

FUNDAMENTAL ACCOUNTING (100) —Secondary— REGIONAL – 2016

CONCEPT KNOWLEDGE:

True/False (20 @ 2 points each) _____ (40 points)

Multiple Choice (25 @ 2 points each) _____ (50 points)

APPLICATION KNOWLEDGE:

Job 1: Accounting Identification (60 @ 1 point each) _____ (60 points)

Job 2: Analyzing Transactions (30 @ 2 points each) _____ (60 points)

Job 3: Accounting Calculations (4 @ 7 points each) _____ (28 points)

Job 4: Financial Statements (13 @ 2 points each) _____ (26 points)

TOTAL POINTS _____ **(264 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 90 minutes testing time

No more than ten (10) minutes wrap-up

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Workplace Skills Assessment Program competition.

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.

DEBITS AND CREDITS/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. Whether a debit or credit increases or decreases an account's balance depends on the type of account.
- _____ 2. A debit can represent an increase or decrease to an account's balance.
- _____ 3. Assets normally have a credit balance.
- _____ 4. A debit increases an asset account's balance while a credit decreases an asset account's balance.
- _____ 5. The "right side" of an account's structure is the credit side.
- _____ 6. A credit always increases an account's balance.
- _____ 7. A debit increases an expense account's balance while a credit reduces an expense account's balance.
- _____ 8. Debits and credits are the accounting terms used to identify the left and right sides of an account.
- _____ 9. Revenue accounts normally have a credit balance.
- _____ 10. Liability and Equity accounts normally have credit balances.
- _____ 11. A debit increases a liability account while a credit decreases a liability account.
- _____ 12. Expense and drawing accounts normally have a debit balance.
- _____ 13. Debits do *not* always have to equal credits.
- _____ 14. All permanent accounts have a normal balance that is either a debit balance or a credit balance.
- _____ 15. The "left side" of an account represents the credit side.
- _____ 16. Contra asset accounts normally have debit balances.
- _____ 17. A debit always increases an account's balance.
- _____ 18. Liability, equity, and revenue accounts normally have a debit balance.
- _____ 19. A debit decreases an expense account while a credit increases an expense account.
- _____ 20. A debit decreases a revenue account while a credit increases a revenue account.

MULTIPLE CHOICE

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

- _____ 1. Temporary capital accounts start each fiscal period with
 - a. debit balances.
 - b. credit balances.
 - c. zero balances.
 - d. both debit and credit balances.

- _____ 2. At the end of a fiscal period, the first closing entry will be to close
 - a. expense accounts into the Income Summary account.
 - b. the withdrawal account into the Capital account.
 - c. revenue accounts into the Capital account.
 - d. revenue accounts into the Income Summary account.

- _____ 3. If an account starts with the Number 4, it represents a(n)
 - a. revenue account.
 - b. expense account.
 - c. capital account.
 - d. liability account.

- _____ 4. Which of the following statements is *true*?
 - a. The Income Summary account is an owner's equity account.
 - b. The Income Summary account has a normal debit balance.
 - c. The Income Summary account is a permanent account.
 - d. The Income Summary account is used throughout the accounting period.

- _____ 5. The financial statements of a business entity
 - a. include the balance sheet, income statement, and income tax return.
 - b. provide information about the profitability and financial position of the company.
 - c. are the first step in the accounting process.
 - d. are prepared for a fee by the Financial Accounting Standards Board.

- _____ 6. A balance sheet is designed to show
 - a. how much a business is worth during the current fiscal period.
 - b. the profitability of the business during the current fiscal period.
 - c. the value of assets, liabilities, owner's equity in the business on a particular date.
 - d. the cost of replacing the assets and of paying off the liabilities at the end of the fiscal period.

- _____ 7. The process of transferring information from the journal to the individual general ledger accounts is called
 - a. journalizing.
 - b. posting.
 - c. transferring.
 - d. closing.

- _____ 8. Accounts that are continuous from one accounting period to the next and their balances are carried forward are referred to as
 - a. fiscally continuous accounts.
 - b. permanent accounts.
 - c. signature accounts.
 - d. temporary accounts.

- _____ 9. What two types of transactions increase owner's equity?
 - a. investments and withdrawals
 - b. investments and revenue
 - c. investments and expenses
 - d. investments and assets

- _____ 10. In accounting, the terms debit and credit indicate, respectively:
 - a. increase and decrease
 - b. decrease and increase
 - c. left and right
 - d. right and left

- _____ 11. The process of originally recording a business transaction in the accounting records is termed
 - a. journalizing.
 - b. footing.
 - c. posting.
 - d. balancing.

- _____ 12. If expenses exceed revenue during a given fiscal period,
 - a. assets will decrease more than liabilities.
 - b. owner's equity will decrease more than assets.
 - c. the Cash account will decrease.
 - d. the Income Statement will show a net loss.

- _____ 13. The journal entry to adjust the Prepaid Insurance account is
 - a. debit Prepaid Insurance; credit Insurance Expense.
 - b. debit Insurance Expense; credit Prepaid Insurance.
 - c. debit Income Summary; credit Prepaid Insurance.
 - d. debit Insurance Expense; credit Income Summary.

- _____ 14. The journal entry to close the expense accounts is
 - a. debit Income Summary; credit Owner's Capital.
 - b. debit each expense account; credit Income Summary.
 - c. debit Income Summary for the total expenses; credit each expense account.
 - d. none of the above.

- _____ 15. Which of the following accounts would *not* appear on the Post-Closing Trial Balance?
- a. Accounts Receivable
 - b. Advertising Expense
 - c. Accounts Payable
 - d. J. Jones, Capital
- _____ 16. In the sequence of procedures performed during the accounting cycle, the financial statements are prepared
- a. prior to preparing a work sheet.
 - b. after completing the work sheet.
 - c. after all posting is completed.
 - d. after preparing a post-closing trial balance.
- _____ 17. Owner's equity is
- a. the amount taken out of a business by the owner for personal use.
 - b. the financial interest of the owner of a business.
 - c. the amount the owner invested in the business.
 - d. the revenues less the expenses.
- _____ 18. Which financial statement is a depiction of the fundamental accounting equation?
- a. Income Statement
 - b. Statement of Owner's Equity
 - c. Balance Sheet
 - d. Profit and Loss Statement
- _____ 19. The entry to transfer a net loss to the Capital account would include
- a. a debit to Capital and a credit to Cash.
 - b. a debit to Drawing and a credit to Capital.
 - c. a debit to Income Summary and a credit to Capital.
 - d. a debit to Capital and a credit to Income Summary.
- _____ 20. The entry in a firm's accounting records for a credit customer's check that was returned by the bank marked "NSF" would include
- a. a debit to Miscellaneous Expense and a credit to Cash.
 - b. a debit to Accounts Receivable and a credit to Cash.
 - c. a debit to Cash and a credit to Miscellaneous Expense.
 - d. a debit to Cash and a credit to Accounts Receivable.
- _____ 21. The most appropriate form of endorsement of a check for business purposes is
- a. the blank endorsement.
 - b. the restrictive endorsement.
 - c. the full endorsement.
 - d. the special endorsement.

- _____ 22. Debits are used to record
- a. increases in assets.
 - b. increases in revenue.
 - c. increases in owner's equity.
 - d. increases in liabilities.
- _____ 23. The total of the figures on the left side of a Cash account is \$25,800. The total of the figures on the right side is \$14,100. The balance of this account
- a. is \$11,700 and would be recorded on the credit side of the account.
 - b. is \$11,700 and would be recorded on the debit side of the account.
 - c. is \$39,900 and would be recorded on the credit side of the account.
 - d. is \$39,900 and would be recorded on the debit side of the account.
- _____ 24. Which of the following accounts is *not* a permanent account?
- a. Cash
 - b. Accounts Payable
 - c. Salaries Expense
 - d. Thomas Bernard, Capital
- _____ 25. The account used to record increases in owner's equity from the sale of services is
- a. the revenue account.
 - b. the cash account.
 - c. the capital account.
 - d. the drawing account.

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> | |
|---|------------------|-----------------------------------|-------------|------------------------------------|--------------------|
| L | = Liability | DR | = Debit | BS | = Balance Sheet |
| A | = Asset | CR | = Credit | IS | = Income Statement |
| OE | = Owner's Equity | N | = Neither | N | = None |
| R | = Revenue | | | | |
| E | = Expenses | | | | |
| <u>Temporary/Permanent Account</u> | | | | | |
| | | P | = Permanent | | |
| | | T | = Temporary | | |

| Account Name | Classification | Normal Balance | Permanent Temporary | Financial Statement(s) |
|---------------------|-----------------------|-----------------------|----------------------------|-------------------------------|
| Accounts Payable | _____ | _____ | _____ | _____ |
| Cash | _____ | _____ | _____ | _____ |
| Fee Income | _____ | _____ | _____ | _____ |
| Accounts Receivable | _____ | _____ | _____ | _____ |
| B. John, Capital | _____ | _____ | _____ | _____ |
| Advertising Expense | _____ | _____ | _____ | _____ |
| Income Summary | _____ | _____ | _____ | _____ |
| B. John, Drawing | _____ | _____ | _____ | _____ |
| Supplies | _____ | _____ | _____ | _____ |
| Notes Payable | _____ | _____ | _____ | _____ |
| Prepaid Advertising | _____ | _____ | _____ | _____ |
| Land | _____ | _____ | _____ | _____ |
| Salaries Expense | _____ | _____ | _____ | _____ |
| Office Equipment | _____ | _____ | _____ | _____ |
| Prepaid Insurance | _____ | _____ | _____ | _____ |

ANALYZING TRANSACTIONS

Directions: Professional Business Associates opened for business on July 1, 2015. The company uses the general ledger accounts listed below. Analyze each transaction into its debit and credit parts and place the letter code of the account titles to be debited or credited on the line under the appropriate column. You may use more than two accounts for each transaction.

| | | | |
|----|---------------------|----|-----------------------|
| A. | Cash | H. | L. Lyons, Drawing |
| B. | Petty Cash | I. | Fees Income |
| C. | Accounts Receivable | J. | Advertising Expense |
| D. | Supplies | K. | Miscellaneous Expense |
| E. | Office Equipment | L. | Rent Expense |
| F. | Accounts Payable | M. | Utilities Expense |
| G. | L. Lyons, Capital | | |

| | | DEBIT | CREDIT |
|-----|---|-------|--------|
| 1. | L. Lyons, the owner, invested \$68,000 cash in the business. | _____ | _____ |
| 2. | Issued a check for \$1,300 to pay the rent for July. | _____ | _____ |
| 3. | Bought office equipment for \$22,000. Issued Check 102 for \$10,000; balance is due in 60 days. | _____ | _____ |
| 4. | Purchased supplies for \$420 cash. | _____ | _____ |
| 5. | Returned damaged supplies and received a cash refund of \$120. | _____ | _____ |
| 6. | Performed services for \$2,550 on credit. | _____ | _____ |
| 7. | Purchased supplies for \$310 on credit. | _____ | _____ |
| 8. | Paid \$225 for a newspaper advertisement. | _____ | _____ |
| 9. | Received \$4,200 for services performed. | _____ | _____ |
| 10. | Paid \$175 for utilities. | _____ | _____ |
| 11. | Issued a check to owner for \$800 for personal expenses. | _____ | _____ |
| 12. | Paid \$100 to establish a petty cash fund. | _____ | _____ |
| 13. | Record bank service charge of \$6. | _____ | _____ |
| 14. | Paid cash to replenish the petty cash fund, \$28: Supplies, \$12; Miscellaneous Expense, \$16. | _____ | _____ |
| 15. | Paid \$3,600 on account to a creditor. | _____ | _____ |

ACCOUNTING CALCULATIONS

1. The beginning owner's capital is \$46,000. Net income for the period is \$15,500. The owner withdrew \$24,800 cash from the business and made an additional investment of \$5,000. How much is the owner's capital balance at the end of the period?

1. _____

2. During the month of February, Professional Business Associates had the following transactions involving revenue and expenses:

Paid \$100 for phone bill
Provided services to clients for \$1,400
Paid salaries of \$675 to employees
Paid \$1,150 for computer repairs
Provided services on account totaling \$2,200

Did Professional Business Associates have a net income or loss for the month? How much?

2a. _____

2b. _____

3. Professional Business Associates bank statement shows a balance of \$15,500. There are outstanding checks totaling \$1,600, an outstanding deposit of \$2,400, and a bank service charge of \$20. What would be the bank statement balance after the accountant has performed a bank reconciliation?

3. _____

4. Professional Business Associates treats the purchase of supplies as an asset until the end of the fiscal period when it adjusts the account. The balance in the Supplies account at the end of the fiscal period is \$3,400 DR. The person in charge of the supply room has sent a memo stating that at the end of the fiscal period there is \$980 worth of supplies. Calculate the amount of the adjustment to bring the Supplies account up-to-date and show the accounts you would debit and credit.

4a. _____

4b. Account Debited _____

4c. Account Credited _____

FINANCIAL STATEMENTS

Directions: Calculate the missing information on each of the financial statements below. Fill in the missing labels.

Professional Business Associates Income Statement Month Ended, January 31, 2016

| | | |
|--------------------------|--------|--|
| Revenue: | | |
| Fees Income | 13,810 | |
| Total Revenue | | |
| Expenses: | | |
| Advertising Expense | 2,000 | |
| Miscellaneous Expense | 1,250 | |
| Salaries Expense | 4,000 | |
| Telephone Expense | 375 | |
| Utilities Expense | 560 | |
| Total Expenses | | |
| Net <input type="text"/> | | |

Professional Business Associates Statement of Owner's Equity Month Ended, January 31, 2016

| | | |
|--------------------------------------|-------|--------|
| P. Buck's, Capital, January 1, 2016 | | 30,000 |
| Net <input type="text"/> for January | | |
| Less Withdrawals for January | 3,500 | |
| <input type="text"/> In Capital | | |
| P. Buck's, Capital, January 31, 2016 | | |

Professional Business Associates Balance Sheet January 31, 2016

| ASSETS | | LIABILITIES | |
|---------------------|--------|--------------------------------------|-----|
| Cash | 23,960 | Accounts Payable | 940 |
| Accounts Receivable | 3,450 | Total Liabilities | |
| Office Furniture | 5,080 | | |
| Office Equipment | 575 | OWNER'S EQUITY | |
| | | P. Buck, Capital | |
| Total Assets | | Total Liabilities and Owner's Equity | |



FUNDAMENTAL ACCOUNTING (100)

—Secondary—

REGIONAL – 2016

CONCEPT KNOWLEDGE:

True/False (20 @ 2 points each) _____ (40 points)

Multiple Choice (25 @ 2 points each) _____ (50 points)

APPLICATION KNOWLEDGE:

Job 1: Accounting Identification (60 @ 1 point each) _____ (60 points)

Job 2: Analyzing Transactions (30 @ 2 points each) _____ (60 points)

Job 3: Accounting Calculations (4 @ 7 points each) _____ (28 points)

Job 4: Financial Statements (13 @ 2 points each) _____ (26 points)

TOTAL POINTS _____ ***(264 points)***

**Judges/Graders: Please double check and verify all
scores and answer keys!**

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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.



2 points for each answer

TRUE/FALSE

- | | |
|-----|---|
| 1. | T |
| 2. | T |
| 3. | F |
| 4. | T |
| 5. | T |
| 6. | F |
| 7. | T |
| 8. | T |
| 9. | T |
| 10. | T |
| 11. | F |
| 12. | T |
| 13. | F |
| 14. | T |
| 15. | F |
| 16. | F |
| 17. | F |
| 18. | F |
| 19. | F |
| 20. | T |

MULTIPLE CHOICE

- | | |
|-----|---|
| 1. | C |
| 2. | D |
| 3. | A |
| 4. | A |
| 5. | B |
| 6. | C |
| 7. | B |
| 8. | B |
| 9. | B |
| 10. | C |
| 11. | A |
| 12. | D |
| 13. | B |
| 14. | C |
| 15. | B |
| 16. | B |
| 17. | B |
| 18. | C |
| 19. | D |
| 20. | B |
| 21. | B |
| 22. | A |
| 23. | B |
| 24. | C |
| 25. | A |


ACCOUNT IDENTIFICATION—*Each worth 1 point, total points 60*

| Account Name | Classification | Normal Balance | Permanent/ Temporary | Financial Statements |
|---------------------|-----------------------|-----------------------|-----------------------------|-----------------------------|
| Accounts Payable | L | CR | P | BS |
| Cash | A | DR | P | BS |
| Fees Income | R | CR | T | IS |
| Accounts Receivable | A | DR | P | BS |
| B. John, Capital | OE | CR | P | BS |
| Advertising Expense | E | DR | T | IS |
| Income Summary | OE | N | T | N |
| B. John, Drawing | OE | DR | T | Accept N or BS |
| Supplies | A | DR | P | BS |
| Notes Payable | L | CR | P | BS |
| Prepaid Advertising | A | DR | P | BS |
| Land | A | DR | P | BS |
| Salaries Expense | E | DR | T | IS |
| Office Equipment | A | DR | P | BS |
| Prepaid Insurance | A | DR | P | BS |



ANALYZING TRANSACTIONS—*Each worth 2 points, total 60 points*

| | DEBIT | CREDIT |
|-----|-------|--------|
| 1. | A | G |
| 2. | L | A |
| 3. | E | A, F |
| 4. | D | A |
| 5. | A | D |
| 6. | C | I |
| 7. | D | F |
| 8. | J | A |
| 9. | A | I |
| 10. | M | A |
| 11. | H | A |
| 12. | B | A |
| 13. | K | A |
| 14. | D, K | A |
| 15. | F | A |

ACCOUNTING CALCULATIONS—*Each question is worth 4 points, total 28 points*

1. **\$41,700**
2. a. **Net Income**
 b. **\$1,675**
3. **\$16,300**
4. a. **\$2,420**
 b. **DR—Supplies Expense**
 c. **CR—Supplies**


FINANCIAL STATEMENTS—Each answer worth 2 points, total 26 points
Professional Business Associates
Income Statement
Month Ended, January 31, 2016

| | | |
|-----------------------|--------|-----------------|
| Revenue: | | |
| Fees Income | 13,810 | |
| Total Revenue | | \$13,810 |
| Expenses: | | |
| Advertising Expense | 2,000 | |
| Miscellaneous Expense | 1,250 | |
| Salaries Expense | 4,000 | |
| Telephone Expense | 375 | |
| Utilities Expense | 560 | |
| Total Expenses | | \$8,185 |
| Net INCOME | | \$5,625 |

Professional Business Associates
Statement of Owner's Equity
Month Ended, January 31, 2016

| | | |
|--------------------------------------|----------------|-----------------|
| P. Buck's, Capital, January 1, 2016 | | 30,000 |
| Net INCOME for January | \$5,625 | |
| Less Withdrawals for January | 3,500 | |
| INCREASE In Capital | | 2,125 |
| P. Buck's, Capital, January 31, 2016 | | \$32,125 |

Professional Business Associates
Balance Sheet
January 31, 2016

| ASSETS | | LIABILITIES | |
|---------------------|-----------------|--------------------------------------|-----------------|
| Cash | 23,960 | Accounts Payable | 940 |
| Accounts Receivable | 3,450 | Total Liabilities | 940 |
| Office Furniture | 5,080 | | |
| Office Equipment | 575 | OWNER'S EQUITY | |
| | | P. Buck, Capital | 32,125 |
| Total Assets | \$33,065 | Total Liabilities and Owner's Equity | \$33,065 |