

# FUNDAMENTAL ACCOUNTING (100) —Secondary— REGIONAL – 2017

**CONCEPT KNOWLEDGE:**

True/False (15 @ 2 points each) \_\_\_\_\_ (30 points)

Multiple Choice (25 @ 2 points each) \_\_\_\_\_ (50 points)

**APPLICATION KNOWLEDGE:**

Job 1: Accounting Identification (45 @ 1 point each) \_\_\_\_\_ (45 points)

Job 2: Short Answer Problems (8 @ 5 points each) \_\_\_\_\_ (40 points)

Job 3: Analyzing Transactions \_\_\_\_\_ (70 points)

Job 4: Income Statement \_\_\_\_\_ (31 points)

***TOTAL POINTS*** \_\_\_\_\_ ***(266 points)***

**Failure to adhere to any of the following rules will result in disqualification:**

- 1. Contestant must hand in this test booklet and all printouts. Failure to do so will result in disqualification.**
- 2. No equipment, supplies, or materials other than those specified for this event are allowed in the testing area. No previous BPA tests and/or sample tests or facsimile (handwritten, photocopied, or keyed) are allowed in the testing area.**
- 3. Electronic devices will be monitored according to ACT standards.**

No more than ten (10) minutes orientation  
No more than ninety (90) minutes testing time  
No more than ten (10) minutes wrap-up

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### **General Instructions**

You have been hired as a Financial Assistant and will be keeping the accounting records for Professional Business Associates, located at 5454 Cleveland Avenue, Columbus, Ohio 43231. Professional Business Associates provides accounting and other financial services for clients. You will complete jobs for Professional Business Associates' own accounting records, as well as for clients.

You will have 90 minutes to complete your work. The test is divided into two parts: concept knowledge and application of knowledge.

Your name and/or school name should *NOT* appear on any work you submit for grading. Write your contestant number in the provided space. Staple all pages in order before you turn in your test.

Assumptions to make when taking this assessment:

- Round all calculations to two decimals.
- Use 360 days for interest calculations.

**True or False**

**Directions:** Read each statement and determine whether it is True or False. If using a Scantron sheet, use *A for true and B for false*. If writing on the test, use **T** for true and **F** for false.

- \_\_\_\_\_ 1. Every accounting transaction must have at least one debit and one credit.
- \_\_\_\_\_ 2. Liabilities are increased by a debit.
- \_\_\_\_\_ 3. The owner's capital account is a temporary account.
- \_\_\_\_\_ 4. Debits are always an increase to an account.
- \_\_\_\_\_ 5. CPA stands for Certified Public Accountant.
- \_\_\_\_\_ 6. The right side of an account represents the increase side.
- \_\_\_\_\_ 7. Contra asset accounts will have a credit balance.
- \_\_\_\_\_ 8. The account number for Accounts Payable will begin with a 4.
- \_\_\_\_\_ 9. Expense accounts will have a normal debit balance.
- \_\_\_\_\_ 10. You increase a revenue account with a credit.
- \_\_\_\_\_ 11. Drawing is closed to the Income Summary account.
- \_\_\_\_\_ 12. To adjust the Supplies account, you would debit Supplies Expense.
- \_\_\_\_\_ 13. Writing a check to a vendor for a prior purchase results in a credit to Accounts Payable.
- \_\_\_\_\_ 14. When posting, the reference G5 in the General Ledger indicates the transaction occurred on the 5th day of the month.
- \_\_\_\_\_ 15. On the Worksheet, if the total of the Income Statement debit column is greater than the total of the Income Statement credit column, the company earned net income.

**MULTIPLE CHOICE**

**Directions:** Identify the letter of the choice that best completes the statement or answers the question.

- \_\_\_\_\_ 16. The financial statement showing financial progress for the fiscal period is the
  - a. Balance Sheet
  - b. Statement of Owner's Equity
  - c. Income Statement
  - d. Post-Closing Trial Balance
- \_\_\_\_\_ 17. The amount closed to Capital from Income Summary represents
  - a. the beginning capital account balance
  - b. the ending capital account balance
  - c. the amount of withdrawals made during the fiscal period
  - d. the net income or loss during the fiscal period

- \_\_\_\_\_ 18. To decrease an asset, you should record an amount to that account's
- right side
  - left side
  - increase side
  - normal balance side
- \_\_\_\_\_ 19. All asset account ID's will begin with what number?
- 1
  - 2
  - 3
  - 4
- \_\_\_\_\_ 20. Performing adjusting entries to bring asset account balances up to date is an application of what accounting concept?
- Business Entity
  - Going Concern
  - Matching Expenses with Revenues
  - Realization of Revenue
- \_\_\_\_\_ 21. An increase in equity resulting from the sale of goods or services is called
- investment
  - capital
  - expense
  - revenue
- \_\_\_\_\_ 22. The endorsement transferring ownership of a check is the \_\_\_\_\_ endorsement.
- Blank
  - Special
  - Restrictive
  - Duel
- \_\_\_\_\_ 23. Which of the following does *not* result in the recording of an expense?
- Withdrawal of cash by the owner
  - Payment of wages to employees
  - Supplies being used by the business
  - Gas being pumped into the company car
- \_\_\_\_\_ 24. The accounting concept stating that the amount paid for assets is the amount recorded in the accounting journals is the
- Objective Evidence concept
  - Historical Cost concept
  - Consistent Reporting concept
  - Materiality concept

- \_\_\_\_\_ 25. The governing body determining accounting policies and procedures is primarily
- GAAP
  - AICPA
  - FASB
  - FED
- \_\_\_\_\_ 26. Which of the following is *not* considered a permanent record of a business?
- Worksheet
  - Journal
  - Ledger
  - Balance Sheet
- \_\_\_\_\_ 27. Paying cash for insurance will result in a debit to
- Prepaid Insurance
  - Insurance Expense
  - Cash
  - Capital
- \_\_\_\_\_ 28. Which of the following is a permanent account?
- Rent Expense
  - Drawing
  - Fees Revenue
  - Prepaid Insurance
- \_\_\_\_\_ 29. The journal entry to close the revenue accounts is
- debit Income Summary; credit Owner's Capital
  - debit each revenue account; credit Income Summary for the total revenue
  - debit Income Summary for the total revenue; credit each revenue account
  - debit Owner's Capital, credit Income Summary
- \_\_\_\_\_ 30. Which of the following represents the *correct* order of the Accounting Cycle?
- Journalizing, Posting, Financial Statements, Worksheet
  - Posting, Journalizing, Financial Statements, Worksheet
  - Posting, Journalizing, Worksheet, Financial Statements
  - Journalizing, Posting, Worksheet, Financial Statements
- \_\_\_\_\_ 31. Which financial statement represents the accounting equation?
- Worksheet
  - Income Statement
  - Statement of Owner's Equity
  - Balance Sheet
- \_\_\_\_\_ 32. Accounts used to accumulate information from one period to the next are
- permanent accounts
  - temporary accounts
  - revenue accounts
  - expense accounts

- \_\_\_\_\_ 33. A check that has been written but *not* yet cleared your bank account is known as a(n)
- canceled check
  - transferred check
  - outstanding check
  - voided check
- \_\_\_\_\_ 34. Posting a credit to a vendor's liability account will
- decrease the amount you owe the vendor
  - increase the amount you owe the vendor
  - increase the amount the vendor owes you
  - decrease the amount the vendor owes you
- \_\_\_\_\_ 35. Using an EFT to make a payment for your electric bill will result in
- a debit to Cash and a credit to Services Revenue
  - a debit to Cash and a credit to Utilities Expense
  - a debit to Utilities Expense and a credit to Cash
  - a debit to Accounts Receivable and a credit to Cash
- \_\_\_\_\_ 36. The left side of an Owner's Equity account is the
- normal balance side
  - increase side
  - decrease side
  - credit side
- \_\_\_\_\_ 37. Separating the owner's personal records from those of the business represents the
- Business Entity concept
  - Going Concern concept
  - Consistent Reporting concept
  - Objective Evidence concept
- \_\_\_\_\_ 38. Which of the following accounts is an asset?
- Insurance Expense
  - Owner's Drawing
  - Fees Earned
  - Prepaid Rent
- \_\_\_\_\_ 39. Recording income when it is earned and expenses when they are incurred is called the
- accrual basis of accounting
  - cash basis of accounting
  - credit basis of accounting
  - generally accepted basis of accounting
- \_\_\_\_\_ 40. Posting a \$2,500 credit to an asset account with a \$4,700 debit balance results in a
- credit balance of \$2,200
  - credit balance of \$7,200
  - debit balance of \$2,200
  - debit balance of \$7,200

**JOB 1 - ACCOUNT IDENTIFICATION**

**Directions:** For each account name below, indicate its classification, its normal balance side, and on which financial statement(s) the account appears. Use the appropriate abbreviations for your answers.

<u>Classifications</u>		<u>Normal Balance Side</u>		<u>Financial Statements</u>	
<b>L</b>	= Liability	<b>DR</b>	= Debit	<b>BS</b>	= Balance Sheet
<b>A</b>	= Asset	<b>CR</b>	= Credit	<b>IS</b>	= Income Statement
<b>OE</b>	= Owner's Equity	<b>N</b>	= Neither	<b>N</b>	= None
<b>R</b>	= Revenue				
<b>E</b>	= Expenses				

<u>Account Name</u>	<u>Classification</u>	<u>Normal Balance</u>	<u>Financial Statement(s)</u>
Accounts Receivable	_____	_____	_____
Ticket Revenue	_____	_____	_____
Sales	_____	_____	_____
Jason Watt, Capital	_____	_____	_____
Rent Expense	_____	_____	_____
Notes Receivable	_____	_____	_____
Income Summary	_____	_____	_____
Supplies Expense	_____	_____	_____
Truck	_____	_____	_____
Prepaid Utilities	_____	_____	_____
Sales Tax Payable	_____	_____	_____
Jason Watt, Drawing	_____	_____	_____
Petty Cash	_____	_____	_____
Accounts Payable	_____	_____	_____
Prepaid Insurance	_____	_____	_____

**JOB 2 - SHORT ANSWER PROBLEMS**

1. The December bank statement for Capital Investing showed a balance at the end of December of \$5,670.00. While performing the bank reconciliation for Capital Investing, you note the following:  
Outstanding Checks - #304 for \$562.50; #306 for \$25.70; #307 for \$125.00  
Outstanding Deposit made on December 31 for \$863.75  
The bank statement indicated a service charge for the month of \$20.00  
Your last unused check stub, #308, indicated a balance of \$5,840.55  
What is the adjusted bank balance for Capital Investing?

1. \_\_\_\_\_

2. Silver Company's Worksheet for the month of January shows the following totals:  
Income Statement debit column - \$215,760  
Income Statement credit column - \$188,400  
Balance Sheet debit column - \$204,390  
Balance Sheet credit column - ?

a. Did Silver Co. incur a net income or net loss for January, 2017? 2a. \_\_\_\_\_

b. What was the amount of the net income/net loss? 2b. \_\_\_\_\_

c. What is the Balance Sheet credit column total? 2c. \_\_\_\_\_

3. The following financial data was taken from the records of Kohler Landscaping for the month of February, 2017. The owner is Sam Kohler.  
Beginning Capital Balance - \$64,350  
Total Revenue - \$48,275  
Total Expenses - \$26,980  
Investments made by Sam Kohler during February - \$4,000  
Withdrawals made by Sam Kohler during February - \$10,630

a. What is the Sam Kohler's Capital account balance shown on the Balance Sheet at the end of the month?

3a. \_\_\_\_\_

Using the same financial information, give the 3<sup>rd</sup> closing entry used to close out the Income Summary.

Amount 3b. \_\_\_\_\_

Account Debited 3c. \_\_\_\_\_

Account Credited 3d. \_\_\_\_\_



### **JOB 3 - JOURNALIZING TRANSACTIONS**

**Directions:** Journalize the following transactions for Rodriguez Consulting for the month of January, 2017 in the journal on the next page. Rodriguez Consulting performs consulting work for various businesses in the area. The business is owned by Sophia Rodriguez, and uses the following accounts.

Cash	Fees Revenue
Petty Cash	Advertising Expense
Accounts Receivable - Beckett Company	Cash Short & Over
Accounts Receivable - Jansen & Sons	Insurance Expense
Prepaid Insurance	Miscellaneous Expense
Supplies	Rent Expense
Accounts Payable - Taylor Supplies	Repair Expense
Accounts Payable - Vanwert Company	Supplies Expense
Sophia Rodriguez, Capital	Utilities Expense
Sophia Rodriguez, Drawing	

Jan 2 - Received cash from the owner as an investment, \$7,000

Jan 4 - Wrote a check to Salazar Realty for rent, \$1,500

Jan 4 - Issued a \$1,200 check to Romco Insurance Company for six months' worth of insurance

Jan 5 - Performed consulting work for Beckett Company on credit, \$650, terms n/30

Jan 8 - Bought supplies on account from Taylor Supplies worth \$700. Paid \$400 now with the remainder on account

Jan 8 - Wrote a check to establish a petty cash fund with an initial balance of \$250

Jan 15 - Paid cash on account to Taylor Supplies, \$300

Jan 16 - Issued a check to the owner for personal expenses, \$500

Jan 19 - Received a check from Jansen & Sons in the amount of \$650 for consulting work performed worth \$900. The remainder will be billed on account

Jan 22 - Wrote a check for \$430 to repair the company laptop

Jan 23 - Paid a check to utility company for monthly electric bill, \$375

Jan 23 - Received a check from Jason Wokawski for consulting work performed, \$640

Jan 25 - Sent \$200 through an EFT to Vanwert Company for payment on account

Jan 26 - Wrote a check for \$72 to petty cash for reimbursing the petty cash fund; supplies \$30, miscellaneous expense \$25, advertising, \$15; the cash balance in the fund indicated a shortage of \$2

Jan 31 - Received a check from Beckett Company for payment in full from consulting work performed on January 5th



