

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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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.

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)
- a. canceled check
 - b. transferred check
 - c. outstanding check
 - d. voided check
- _____ 34. Posting a credit to a vendor's liability account will
- a. decrease the amount you owe the vendor
 - b. increase the amount you owe the vendor
 - c. increase the amount the vendor owes you
 - d. decrease the amount the vendor owes you
- _____ 35. Using an EFT to make a payment for your electric bill will result in
- a. a debit to Cash and a credit to Services Revenue
 - b. a debit to Cash and a credit to Utilities Expense
 - c. a debit to Utilities Expense and a credit to Cash
 - d. a debit to Accounts Receivable and a credit to Cash
- _____ 36. The left side of an Owner's Equity account is the
- a. normal balance side
 - b. increase side
 - c. decrease side
 - d. credit side
- _____ 37. Separating the owner's personal records from those of the business represents the
- a. Business Entity concept
 - b. Going Concern concept
 - c. Consistent Reporting concept
 - d. Objective Evidence concept
- _____ 38. Which of the following accounts is an asset?
- a. Insurance Expense
 - b. Owner's Drawing
 - c. Fees Earned
 - d. Prepaid Rent
- _____ 39. Recording income when it is earned and expenses when they are incurred is called the
- a. accrual basis of accounting
 - b. cash basis of accounting
 - c. credit basis of accounting
 - d. generally accepted basis of accounting
- _____ 40. Posting a \$2,500 credit to an asset account with a \$4,700 debit balance results in a
- a. credit balance of \$2,200
 - b. credit balance of \$7,200
 - c. debit balance of \$2,200
 - d. 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>	
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>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 3rd 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



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REGIONAL – 2017

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True/False (15 @ 2 points each) _____ (30 points)

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

APPLICATION KNOWLEDGE:

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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)***

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

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Assumptions to make when taking this assessment:

- Round all calculations at the final step to two decimals.
- Use 360 days for interest calculations.



2 points for each answer

TRUE/FALSE

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

MULTIPLE CHOICE

- | | |
|-----|---|
| 16. | C |
| 17. | D |
| 18. | A |
| 19. | A |
| 20. | C |
| 21. | D |
| 22. | B |
| 23. | A |
| 24. | B |
| 25. | C |
| 26. | A |
| 27. | A |
| 28. | D |
| 29. | B |
| 30. | D |
| 31. | D |
| 32. | A |
| 33. | C |
| 34. | B |
| 35. | C |
| 36. | C |
| 37. | A |
| 38. | D |
| 39. | A |
| 40. | C |



JOB 1 - ACCOUNT IDENTIFICATION—Each worth 1 point, total points 45

Account Name	Classification	Normal Balance	Financial Statements
Accounts Receivable	A	DR	BS
Ticket Revenue	R	CR	IS
Sales	R	CR	IS
Jason Watt, Capital	OE	CR	BS
Rent Expense	E	DR	IS
Notes Receivable	A	DR	BS
Income Summary	OE	N	N
Supplies Expense	E	DR	IS
Truck	A	DR	BS
Prepaid Utilities	A	DR	BS
Sales Tax Payable	L	CR	BS
Jason Witt, Drawing	OE	DR	Accept BS or N
Petty Cash	A	DR	BS
Accounts Payable	L	CR	BS
Prepaid Insurance	A	DR	BS

JOB 2 - SHORT ANSWER PROBLEMS—Each question is worth 5 points, total 40 points

1. \$5,820.55
2.
 - a. Net Loss
 - b. \$27,360
 - c. \$231,750
3.
 - a. \$79,015
 - b. \$21,295
 - c. Income Summary
 - d. Sam Kohler, Capital



JOB 3 - JOURNALIZING TRANSACTIONS - 2 points per line, 1 point for the correct account, 1 point for the correct debit/credit amount. 70 Total Points

DATE 2017	ACCOUNT TITLE	DEBIT	CREDIT
Jan 2	Cash	7,000	
	Sophia Rodriguez, Capital		7,000
4	Rent Expense	1,500	
	Cash		1,500
4	Prepaid Insurance	1,200	
	Cash		1,200
5	Accounts Receivable - Beckett Company	650	
	Fees Revenue		650
8	Supplies	700	
	Cash		400
	Accounts Payable - Taylor Supplies		300
8	Petty Cash	250	
	Cash		250
15	Accounts Payable - Taylor Supplies	300	
	Cash		300
16	Sophia Rodriguez, Drawing	500	
	Cash		500
19	Cash	650	
	Accounts Receivable - Jansen & Sons	250	
	Fees Revenue		900
22	Repair Expense	430	
	Cash		430
23	Utilities Expense	375	
	Cash		375
23	Cash	640	
	Fees Revenue		640
25	Accounts Payable - Vanwert Company	200	
	Cash		200
26	Supplies	30	
	Miscellaneous Expense	25	
	Advertising Expense	15	
	Cash Short and Over	2	
	Cash		72
31	Cash	650	
	Accounts Receivable - Beckett Company		650



JOB 4 - INCOME STATEMENT - 1 point for each line in the heading (3 total); 1 point for Revenue and Expense heading (2 total); 1 point for each correct percentage (3 total); 2 points per line with amounts (1 point for correct wording, 1 point for correct amount, 22 total); 1 total point for correct use of lines. Total Points 31

Solomon Engine Repair Shop			
Income Statement			
For Month Ended January 31, 2017			
			% of Sales
Revenue:			
Mower Repair Revenue	36,400		
Motorcycle Repair Revenue	25,780		
Total Revenue		62,180	100.0%
Expenses:			
Advertising Expense	4,200		
Miscellaneous Expense	570		
Rent Expense	3,000		
Salaries Expense	15,250		
Supplies Expense	2,100		
Utilities Expense	1,500		
Total Expenses		26,620	42.8%
Net Income		35,560	57.2%