military training. It was first proposed for use in the schools on a developmental basis for the Comprehensive Elementary Teacher Education Models in 1968. The great efforts and eagerness that have been expanded to develop competency based education seem to have resulted from a number of growing pressures on schools and colleges to be more accountable for the products of their programs. (Cilley: 1977, 9-11)

Competency Based Education requires that skills, knowledge, and attitudes that were taught in the classroom be based on role-relevant competencies that are performed by today's workers. Competency Based Education is defined in Virginia as:

Educational programs in which required knowledge, skills, and attitudes are based on role-relevant competencies. (Virginia Department of Education: 1979, 8)

Probably the most fundamental aspect of this definition involves the concept of competency. The definition of a competency as used here rendered the concept of life-roles as the prime considerations in designing the curriculums, providing the instruction, framing outcome goals, and measuring student performances. This
definition describes competencies as indicators of successful performance in life-roles and separates them from the cognitive, manual, and social activities that serve as the building blocks on which the competencies will ultimately depend. (Spady: 1977, 12-13)

**CBE STANDARDS**

The Virginia Vocational and Adult Education CBE Standards: Requirements and Criteria (1980) provided a description of the criteria for meeting state standards for a competency based program. These standards are as follows:

I. "ROLE-RELEVANT COMPETENCIES THAT INCLUDE STANDARDS ARE IDENTIFIED AND STATED."

The competencies with standards will be identified through V-TBDS, IDECC, and other appropriate research. Advisory committees should be used to review competencies and standards. Competencies in the affective domain will be included. Role-relevant competencies for occupational preparation programs are those that specifically relate to the occupations for which the student is being prepared as well as to the personal needs of the student. Role-relevant competencies are related also to orientation, exploration and/or industrial arts experiences which have been identified for students.

II. COMPETENCIES ARE SPECIFIED PRIOR TO INSTRUCTION.

A system exists to inform students regarding what will be expected at program completion. For example, teachers may provide profiles, checksheets, training plans, contracts, or other structured methods to identify outcomes. Students are aware of expected outcomes.

III. CRITERION-REFERENCED MEASURES ARE USED TO MEASURE ACHIEVEMENT OF COMPETENCIES.

Criterion-referenced measures are based on standards that are measurable. Student performance is measured against predetermined standards rather than against other student's accomplishments.

IV. A SYSTEM EXISTS FOR DOCUMENTING THE COMPETENCIES ACHIEVED BY EACH STUDENT.
The documentation provides a record of competencies achieved. The documentation may be used for articulation of the program to provide a smooth transition of the student from one school to another or from one level of instruction to another. The documentation is also a means for providing information to employers." (Virginia Department of Education: 1980, 11)

These concepts such as setting standards, identifying needs of the occupation and evaluation of student performance were not completely new to vocational education. What was new was the use of validated competencies, thoroughly systematic procedures for delivery of instruction, and more objective documentation of competencies achieved. (Cilley: 1977, 9)

**CBE CHARACTERISTICS**

In addition to the previously described state standards, certain characteristics were established for competency based vocational programs. These characteristics were divided into two groups: required and helpful. The required characteristics included (1) a task analysis to find out what is required in a specific employment field, and that course content be based on the results of such analysis; (2) development of performance objectives for each task or competency identified through the task analysis as essential for employment; (3) development of a measure for each competency and student performance being compared to a standard rather than another student's work; (4) holding each student accountable for achieving at least a given minimum level of competency in performing tasks essential to the occupation. (Virginia Department of Education: 1980, 5)

Characteristics described as helpful but not mandatory included (1) use of individualized materials and instruction for the students; (2) flexibility of learning time to complete
the program; and (3) using self-check lists and other assessments which give immediate feedback to guide the student's learning activities. (Virginia Department of Education: 1980, 5-6)

Many of these characteristics seem to be based on the behavioral objectives of the late 1960's and early 1970's when the general accurate but not profound observation that most teachers did not test what they said they taught was made. (Spady: 1977, 10)

ADVANTAGES OF CBE

Like any instructional system competency based education had both advantages and disadvantages. The major advantages of the system included:

1. By using task analysis and periodic reviews of the world of work, an updated, role-relevant program which teaches the correct skills, knowledge, and attitudes can be maintained. This will also ensure students that they can meet the specification of future employers when applying for work.

2. By documenting student achievements so thoroughly as required by a competency based educational system, it should allow for a much smoother articulation between secondary and post-secondary education. Teachers may see exactly which competencies have been mastered and which need additional work or have yet to be introduced to the student. These records are also valuable for student permanent records and as pre-employment information.

3. By making the instructional objectives clear to the students, the parents, and the general public prior to instruction, the teacher is able to communicate to his/her students better understanding
of course requirements. This also permits the teacher to closely monitor each student's progress in relation to stated objectives, and diagnose difficulties early so remedial instructions may be received.

4. Students may be encouraged to assume more responsibility for their own progress when completion of a program is largely dependent on the demonstration of specified competencies and more latitude is permitted with respect to the means used to attain the competencies. (Cilley: 1977, 26-27)

**DISADVANTAGES OF CBE**

Identified disadvantages of a competency-based system included the fact that some competencies were difficult to identify for certain occupations, that some teachers may not have the time to develop instructional materials for all the tasks which were identified, that identifying minimum performance standards was very hard for many tasks, and also that these minimum performance standards have not provided sufficient encouragement for students to attain more advanced performance levels. (Cilley: 1977, 27)

**SUMMARY**

This chapter has shown that competency based education represents a meaningful alternative to conventional forms of education by directing its focus on the development of tasks, skills, and attitudes that are essential to successful employment. It is an excellent tool to help vocational educators reach the goal of providing role-relevant instruction in the classroom and laboratory.
In the next chapter, the methods and procedures used to determine the influence of competency based education on the achievements of students enrolled in beginning accounting at Arcadia High School will be discussed.
CHAPTER 3

METHODS AND PROCEDURES

The primary purpose of this study was to determine whether a class taught by competency based education methods and procedures produced an improved student understanding of the concepts and principles introduced in Beginning Accounting than a class taught by traditional methods.

This was accomplished by studying the performances of two beginning accounting classes at Arcadia High School, Oak Hall, Virginia during the fall semester 1981-1982. Their performances were evaluated by administering publisher provided standardized tests to both classes throughout the semester. These tests were published by the South-Western Publishing Company to accompany Century 21 Accounting, Second Edition, the text used in all beginning accounting classes at Arcadia High School. The tests were designed to evaluate student performance on the key concepts and practices presented in the text.

POPULATION FOR THE STUDY

The population for this study was not randomly selected, but were students who had pre-registered to take beginning accounting during the third and sixth periods at Arcadia High School in the fall of 1981. The population of these classes was 83% female and 17% male. Juniors made up 76% of the population and seniors made up the other 24%.
SELECTION OF THE INSTRUMENT

To obtain the data for completing this research effort, a series of publisher provided objective tests and problem style tests were administered to the students throughout the semester. These tests, designed by Robert M. Swanson, Lewis D. Boynton, Kenton E. Ross, and Robert D. Hanson, the authors of Century 21 Accounting, Second Edition, were selected to evaluate student performance because they covered thoroughly the concepts, principles, and practices presented to both classes by the teacher.

Each objective test contained approximately one hundred questions that were matching, true-false, and multiple choice in nature. Each objective test emphasized knowledge of accounting terminology and concepts related to the unit just studied.

The problem style tests were designed to give students an opportunity to complete the activities that would actually be performed by practicing accounting clerks in the profession today. The students were required to prepare journal entries, post to ledgers, prepare interim reports, and prepare financial statements on these problem style tests. Copies of each test are included in the appendix.

Since the students knew these tests had a direct bearing on their grade, it was assumed that an analysis and review of the test results would reveal the effectiveness of competency based education as an instructional tool as compared with traditional teaching methods.

ANALYSIS OF THE RESPONDENTS

The test results from students in both classes were used in
this research. This represented one hundred percent of the students in these two classes and seventy-seven percent of all students taking beginning accounting at Arcadia High School during the fall semester, 1981.

DATA TREATMENT

The test results for each class were compiled throughout the first semester. A mean test score for each student was obtained by averaging the results of the six tests. The mean of each class were then computed and compared to determine which class scored higher on the standardized tests.

The test scores for each group were reviewed further to determine whether competency based education had a greater effect on students performing in the lower half of their class as determined by their overall scholastic average than on those students performing in the upper half of their class. This was accomplished by dividing the scores of each class into two groups, (students with scholastic averages of 85 and above on all classes taken and students with scholastic averages below 85). Means for each group were determined and T-tests of mean differences were performed for the specific variable, competency based education. The results of the T-tests were applied using the proper degree of freedom to determine the level of significance.

A nominal scale was used for tabulation of the results from the tests. All data was tabulated by the hand scoring method. The data was analyzed quantitatively and reported in table form. The basis for the validity of this entire study depended on:
1. The ability of the instructor to conduct the competency-based education class according to state-mandated principles.

2. The average ability of the students in both classes to be approximately equal.

SUMMARY

This chapter has described the methods and procedures used to collect and analyze the data for this study. In the preceding chapters, the findings, recommendations, conclusions, and summaries reached by the researcher will be stated.
CHAPTER 4

FINDINGS

The first goal of this study was to determine whether the techniques prescribed by competency based education had a significant effect on the achievement of students enrolled in beginning accounting at Arcadia High School, Oak Hall, Virginia. To achieve this goal, the mean scores of six standardized tests given to each student in the study were determined. These students had previously been divided into two groups according to class enrollments. Group A students had been given instruction according to competency based education and group B students had been given instruction according to traditional teaching methods and procedures. The standardized test scores and mean test score for each student are shown in Table I.

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\bar{x} = \frac{\sum x}{N} = \frac{1,837.67}{21} = 87.51
\]

\[
\bar{x} = \frac{\sum x}{N} = \frac{1,373.82}{17} = 80.81
\]

The mean of Group A was 87.51, and the mean of Group B was 80.81. The median scores for Group A were 89.33 and for Group B it was 83.50. The modal score for Group A was 83.67 and for Group B it was 75.33.
Table II represents the mean test scores for those students who maintained a scholastic average of 85 and above on all classes taken. (students in the upper half of their class) The means ($\bar{x}$), deviations from the mean (d), and deviations squared ($d^2$) were computed as shown in Table II.

<table>
<thead>
<tr>
<th>GROUP A</th>
<th></th>
<th>GROUP B</th>
<th></th>
</tr>
</thead>
</table>
| STUDENT | $\bar{x}$ | d | $d^2$ | STUDENT | $\bar{x}$ | d | $d^2$
| 1 | 98.50 | 6.12 | 37.45 | 1 | 93.83 | 7.62 | 58.06 |
| 2 | 93.67 | 1.29 | 1.66 | 2 | 91.33 | 5.12 | 26.21 |
| 3 | 92.33 | -0.05 | 0.00 | 3 | 90.00 | 4.21 | 17.72 |
| 4 | 92.00 | -.38 | .14 | 4 | 89.33 | 3.12 | 9.73 |
| 5 | 92.00 | -.38 | .14 | 5 | 88.17 | 1.96 | 3.84 |
| 6 | 90.50 | -1.88 | 3.53 | 6 | 75.50 | -10.71 | 114.70 |
| 7 | 90.33 | -2.05 | 4.20 | 7 | 75.33 | -10.88 | 118.37 |
| 8 | 89.67 | -2.71 | 7.34 | | | | |
| $\bar{x}$ | 92.38 | | | $\bar{x}$ | 92.38 | | |
| $\bar{x}$ = $\frac{x}{N}$ = $\frac{54.46}{8}$ | | | | $\bar{x}$ = $\frac{x}{N}$ = $\frac{348.63}{7}$ |
| = 92.38 | | | | = 86.21 |

$t = \sqrt{\frac{92.38 - 86.21}{\frac{54.46 + 348.63}{8 + 7 - 2} / \frac{8 + 7}{8 \times 7}}}$

$t = \sqrt{\frac{6.17}{(403.09)(15)}}$

$t = \sqrt{\frac{6.17}{(13)(56)}}$

$t = 6.17$

$t = 6.17$

$t = \sqrt{\frac{6046.35}{728}}$

$t = 6.17$

$t = \sqrt{8.305}$

$t = 6.17$

$t = 2.88$

$t = 2.142$
The result of this t-test was then applied to Table III of J. T. Spence's *Elementary Statistics* (1) at the proper degree of freedom which indicated the value of \( t \) for one-tailed and two-tailed tests at specific levels. The degree of freedom for this sample was 13 (8 + 7 - 2 = 13).

By using the figures in Spence's Table III, it was determined that the t-test result of 2.142 was significant at the .025 level of a one-tailed test and at the .050 level of a two-tailed test. Thus, the findings of this sections of the study indicated that the variable, competency based education, had a significant effect on the achievement of students enrolled in beginning accounting at a range of 2.5 to 5 percent.

Table III represents the mean test scores for those students who maintained a scholastic average of less than 85 on all classes taken. (students in the lower half of their class) The means (\( \bar{x} \)) deviations from the mean (\( d \)), and deviations squared (\( d^2 \)) were computed as shown in Table III.

**TABLE III**

<table>
<thead>
<tr>
<th>STUDENT</th>
<th>( \bar{x} )</th>
<th>( d )</th>
<th>( d^2 )</th>
<th>STUDENT</th>
<th>( \bar{x} )</th>
<th>( d )</th>
<th>( d^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>91.67</td>
<td>7.16</td>
<td>51.27</td>
<td>1</td>
<td>88.33</td>
<td>11.48</td>
<td>131.79</td>
</tr>
<tr>
<td>2</td>
<td>90.00</td>
<td>5.49</td>
<td>30.14</td>
<td>2</td>
<td>84.00</td>
<td>7.15</td>
<td>51.12</td>
</tr>
<tr>
<td>3</td>
<td>89.33</td>
<td>4.82</td>
<td>23.23</td>
<td>3</td>
<td>83.67</td>
<td>6.82</td>
<td>46.51</td>
</tr>
<tr>
<td>4</td>
<td>86.67</td>
<td>2.16</td>
<td>4.67</td>
<td>4</td>
<td>83.50</td>
<td>6.65</td>
<td>44.22</td>
</tr>
<tr>
<td>5</td>
<td>85.50</td>
<td>.99</td>
<td>.98</td>
<td>5</td>
<td>82.00</td>
<td>5.15</td>
<td>26.52</td>
</tr>
<tr>
<td>6</td>
<td>84.33</td>
<td>-.18</td>
<td>.03</td>
<td>6</td>
<td>81.83</td>
<td>4.98</td>
<td>24.80</td>
</tr>
<tr>
<td>7</td>
<td>83.67</td>
<td>-.84</td>
<td>.71</td>
<td>7</td>
<td>80.83</td>
<td>3.98</td>
<td>15.84</td>
</tr>
<tr>
<td>8</td>
<td>83.67</td>
<td>-.84</td>
<td>.71</td>
<td>8</td>
<td>75.50</td>
<td>-1.35</td>
<td>1.82</td>
</tr>
<tr>
<td>9</td>
<td>83.50</td>
<td>-1.01</td>
<td>1.02</td>
<td>9</td>
<td>75.33</td>
<td>-1.52</td>
<td>2.31</td>
</tr>
<tr>
<td>10</td>
<td>81.33</td>
<td>-2.68</td>
<td>7.18</td>
<td>10</td>
<td>74.17</td>
<td>-2.68</td>
<td>7.18</td>
</tr>
<tr>
<td>12</td>
<td>79.67</td>
<td>-4.84</td>
<td>23.43</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>79.00</td>
<td>-5.51</td>
<td>30.36</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( \bar{x} ) = 845.33</td>
<td>( \bar{x} ) = 1098.67</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( N ) = 13</td>
<td>( N ) = 11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\[ \bar{x} = \frac{\Sigma x}{N} = 84.51 \]

\[ \bar{x} = \frac{\Sigma x}{N} = 76.85 \]
\[
t = \frac{84.51 - 76.85}{\sqrt{\frac{195.53 + 2006.97}{13 + 11} - 2}} = \frac{7.66}{\sqrt{\frac{2202.5}{22} \frac{24}{143}}} = \frac{7.66}{\sqrt{\frac{52860}{3146}}} = \frac{7.66}{4.10} = 1.868
\]

The result of this t-test was also applied to Table III of J. T. Spence's *Elementary Statistics* (1) at the proper degree of freedom which indicated the value of t for one-tailed and two-tailed tests as specific levels. The degree of freedom for this sample was 22 (\(13 + 11 - 2 = 22\)).

By using the figures in Spence's Table III, it was determined that the t-test result of 1.868 was significant at the .05 level of a one-tailed test and at the .10 level of a two-tailed test. Thus, the findings of this section of the study indicated that the variable, competency based education, had a significant effect on the achievement of students enrolled in beginning accounting at a range of 5 to 10 percent.

In the last chapter the researcher will use the findings to draw conclusions and make recommendations as to whether competency based education did significantly affect student achievement in beginning accounting at Arcadia High School.
CHAPTER 5
SUMMARY, CONCLUSION, AND RECOMMENDATIONS

The purpose of this study was to determine the effect Competency Based Education had on student achievement in beginning accounting at Arcadia High School. As a means to accomplish this goal, a study was conducted to determine the influence of Competency Based Education on the achievement of students enrolled in one beginning accounting class at Arcadia High School.

A review of the literature related to this topic showed that the state of Virginia has placed a great deal of emphasis on Competency Based Education, and that the state has set September, 1984, as the target date for implementing this instructional system. Therefore, the researcher felt that sufficient provocation existed to encourage proceeding with this study.

Chapter 3 explained the methods and procedures used to collect and analyze the data involved in this study. The data consisted of achievement test score results of students enrolled in two beginning accounting classes at Arcadia High School. One beginning accounting class was taught by Competency Based Education methods and one class was taught by traditional methods. These test scores were then divided into two groups - those students whose overall grade average on all courses taken was 85 or above and those students whose grade average on all courses taken was below 85. The means of each set were then applied to a t-test in order to determine
whether Competency Based Education had a greater effect on students achieving in the top half of their class than those students performing in the lower half of their class.

The findings were given in Chapter 4, which presented tables to illustrate the procedures used. Overall, the class receiving Competency Based Education averaged 87.51 on all achievement tests taken whereas the class taught by traditional methods averaged 80.81 on all tests, an average improvement of one letter grade per student. The results also indicated that Competency Based Education had a significant effect on the achievement of students performing in the top half of their class and enrolled in beginning accounting at a range of 2.5 to 5 percent. For those students enrolled in beginning accounting and performing in the lower half of their class on all courses taken, Competency Based Education had a significant effect on student achievement at a range of 5 to 10 percent.

In the next two sections, the researcher will draw conclusions from the findings and make recommendations for the future.

CONCLUSIONS

From the results indicated in the findings of Chapter 4, it can be concluded that the students enrolled in the beginning accounting class that was taught by Competency Based Education standards had a higher average standard test score than those who were taught by traditional methods. The results also indicated that Competency Based Education had a greater effect on the achievement of students performing in the lower half of their class (significant at a range of 5 to 10 percent) than on students performing in the upper half of
their class (significant at a range of 2.5 to 5 percent). Therefore, the researcher was able to reach the following conclusions:

1. The effects of Competency Based Education is significant enough to require all beginning accounting students to receive training by Competency Based Education methods and procedures during the next school year.

2. Those students who need the most help (those performing in the bottom half of their class) are significantly helped by a Competency Based instructional system.

3. Those students performing in the top half of their class are helped somewhat by Competency Based Education although no great significance can be shown here.

RECOMMENDATIONS

After reviewing the procedures involved in researching this problem, the data that was collected and analyzed, and the results that were obtained, it can be implied that:

1. The findings of this study should be expanded into further research before the conclusions presented can be confirmed or refuted.
CHAPTER ONE BIBLIOGRAPHY


CHAPTER TWO BIBLIOGRAPHY


Houston, Robert W., Exploring Competency Based Education, Berkely, California, McCutchen Publishing Corporation, 1974.


CHAPTER FOUR BIBLIOGRAPHY

### ANALYZING PRINCIPLES OF DEBIT AND CREDIT AND BUSINESS TRANSACTIONS

### OBJECTIVE TEST NO. 1

**CHAPTERS 1-6**

**Name**

**Date**

**Class**

<table>
<thead>
<tr>
<th>DIRECTIONS:</th>
<th>Perfect Score</th>
<th>Your Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not open this booklet until you are told to do so.</td>
<td>Pg. 2</td>
<td>29</td>
</tr>
<tr>
<td>Do not ask questions during the test.</td>
<td>Pg. 3</td>
<td>25</td>
</tr>
<tr>
<td>Specific directions are given at the beginning of each section of the test.</td>
<td>Pg. 4</td>
<td>40</td>
</tr>
<tr>
<td>All sample questions are marked &quot;0.&quot;</td>
<td>Total</td>
<td>94</td>
</tr>
</tbody>
</table>

---

**Name**

**Date**

**Class**

**Perfect Score**

**Your Score**

---

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### COLUMN A—BUSINESS VOCABULARY

**DIRECTIONS:** Select the term in Column I that best completes the statement in Column II. Then print the identifying number of that term in the Answers column.

<table>
<thead>
<tr>
<th>COLUMN I</th>
<th>COLUMN II</th>
</tr>
</thead>
<tbody>
<tr>
<td>account</td>
<td>0. The first book in which the records of a business are written.</td>
</tr>
<tr>
<td>account balance</td>
<td>1. The orderly records of the financial activities of an individual or of a business.</td>
</tr>
<tr>
<td>account title</td>
<td>2. Anything of value that is owned.</td>
</tr>
<tr>
<td>accountant</td>
<td>3. The business paper from which a journal entry is made.</td>
</tr>
<tr>
<td>accounting clerk</td>
<td>4. The claims against the assets of a business.</td>
</tr>
<tr>
<td>accounting records</td>
<td>5. The one to whom an amount is owed.</td>
</tr>
<tr>
<td>automated data processing balance sheet</td>
<td>7. An amount that is owed.</td>
</tr>
<tr>
<td>business transaction</td>
<td>8. Each record in a journal.</td>
</tr>
<tr>
<td>capital</td>
<td>9. Information that consists of detailed or factual items.</td>
</tr>
<tr>
<td>cash journal</td>
<td>10. An accounting form that is used to sort and summarize the changes caused by business transactions.</td>
</tr>
<tr>
<td>chart of accounts</td>
<td>11. What a business is worth.</td>
</tr>
<tr>
<td>check</td>
<td>12. A decrease in capital that results from the operation of a business.</td>
</tr>
<tr>
<td>creditor</td>
<td>13. Transferring the entries in a journal to the accounts in a ledger.</td>
</tr>
<tr>
<td>credit entry</td>
<td>15. An increase in capital that results from the operation of a business.</td>
</tr>
<tr>
<td>data</td>
<td>16. An entry to record information that is not to be posted.</td>
</tr>
<tr>
<td>data processing debit balance</td>
<td>17. Pencil totals written in small figures.</td>
</tr>
<tr>
<td>debit entry</td>
<td>18. Analyzing a business transaction into its debit and credit parts and recording each part in a journal.</td>
</tr>
<tr>
<td>entry</td>
<td>19. A written acknowledgment given when something is acquired.</td>
</tr>
<tr>
<td>equity</td>
<td>20. An order in writing, signed by the depositor, ordering the bank to pay each from the depositor’s account to a person or business named</td>
</tr>
<tr>
<td>expense</td>
<td>21. The recording of the debit part and the credit part of each transaction.</td>
</tr>
<tr>
<td>payroll</td>
<td>22. The difference when the total costs exceed the total revenue.</td>
</tr>
<tr>
<td>journal</td>
<td>23. Revenue and expense accounts.</td>
</tr>
<tr>
<td>journalizing ledger</td>
<td>24. The difference between the totals of the amounts posted to the two sides of an account.</td>
</tr>
<tr>
<td>ledger</td>
<td>25. A skeleton form of ledger account that shows only the account title and the debit and credit sides.</td>
</tr>
<tr>
<td>loss</td>
<td>27. An entry on the left-hand side of a two-column account.</td>
</tr>
<tr>
<td>memorandum entry</td>
<td>28. A list of account titles along with their numbers showing the arrangement of the accounts in the ledger.</td>
</tr>
<tr>
<td>opening entry</td>
<td>29. The entry that records the data shown on a beginning balance sheet.</td>
</tr>
<tr>
<td>opening an account posting</td>
<td></td>
</tr>
<tr>
<td>proprietor</td>
<td></td>
</tr>
<tr>
<td>receipt</td>
<td></td>
</tr>
<tr>
<td>revenue</td>
<td></td>
</tr>
<tr>
<td>source document</td>
<td></td>
</tr>
<tr>
<td>transaction</td>
<td></td>
</tr>
</tbody>
</table>

**Answers**

1. 1
2. 2
3. 3
4. 4
5. 5
6. 6
7. 7
8. 8
9. 9
10. 10
11. 11
12. 12
13. 13
14. 14
15. 15
16. 16
17. 17
18. 18
19. 19
20. 20
21. 21
22. 22
23. 23
24. 24
25. 25
26. 26
27. 27
28. 28
29. 29
### SECTION B — ANALYZING ACCOUNTING PRINCIPLES AND PRACTICES

**DIRECTIONS:** After each of the statements below, place a check mark in one of the Answers columns to indicate your answer. The first item "0" is given as an example.

<table>
<thead>
<tr>
<th>Answers</th>
<th>For Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>False</td>
</tr>
<tr>
<td>0. Cash transactions are posted in less time from a cash journal</td>
<td>✓ 0. ✓</td>
</tr>
<tr>
<td>1. Accounting clerks are sometimes referred to as bookkeepers</td>
<td>✓ 1.</td>
</tr>
<tr>
<td>2. Automated data processing uses the same principles of accounting as manual data processing.</td>
<td>✓ 2.</td>
</tr>
<tr>
<td>3. When a business has creditors, the owner of the business has first claim against the assets of the business.</td>
<td>✓ 3.</td>
</tr>
<tr>
<td>4. The debit part of a business transaction does not always have to equal the same amount as the credit part.</td>
<td>✓ 4.</td>
</tr>
<tr>
<td>5. The opening entry includes a record of the revenue and expenses of a business at the time its new accounting system is started.</td>
<td>✓ 5.</td>
</tr>
<tr>
<td>6. The liabilities of a business are also known as its debts.</td>
<td>✓ 6.</td>
</tr>
<tr>
<td>7. A memorandum entry does not affect the balance of any account.</td>
<td>✓ 7.</td>
</tr>
<tr>
<td>8. All business transactions affect the balances of at least two accounts.</td>
<td>✓ 8.</td>
</tr>
<tr>
<td>9. Since Assets = Liabilities + Capital, it is also true that Assets - Liabilities = Capital.</td>
<td>✓ 9.</td>
</tr>
<tr>
<td>10. In every business transaction, the balance of at least one account is increased and the balance of at least one other account is decreased.</td>
<td>✓ 10.</td>
</tr>
</tbody>
</table>

### SECTION C — THE PRINCIPLES OF DEBIT AND CREDIT

**DIRECTIONS:** Place a check mark in the proper Answers column to show which word, debit or credit, completes each statement accurately. The first item, "0", is given as an example.

<table>
<thead>
<tr>
<th>Answers</th>
<th>For Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit</td>
<td>Credit</td>
</tr>
<tr>
<td>True</td>
<td>False</td>
</tr>
<tr>
<td>0. The right-hand side of the two-column ledger account is used when posting a</td>
<td>✓ 0. ✓</td>
</tr>
<tr>
<td>11. The balance of an asset account is always a</td>
<td>✓ 11.</td>
</tr>
<tr>
<td>12. The balance of a liability account is always a</td>
<td>✓ 12.</td>
</tr>
<tr>
<td>13. The balance of the proprietor's capital account is always a</td>
<td>✓ 13.</td>
</tr>
<tr>
<td>14. An increase in an asset appears in the proper asset account as a</td>
<td>✓ 14.</td>
</tr>
<tr>
<td>15. An increase in a liability appears in the proper liability account as a</td>
<td>✓ 15.</td>
</tr>
<tr>
<td>16. In every journal entry there is always an equal debit and</td>
<td>✓ 16.</td>
</tr>
<tr>
<td>17. A decrease in an asset appears in the proper asset account as a</td>
<td>✓ 17.</td>
</tr>
<tr>
<td>18. Each amount recorded in the cash payments column of a cash journal is a</td>
<td>✓ 18.</td>
</tr>
<tr>
<td>19. Each amount recorded in the sales (revenue) column of a cash journal is a</td>
<td>✓ 19.</td>
</tr>
<tr>
<td>20. The expense part of an expense transaction is recorded in the proper expense account as a</td>
<td>✓ 20.</td>
</tr>
<tr>
<td>1. The balance of an expense account is always a</td>
<td>✓ 21.</td>
</tr>
<tr>
<td>22. The balance of a revenue account is always a</td>
<td>✓ 22.</td>
</tr>
<tr>
<td>23. The left-hand side of the two-column account is used when posting a</td>
<td>✓ 23.</td>
</tr>
<tr>
<td>24. A decrease in a liability is recorded in the proper liability account as a</td>
<td>✓ 24.</td>
</tr>
<tr>
<td>25. Each amount recorded in the cash receipts column of a cash journal is a</td>
<td>✓ 25.</td>
</tr>
</tbody>
</table>
SECTION D — ANALYZING BUSINESS TRANSACTIONS INTO THEIR DEBIT AND CREDIT PARTS

DIRECTIONS: Print in the Answers columns the capital letters that represent the correct account titles to be debited and credited for each of the transactions given below. The account titles are arranged in alphabetic order in the column at the left. The first transaction, “0”, is given a sample.

<table>
<thead>
<tr>
<th>ACCOUNTS</th>
<th>TRANSACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>A — Advertising</td>
<td>0–0. Paid cash for advertisements in local paper.</td>
</tr>
<tr>
<td>Expense</td>
<td>1–2. Paid cash for rent of office for the month.</td>
</tr>
<tr>
<td>B — Automobile</td>
<td>3–4. Received cash as commission from sale of house.</td>
</tr>
<tr>
<td>Expense</td>
<td>5–6. Received cash from sale of old office furniture.</td>
</tr>
<tr>
<td>C — Automobile</td>
<td>7–8. Paid cash for gas and oil used in operating the automobile.</td>
</tr>
<tr>
<td>D — Cash</td>
<td>11–12. Received cash as commission for renting of a house.</td>
</tr>
<tr>
<td>F — Judd Company</td>
<td>17–18. Received cash from sale of old office machine.</td>
</tr>
<tr>
<td>H — Office Machines</td>
<td></td>
</tr>
<tr>
<td>I — Rent Expense</td>
<td></td>
</tr>
<tr>
<td>J — Telephone Expense</td>
<td></td>
</tr>
<tr>
<td>K — Webb Company</td>
<td></td>
</tr>
</tbody>
</table>

For Scoring

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>D</td>
</tr>
<tr>
<td>0</td>
<td>✓</td>
</tr>
<tr>
<td>0</td>
<td>✓</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>19</td>
<td>20</td>
</tr>
</tbody>
</table>

SECTION E — ANALYZING BUSINESS TRANSACTIONS IN THE CASH JOURNAL

CASH JOURNAL

<table>
<thead>
<tr>
<th>CASH</th>
<th>GENERAL</th>
<th>DATE</th>
<th>ACCOUNT TITLE</th>
<th>NO.</th>
<th>POST.</th>
<th>GENERAL</th>
<th>COMMISSIONS</th>
<th>CASH</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
<td>C</td>
<td>D</td>
<td>E</td>
<td>F</td>
<td>G</td>
<td>H</td>
<td>I</td>
</tr>
</tbody>
</table>

For Scoring

<table>
<thead>
<tr>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>J</td>
</tr>
<tr>
<td>0</td>
<td>✓</td>
</tr>
<tr>
<td>0</td>
<td>✓</td>
</tr>
<tr>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td>29</td>
<td>30</td>
</tr>
<tr>
<td>31</td>
<td>32</td>
</tr>
<tr>
<td>33</td>
<td>34</td>
</tr>
<tr>
<td>35</td>
<td>36</td>
</tr>
<tr>
<td>37</td>
<td>38</td>
</tr>
<tr>
<td>39</td>
<td>40</td>
</tr>
</tbody>
</table>

DIRECTIONS: In the above illustration of the cash journal, each column is identified by a capital letter. For each of the transactions listed above in SECTION D, print in the Answers Debit column the capital letter that identifies the column in which the amount of the debit would be recorded. Also, print in the Answers Credit column the capital letter that identifies the column in which the amount of the credit would be recorded.
SECTION A — PREPARATION OF A BALANCE SHEET (26 points)

Listed below are the business assets and the business liabilities of Daniel M. Brown, Certified Public Accountant.

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Dalton Equipment Company $600.00</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>Plimpton Supply Company 10.00</td>
</tr>
<tr>
<td>Office Furniture and Equipment</td>
<td></td>
</tr>
<tr>
<td>$840.00</td>
<td></td>
</tr>
<tr>
<td>$70.00</td>
<td></td>
</tr>
<tr>
<td>2,100.00</td>
<td></td>
</tr>
</tbody>
</table>

INSTRUCTIONS: On the form provided below, prepare a balance sheet for Daniel M. Brown, C.P.A. Use as the date November 1 of the current year.

SECTION B — RECORDING AND POSTING AN OPENING ENTRY (44 points)

INSTRUCTIONS: 1. In the general journal provided on page 2, record the opening entry for Daniel M. Brown, C.P.A.
INSTRUCTIONS: 2. Post the opening entry to the accounts appearing below.

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>Date</th>
<th>Item</th>
<th>Post. Ref.</th>
<th>Debit</th>
<th>Date</th>
<th>Item</th>
<th>Post. Ref.</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Supplies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Furniture and Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dalton Equipment Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plimpton Supply Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daniel M. Brown, Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PROBLEM TEST NO. 1

SECTION C — JOURNALIZING CASH TRANSACTIONS (61 points)

Appearing below are some of the transactions of Daniel M. Brown for the month of November of the current year. These transactions are to be recorded in the cash journal that is provided.

INSTRUCTIONS:
1. Record as a memorandum entry the cash balance of $840.00 on November 1.
2. Record the transactions. Source documents are abbreviated as: check, Ck; receipt, R. The account titles needed are to be selected from the following list:

<table>
<thead>
<tr>
<th>Account Title</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Dalton Equipment Company</td>
<td>Fees Revenue</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>Plimpton Supply Company</td>
<td>Advertising Expense</td>
</tr>
<tr>
<td>Office Furniture and Equipment</td>
<td>Daniel M. Brown, Capital</td>
<td>Electricity Expense</td>
</tr>
</tbody>
</table>

Nov. 1 — Paid $300.00 for November rent. Ck1.
3 — Paid $31.00 for phone bill. Ck2.
6 — Received $450.00 from fees revenue. R1.
9 — Paid $24.00 for monthly electric bill. Ck3.
18 — Paid $300.00 to Dalton Equipment Company in part payment of amount owed. Ck5.
23 — Received $350.00 from Daniel M. Brown as an additional investment in the business. R2.
28 — Paid $225.00 for office desk and chair. Ck6.
30 — Received $35.00 from the sale of a used adding machine. R3.

INSTRUCTIONS:
3. Foot each amount column of the cash journal.
4. Prove the equality of debits and credits.
5. Complete the Totals line of the cash journal.
6. Rule the cash journal.

<table>
<thead>
<tr>
<th>Cash Journal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>CASH</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>6</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>8</td>
</tr>
<tr>
<td>9</td>
</tr>
<tr>
<td>10</td>
</tr>
<tr>
<td>11</td>
</tr>
<tr>
<td>12</td>
</tr>
<tr>
<td>Name</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**OBJECTIVE TEST NO. 2**

**DIRECTIONS:**
- Do not open this booklet until you are told to do so.
- Do not ask questions during the test.
- Specific directions are given at the beginning of each section of the test.
- All sample questions are marked "O."

**CENTURY® ACCOUNTING**
Swanson • Boynton • Ross • Hanson/SECOND EDITION

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**SECTION A — LOCATING DATA ON A TRIAL BALANCE**

**DIRECTIONS:** Locate where each of the following items is written on the trial balance by printing the identifying capital letter in the Answers column.

<table>
<thead>
<tr>
<th>Answers</th>
<th>For Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>0. Account title</td>
<td>0. ✓</td>
</tr>
<tr>
<td>2. Debit amount</td>
<td>2.</td>
</tr>
<tr>
<td>3. Month for which trial balance is prepared</td>
<td>3.</td>
</tr>
<tr>
<td>5. Words Trial Balance</td>
<td>5.</td>
</tr>
<tr>
<td>6. Credit amount</td>
<td>6.</td>
</tr>
<tr>
<td>7. Day for which trial balance is prepared</td>
<td>7.</td>
</tr>
</tbody>
</table>

**SECTION B — ENTERING ACCOUNT BALANCES IN THE TRIAL BALANCE COLUMNS**

**DIRECTIONS:** After each account title, place a check mark in the proper Trial Balance column to indicate where the account balance should be written.

<table>
<thead>
<tr>
<th>Trial Balance</th>
<th>Debit</th>
<th>Credit</th>
<th>For Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>0. Cash</td>
<td>✓</td>
<td>0. ✓</td>
<td></td>
</tr>
<tr>
<td>1. Automobile</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Office Furniture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Office Machines</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Knapp Furniture Co. (creditor)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Ryan Motors, Inc. (creditor)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. J. Avery, Capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Commissions Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Advertising Expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Automobile Expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. Entertainment Expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25. Miscellaneous Expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26. Rent Expense</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SECTION C — SORTING ACCOUNT BALANCES ON THE WORK SHEET**

**DIRECTIONS:** After each account title, place a check mark in the column in which the account balance would be extended on the work sheet.

<table>
<thead>
<tr>
<th>Inc. State.</th>
<th>Bal. Sheet</th>
<th>For Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>0. Cash</td>
<td>✓</td>
<td>0. ✓</td>
</tr>
<tr>
<td>27. Automobile</td>
<td></td>
<td>27.</td>
</tr>
<tr>
<td>29. Office Machines</td>
<td></td>
<td>29.</td>
</tr>
<tr>
<td>31. Ryan Motors, Inc.</td>
<td></td>
<td>31.</td>
</tr>
<tr>
<td>32. J. Avery, Capital</td>
<td></td>
<td>32.</td>
</tr>
<tr>
<td>33. Commissions Revenue</td>
<td></td>
<td>33.</td>
</tr>
<tr>
<td>34. Advertising Expense</td>
<td></td>
<td>34.</td>
</tr>
<tr>
<td>35. Automobile Expense</td>
<td></td>
<td>35.</td>
</tr>
<tr>
<td>36. Entertainment Expense</td>
<td></td>
<td>36.</td>
</tr>
<tr>
<td>37. Miscellaneous Expense</td>
<td></td>
<td>37.</td>
</tr>
<tr>
<td>38. Rent Expense</td>
<td></td>
<td>38.</td>
</tr>
</tbody>
</table>

**SECTION D — LOCATING DATA ON A BALANCE SHEET**

**DIRECTIONS:** Locate where each of the following items is written on the balance sheet by printing the identifying capital letter in the Answers column.

<table>
<thead>
<tr>
<th>Answers</th>
<th>For Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>0. Words Total Assets</td>
<td>F 0. ✓</td>
</tr>
<tr>
<td>40. Name of business</td>
<td>40.</td>
</tr>
<tr>
<td>41. Title of each asset account</td>
<td>41.</td>
</tr>
<tr>
<td>42. Total amount of liabilities and capital</td>
<td>42.</td>
</tr>
<tr>
<td>43. Words Total Liabilities</td>
<td>43.</td>
</tr>
<tr>
<td>44. Words Total Liabilities and Capital</td>
<td>44.</td>
</tr>
<tr>
<td>45. Title of each liability account</td>
<td>45.</td>
</tr>
</tbody>
</table>

46. Amount of each liability item
47. Section heading Liabilities
48. Amount of each asset item
49. Title of capital account
50. Total amount of assets
51. Amount of capital
52. Name of statement
53. Total amount of liabilities
54. Section heading Capital
55. Specific date of statement

---

Page 2: Perfect Score 55 — Deduct: Net Score
SECTION E—BUSINESS VOCABULARY

DIRECTIONS: Select the term in Column I that best completes the statement in Column II. Then print the identifying number of that term in the Answers column.

<table>
<thead>
<tr>
<th>COLUMN I</th>
<th>COLUMN II</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. accounting cycle</td>
<td>0. An entry that contains two or more debits or two or more credits is called a.</td>
</tr>
<tr>
<td>2. analysis paper</td>
<td>1. An account that has had its balance transferred to another account is called a.</td>
</tr>
<tr>
<td>3. balance sheet</td>
<td>2. The account to which the balance of each revenue and each expense account is transferred at the end of the fiscal period is called.</td>
</tr>
<tr>
<td>4. balancing an account</td>
<td>3. When the total revenue is larger than the total expenses, the amount of the difference is called.</td>
</tr>
<tr>
<td>5. closed account</td>
<td>4. After the closing entries are posted, an account with a balance remaining is called an.</td>
</tr>
<tr>
<td>6. closing entry</td>
<td>5. The process of determining the balance of an account and bringing the balance into the new section of the account is called.</td>
</tr>
<tr>
<td>7. closing the ledger</td>
<td>6. Analysis paper on which the financial condition of a business is summarized is called a.</td>
</tr>
<tr>
<td>8. combined entry</td>
<td>7. The process of transferring the balances of the revenue and expense accounts through a summary account to the proprietor’s capital account is called.</td>
</tr>
<tr>
<td>9. fiscal period</td>
<td>8. The length of time for which an analysis of business operations is made is called a.</td>
</tr>
<tr>
<td>10. fiscal year</td>
<td>9. The proof of the equality of the debits and credits in the ledger is called a.</td>
</tr>
<tr>
<td>11. Income Summary</td>
<td>10. The report showing the revenue, the expenses, and the net income or the net loss for a fiscal period is called the.</td>
</tr>
<tr>
<td>12. income statement</td>
<td>11. Transferring the entries in a journal to the accounts in a ledger is called.</td>
</tr>
<tr>
<td>13. ledger</td>
<td>12. Accounting paper with a number of amount columns that can be used to sort and analyze information is called.</td>
</tr>
<tr>
<td>14. net income</td>
<td>13. The complete series of activities involved in double-entry accounting during a fiscal period is called the.</td>
</tr>
<tr>
<td>15. net loss</td>
<td>14. When the total expenses are larger than the total revenue, the difference is called.</td>
</tr>
<tr>
<td>16. open account</td>
<td>15. An entry that transfers the balance from one account to another is called a.</td>
</tr>
<tr>
<td>17. opening entry</td>
<td>16. The trial balance taken after the closing entries have been posted is called a.</td>
</tr>
<tr>
<td>18. post-closing trial balance</td>
<td>17. An accounting period of twelve consecutive months is called a.</td>
</tr>
<tr>
<td>19. posting</td>
<td></td>
</tr>
<tr>
<td>20. proving cash</td>
<td></td>
</tr>
<tr>
<td>21. Sales</td>
<td></td>
</tr>
<tr>
<td>22. trial balance</td>
<td></td>
</tr>
<tr>
<td>23. work sheet</td>
<td></td>
</tr>
</tbody>
</table>

SECTION F—CLOSING THE LEDGER

DIRECTIONS: For each of the following closing entries, indicate the accounts to be debited and credited by writing the account numbers in the Debit and the Credit columns. Select the account numbers from the list given below at the left. Only the accounts needed for the closing entries are given in the list.

<table>
<thead>
<tr>
<th>ACCOUNT TITLES</th>
<th>ACCT. NOS.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alice Taylor, Capital</td>
<td>31</td>
</tr>
<tr>
<td>Income Summary</td>
<td>32</td>
</tr>
<tr>
<td>Commissions Revenue</td>
<td>41</td>
</tr>
<tr>
<td>Sales</td>
<td>42</td>
</tr>
<tr>
<td>Advertising Expense</td>
<td>51</td>
</tr>
<tr>
<td>Automobile Expense</td>
<td>52</td>
</tr>
<tr>
<td>Entertainment Expense</td>
<td>53</td>
</tr>
<tr>
<td>Miscellaneous Expense</td>
<td>54</td>
</tr>
<tr>
<td>Rent Expense</td>
<td>55</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Answers</th>
<th>For Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit</td>
<td>Credit</td>
</tr>
<tr>
<td>0-0.</td>
<td>Close the sales account</td>
</tr>
<tr>
<td>22-23.</td>
<td>Close the income summary account (net income)</td>
</tr>
<tr>
<td>24-25.</td>
<td>Close the income summary account (net loss)</td>
</tr>
</tbody>
</table>
SECTION G — EXAMINING ACCOUNTS, POSTING, STATEMENTS, AND CLOSING ENTRIES

DIRECTIONS: For each of the following items, select the phrase that best completes the sentence. Then print in the Answers column at the right the identifying capital letter.

<table>
<thead>
<tr>
<th>Answers</th>
<th>For Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0. ✓</td>
</tr>
</tbody>
</table>

0. The income statement is a report that shows the (A) financial progress of a business for a fiscal period (B) financial condition of a business on a particular date (C) net worth of a business for a past fiscal period.

1. Each time an individual amount in a General column of the cash journal is posted, the number of the account to which it is posted is recorded in the (A) Post. Ref. column of the account (B) Post. Ref. column of the journal (C) No. column of the journal.

2. The amounts for preparing the revenue section of the income statement are obtained from the (A) Trial Balance Debit column of the work sheet (B) Income Statement Debit column of the work sheet (C) Income Statement Credit column of the work sheet.

3. The balance sheet is a report that shows the (A) financial progress of a business for a fiscal period (B) financial position of a business on a particular date (C) net worth of a business for a past fiscal period.

4. The information necessary for closing the expense accounts is found in the (A) Income Statement Debit column of the work sheet (B) Income Statement Credit column of the work sheet (C) Balance Sheet Credit column of the work sheet.

5. The amounts for the liabilities section of the balance sheet are obtained from the (A) Income Statement Credit column of the work sheet (B) Balance Sheet Debit column of the work sheet (C) Balance Sheet Credit column of the work sheet.

6. The number "1" in the account number "14" represents the (A) number of the ledger division in which this account is located (B) position of the account within this ledger division (C) total number of accounts that are in this ledger division.

7. The special columns in the cash journal are posted (A) daily (B) weekly (C) at the end of the month.

8. An accounting form that is used to sort and summarize the changes caused by business transactions is called (A) a balance sheet (B) a journal (C) an account.

9. All calculations on the income statement are assumed to be correct when the net income amount on the income statement agrees with the (A) net income amount in the Income Statement Debit column of the work sheet (B) total of the Income Statement Debit column of the work sheet (C) total of the Income Statement Credit column of the work sheet.

10. The division of the ledger in which the income summary account is placed is the (A) liabilities division (B) capital division (C) revenue division.

11. The amounts for preparing the expenses section of the income statement are obtained from the (A) Trial Balance Credit column of the work sheet (B) Income Statement Debit column of the work sheet (C) Income Statement Credit column of the work sheet.

12. The two columns in the work sheet in which the amount of a net income is written are (A) Income Statement Debit and Balance Sheet Debit (B) Income Statement Credit and Balance Sheet Credit (C) Income Statement Debit and Balance Sheet Credit.

13. The amount of the net income obtained in the Income Statement section of the work sheet is extended into the Balance Sheet Credit column because it increases (A) assets (B) capital (C) revenue.

14. The first step in posting an entry from the cash journal to a ledger account is to write the (A) date (B) account title (C) amount.

15. The two columns of the work sheet in which the amount of a net loss is written are (A) Income Statement Credit and Balance Sheet Debit (B) Income Statement Credit and Balance Sheet Credit (C) Income Statement Debit and Balance Sheet Credit.

16. The information necessary for closing the revenue account is found in the (A) Income Statement Debit column of the work sheet (B) Income Statement Credit column of the work sheet (C) Balance Sheet Debit column of the work sheet.

17. The amounts for the assets section of the balance sheet are obtained from the (A) Income Statement Debit column of the work sheet (B) Balance Sheet Debit column of the work sheet (C) Balance Sheet Credit column of the work sheet.

18. The second step in preparing a trial balance is to (A) enter on the trial balance each account title listed in the ledger and its balance (B) write the trial balance heading at the top of a sheet of paper that has two amount columns (C) rule a single line across both amount columns under the last amount listed.

19. The number "1" in the account number "14" represents the (A) number of the ledger division in which this account is located (B) position of the account within this ledger division (C) total number of accounts that are in this ledger division.

20. The most convenient source for obtaining all of the amounts needed on the income statement is the (A) Debit and Credit columns in the general ledger (B) Trial Balance columns of the work sheet (C) Income Statement columns of the work sheet.
SECTION A — PREPARING A WORK SHEET (35 points)

John Sutton owns and operates Sutton Travel Agency. The ledger for his business appears below. The accounts in the ledger have already been footed and the account balances have been determined.

INSTRUCTIONS: Prepare a work sheet for the month ended November 30 of the current year. Use the form on page 3. Note that all of the account titles and the account numbers have been written on the form.

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>ACCOUNT NO.</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td>ITEM</td>
<td>POST.</td>
</tr>
<tr>
<td>18--</td>
<td>Balance</td>
<td>✓</td>
</tr>
<tr>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>ACCOUNT NO.</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td>ITEM</td>
<td>POST.</td>
</tr>
<tr>
<td>18--</td>
<td>Balance</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>ACCOUNT NO.</th>
<th>21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northwest Airlines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td>ITEM</td>
<td>POST.</td>
</tr>
<tr>
<td>18--</td>
<td></td>
<td>C1</td>
</tr>
<tr>
<td>17</td>
<td></td>
<td>C1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>ACCOUNT NO.</th>
<th>22</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Airlines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td>ITEM</td>
<td>POST.</td>
</tr>
<tr>
<td>15--</td>
<td></td>
<td>C1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>ACCOUNT NO.</th>
<th>31</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Sutton, Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td>ITEM</td>
<td>POST.</td>
</tr>
<tr>
<td>19--</td>
<td>Balance</td>
<td>✓</td>
</tr>
<tr>
<td>i3</td>
<td></td>
<td>C1</td>
</tr>
</tbody>
</table>
### PROBLEM TEST NO. 2

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>Income Summary</th>
<th>ACCOUNT NO.</th>
<th>32</th>
</tr>
</thead>
<tbody>
<tr>
<td>DATE</td>
<td>ITEM</td>
<td>POST.</td>
<td>DEBIT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ref.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>Commissions Revenue</th>
<th>ACCOUNT NO.</th>
<th>41</th>
</tr>
</thead>
<tbody>
<tr>
<td>DATE</td>
<td>ITEM</td>
<td>POST.</td>
<td>DEBIT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ref.</td>
<td></td>
</tr>
<tr>
<td>19- Nov. 30</td>
<td>C1</td>
<td>1 0 3 0 0 0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>Advertising Expense</th>
<th>ACCOUNT NO.</th>
<th>51</th>
</tr>
</thead>
<tbody>
<tr>
<td>DATE</td>
<td>ITEM</td>
<td>POST.</td>
<td>DEBIT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ref.</td>
<td></td>
</tr>
<tr>
<td>19- Nov. 14</td>
<td>C1</td>
<td>5 6 0 0</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>C1</td>
<td>4 2 0 0</td>
<td></td>
</tr>
<tr>
<td>9800</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>Miscellaneous Expense</th>
<th>ACCOUNT NO.</th>
<th>52</th>
</tr>
</thead>
<tbody>
<tr>
<td>DATE</td>
<td>ITEM</td>
<td>POST.</td>
<td>DEBIT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ref.</td>
<td></td>
</tr>
<tr>
<td>19- Nov. 3</td>
<td>C1</td>
<td>2 1 0 0</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>C1</td>
<td>1 1 0 0</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>C1</td>
<td>2 7 0 0</td>
<td></td>
</tr>
<tr>
<td>5900</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>ACCOUNT</th>
<th>Rent Expense</th>
<th>ACCOUNT NO.</th>
<th>53</th>
</tr>
</thead>
<tbody>
<tr>
<td>DATE</td>
<td>ITEM</td>
<td>POST.</td>
<td>DEBIT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ref.</td>
<td></td>
</tr>
<tr>
<td>19- Nov. 2</td>
<td>C1</td>
<td>3 0 0 0 0</td>
<td></td>
</tr>
<tr>
<td>ACCOUNT TITLE</td>
<td>ACCT. NO.</td>
<td>TRIAL BALANCE</td>
<td>INCOME STATEMENT</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-----------</td>
<td>---------------</td>
<td>------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DEBIT</td>
<td>CREDIT</td>
</tr>
<tr>
<td>Cash</td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Equipment</td>
<td>12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northwest Airlines</td>
<td>21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Airlines</td>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>John Sutton, Capital</td>
<td>31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Summary</td>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissions Revenue</td>
<td>41</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising Expense</td>
<td>51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Expense</td>
<td>52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent Expense</td>
<td>53</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SECTION B — PREPARING AN INCOME STATEMENT (18 points)

INSTRUCTIONS: Prepare an income statement for Sutton Travel Agency. Use the form provided.
**PROBLEM TEST NO. 2**

**SECTION C — PREPARING A BALANCE SHEET (24 points)**

*INSTRUCTIONS*: Prepare a balance sheet for Sutton Travel Agency. Use the form provided.

---

**SECTION D — RECORDING AND POSTING CLOSING ENTRIES (52 points)**

*INSTRUCTIONS*: 1. Record the closing entries for Sutton Travel Agency. Use the general journal form provided. 2. Post the closing entries to the general ledger accounts that appear in Section A.

<table>
<thead>
<tr>
<th>DATE</th>
<th>ACCOUNT TITLE</th>
<th>Post. Ref.</th>
<th>DEBIT</th>
<th>CREDIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td>10</td>
</tr>
</tbody>
</table>

---

Page 4 of 4 pages
CLASSIFYING ACCOUNTS: ADJUSTING ENTRIES AND CLOSING ENTRIES

OBJECTIVE TEST NO. 3

CHAPTERS

12-17

Name _____________________________ Date __________________ Class __________________

DIRECTIONS:
Do not open this booklet until you are told to do so.
Do not ask questions during the test.
Specific directions are given at the beginning of each section of the test.
All sample questions are marked "O."

Perfect Score Your Score
Pg. 2 33 ______________________
Pg. 3 29 ______________________
Pg. 4 36 ______________________
Total Score 98 __________________

CENTURY ACCOUNTING
Swanson•Boynton•Ross•Hanson/SECOND EDITION

Printed in U.S.A.
SECTION A — CLASSIFYING ACCOUNTS

DIRECTIONS: Classify each account title listed below by printing in the Answers column the identifying capital letter (or letters). A for Asset; L for Liability; C for Capital; R for Revenue; E for Expense; CM for Cost of Merchandise.

<table>
<thead>
<tr>
<th>Accounts</th>
<th>For Scoring</th>
<th>Answers</th>
<th>For Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>0. Accounts Payable</td>
<td>L 0. ✓</td>
<td>6. Prepaid Insurance</td>
<td>6.</td>
</tr>
<tr>
<td>5. Merchandise Inventory</td>
<td>5.</td>
<td>11. Supplies Expense</td>
<td>11.</td>
</tr>
</tbody>
</table>

SECTION B — JOURNALIZING TRANSACTIONS

DIRECTIONS: For each transaction below, print an X in the appropriate Debit column of the combination journal and an X in the appropriate Credit column.

<table>
<thead>
<tr>
<th>Combination Journal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit</td>
</tr>
<tr>
<td>-0. Purchased merchandise for cash</td>
</tr>
<tr>
<td>12-13. Paid rent for November</td>
</tr>
<tr>
<td>14-15. Bought supplies on account</td>
</tr>
<tr>
<td>16-17. Paid salaries</td>
</tr>
<tr>
<td>18-19. Paid on account</td>
</tr>
<tr>
<td>20-21. Paid delivery expense</td>
</tr>
<tr>
<td>22-23. Sold merchandise on account</td>
</tr>
<tr>
<td>24-25. Received cash on account</td>
</tr>
<tr>
<td>26-27. Cash sale of merchandise</td>
</tr>
<tr>
<td>28-29. Owner made cash withdrawal</td>
</tr>
<tr>
<td>31. Purchased merchandise on account</td>
</tr>
<tr>
<td>32-33. Corrected error — supplies bought had been recorded as purchase of merchandise</td>
</tr>
</tbody>
</table>
### SECTION C — BUSINESS VOCABULARY

**DIRECTIONS:** Select the term in Column I that best completes the statement in Column II. Then print the identifying number of that term in the **Answers** column.

<table>
<thead>
<tr>
<th>COLUMN I</th>
<th>COLUMN II</th>
<th>Answers</th>
<th>Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. ABA numbers</td>
<td>0. The entry that records the data shown on a beginning balance sheet is called an</td>
<td>22</td>
<td>0. ✓</td>
</tr>
<tr>
<td>2. bank statement</td>
<td>1. A form on which a brief interoffice message is written is called a</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>3. blank endorsement</td>
<td>2. The separate capital account in which all withdrawals are recorded is called a</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>4. canceled checks</td>
<td>3. A copy of an invoice that the seller uses as the source document for recording a sale of merchandise is called a</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>5. charge customer</td>
<td>4. A copy of an invoice that the buyer uses as the source document for recording purchases is called a</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>6. check</td>
<td>5. A business that buys and resells goods is called a</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>7. checking account</td>
<td>6. A transaction in which merchandise is purchased with an agreement to pay at a later date is called a</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>8. combination journal</td>
<td>7. A person or business to whom a sale on account is made is called a</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>9. cost of merchandise</td>
<td>8. A sales transaction with an agreement that merchandise will be paid for at a later date is called a</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>10. creditor</td>
<td>9. The account that shows the cost of merchandise purchased for resale to customers is called</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>11. deposit slip</td>
<td>10. Assets taken out of a business for the personal use of the owner are called</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>12. dishonored check</td>
<td>11. A form prepared by a buyer describing what he desires to buy is called a</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>13. drawee</td>
<td>12. A multicolumn journal that combines all journals into one book of original entry is called a</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>14. drawer</td>
<td>13. The goods that a merchandising business purchases for resale to customers are called</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>15. drawing account</td>
<td>14. The value of goods a business purchases to resell to customers is called the</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>16. general journal</td>
<td>15. An itemized list of goods on hand showing their value is called</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>17. inventory</td>
<td>16. An order in writing, signed by the depositor, ordering the bank to pay cash from the depositor's account to a person or business named is called a</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>18. making a deposit</td>
<td>17. The bank on which the check is drawn is called the</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>19. memorandum</td>
<td>18. The person or business to whom the bank is ordered to pay the cash is called the</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>20. merchandise</td>
<td>19. A check that the bank refuses to pay is called a</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>21. merchandising business</td>
<td>20. Checks that have been paid by the bank and returned to the depositor with the bank statement are called</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>22. opening entry</td>
<td>21. The business form provided by the bank on which a depositor lists all cash and checks to be deposited is called a</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>23. payee</td>
<td>22. An endorsement that consists only of the name of the endorser is called a</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>24. payer</td>
<td>23. The report the bank sends to a depositor showing the deposits, the withdrawals, and the ending bank balance is called a</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>25. purchase invoice</td>
<td>24. An endorsement that restricts further transfer of the check is called a</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>26. purchase on account</td>
<td>25. Identification numbers assigned to banks by the American Bankers Association are called</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>27. purchase order</td>
<td>26. Placing cash in a bank is called</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>28. qualified endorsement</td>
<td>27. An endorsement that states to whom the check is to be paid, followed by the name of the endorser, is called a</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>29. reconciling the bank statement</td>
<td>28. The process of bringing the bank balance and the check-stub balance into agreement is called</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>30. restrictive endorsement</td>
<td>29. An endorsement in which the endorser does not accept any responsibility for payment on the check is called a</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>31. sale on account</td>
<td>32. Special endorsement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>33. sales invoice</td>
<td>34. Statement of account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>35. statement of account</td>
<td>36. withdrawals</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[3-3]
SECTION D — RECORDING ADJUSTING ENTRIES AND CLOSING ENTRIES

DIRECTIONS: For each transaction below, print in the appropriate Answers column the identiﬁcal letters of the account titles to be debited and credited. Select the letters from the list of tit.

A — Income Summary
B — Insurance Expense
C — Jack Johnson, Capital
D — Jack Johnson, Drawing
E — Merchandise Inventory
F — Prepaid Insurance
G — Purchases
H — Salary Expense
I — Sales
J — Supplies
K — Supplies Expense

<table>
<thead>
<tr>
<th>Answers</th>
<th>Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-0. Make the adjustment for beginning merchandise inventory.</td>
<td>A E 0. √ 0. √</td>
</tr>
<tr>
<td>1-2. Make the adjustment for ending merchandise inventory.</td>
<td>1. 2.</td>
</tr>
<tr>
<td>3-4. Make the adjustment for supplies used.</td>
<td>3. 4.</td>
</tr>
<tr>
<td>5-6. Make the adjustment for the amount of insurance used.</td>
<td>5. 6.</td>
</tr>
<tr>
<td>7-8. Close the sales account.</td>
<td>7. 8.</td>
</tr>
<tr>
<td>9-10. Close the purchases account.</td>
<td>9. 10.</td>
</tr>
<tr>
<td>11-12. Close the insurance expense account.</td>
<td>11. 12.</td>
</tr>
<tr>
<td>15-16. Close the supplies expense account.</td>
<td>15. 16.</td>
</tr>
<tr>
<td>21-22. Close the owner’s drawing account.</td>
<td>21. 22.</td>
</tr>
</tbody>
</table>

SECTION E — EXAMINING LEDGERS, STATEMENTS, AND INVENTORY

DIRECTIONS: For each statement given below, place a check mark (√) in one of the Answers columns to indicate your answer.

A subsidiary ledger is summarized in a single account in the general ledger. 0.
A financial statement which reports the assets, liabilities, and current capital of a business is called a balance sheet. 24.
The total sales price of all merchandise sold during the fiscal period is called cost of merchandise sold. 25.
The cost of insurance premiums for which beneﬁts have been received is called prepaid insurance. 26.
A schedule of accounts receivable is a list of charge customers that shows the balance due from each customer and the total amount due from all charge customers. 27.
An accounts payable ledger is a subsidiary ledger that contains accounts with charge customers. 28.
A balance sheet with the assets, the liabilities, and the capital listed in a vertical arrangement is called the account form of balance sheet. 29.
A perpetual inventory is an inventory record that shows changes in the amounts on hand as the changes occur. 30.
Gross proﬁt on sales is the revenue that a merchandising business earns from operations after expenses are deducted. 31.
Adjusting entries are made to bring general ledger accounts up to date. 32.
A physical inventory is taken by actually counting the items of merchandise on hand. 33.
Preparing and mailing statements of account to customers on speciﬁc days of each month is called cycle billing. 34.
Adjustments are changes that are recorded in the general ledger accounts at the beginning of the fiscal period to bring them up to date. 35.
The general ledger contains all the accounts needed to prepare the income statement and the balance sheet. 36.
When the expenses of a business are greater than the gross proﬁt on sales, the difference is called net income. 36.
SECTION A — RECORDING TRANSACTIONS FOR A MERCHANDISING BUSINESS
(113 points)

Laura Thomason owns Stillwell Camera Shop. She completed the transactions below during November of the current year. The cash balance on November 1 was $1,860.00.

INSTRUCTIONS: 1. Record the cash balance in the combination journal provided on pages 2 and 3.
2. Record the following transactions in the journal. Source documents are abbreviated as: check, Ck; memorandum, M; purchase invoice, P; receipt, R; sales invoice, S; cash register tape, T.

19—

Nov. 1 — Paid November rent, $225.00. Ck45.

3 — Sold merchandise on account to Jerry Russ, $30.00. S28.

4 — Received an additional investment from the owner, Laura Thomason, $375.00. R20.

7 — Purchased merchandise from Garst Company for cash, $225.00. Ck46.

10 — Purchased merchandise on account from Zellner Mills, $120.00. P10.

14 — Bought supplies on account from Myles Supply Company, $105.00. M7.

15 — Cash sales of merchandise for the first 15 days, $500.00. T15.

16 — Received on account from Jan Joy, $22.50. R21.

17 — Issued check to owner, Laura Thomason, for cash withdrawal, $120.00. Ck47.

21 — Paid on account to Myles Supply Company, $75.00. Ck48.

22 — Discovered that supplies bought in September had been posted in error to Prepaid Insurance, $60.00. M8.

23 — Bought supplies for cash, $15.00. Ck49.


28 — Recorded dishonored check received from Jan Joy on November 16, $22.50, plus fee, $3.00. M10.

30 — Paid salaries, $90.00. Ck50.

30 — Cash sales of merchandise for last 15 days, $700.00. T30.

INSTRUCTIONS: 3. Foot, prove, total, and rule the combination journal.
### PROBLEM TEST NO. 3

#### COMBINATION JOURNAL

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Page 2 of 5 pages
## PROBLEM TEST NO. 3

**FOR MONTH OF** November 19

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<th>SALES CREDIT</th>
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Page 3 of 5 pages
**SECTION B — WORK SHEET FOR A MERCHANDISING BUSINESS (45 points)**

The heading and the Account Title, Acct. No., and Trial Balance columns of the work sheet for Dobson Book Store have been completed.

**INSTRUCTIONS:** Complete the work sheet for the month ended November 30, 19—. The ending inventory figures are: Merchandise, $13,880.00; Supplies, $120.00; and Prepaid Insurance, $240.00.

---

**Dobson Book Store**

**Work Sheet**

For Month Ended November 30, 19—

<table>
<thead>
<tr>
<th>ACCOUNT TITLE</th>
<th>ACCT NO.</th>
<th>TRIAL BALANCE</th>
<th>ADJUSTMENTS</th>
<th>INCOME STATEMENT</th>
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</table>

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**PROBLEM TEST NO. 3**
PROBLEM TEST NO. 3

SECTION C — INCOME STATEMENT FOR A MERCHANDISING BUSINESS (28 points)

INSTRUCTIONS: On the form provided, complete the income statement for Dobson Book Store.

Dobson Book Store

Income Statement

For Month Ended November 30, 19--

SECTION D — RECORDING CLOSING ENTRIES (27 points)

INSTRUCTIONS: Record the closing entries for Dobson Book Store. Use the combination journal provided.

COMBINATION JOURNAL