

FUNDAMENTAL ACCOUNTING (100) —Secondary—

REGIONAL – 2018

CONCEPT KNOWLEDGE:

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

APPLICATION KNOWLEDGE:

Job 1: Accounting Identification (48 @ 1 point each) _____ (48 points)

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

Job 3: Short Answer (12 @ 3 points each) _____ (36 points)

Job 4: Closing Entries (27 @ 1 point each) _____ (27 points)

Job 5: Financial Statements (11 @ 2 points each) _____ (33 points)

TOTAL POINTS _____ (***254 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 ninety (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 at the final step.
- Use 360 days for interest calculations.

MULTIPLE CHOICE

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

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

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

3. If liabilities total \$2,000 and the owner's equity totals \$18,000, the asset value is _____.
 - a. \$ 2,000
 - b. \$16,000
 - c. \$18,000
 - d. \$20,000

4. An Income Statement is designed to show _____.
 - a. how much a business is worth
 - b. the profitability of the business during the current fiscal period
 - c. the value of assets, liabilities, and owner's equity in the business on a particular date
 - d. all the changes to owner's equity that occurred during the fiscal period

5. If a business pays cash for a new truck, which of the following statements is *true*?
 - a. one asset increases and one liability decreases
 - b. one asset increases and owner's equity increases
 - c. one asset decreases and owner's equity decreases
 - d. one asset increases and another asset decreases

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

7. The normal balance of a revenue account is the _____.
a. debit side
b. credit side
c. left side
d. none of these
8. The normal balance of an expense account is the _____.
a. debit side
b. credit side
c. right side
d. none of these
9. What two types of transactions decrease owner's equity?
a. investments and withdrawals
b. withdrawals and revenues
c. revenues and expenses
d. withdrawals and expenses
10. The Balance Sheet of Amber's Designs includes the following items:
- | | |
|-------------------|---------------------|
| Office Furniture | Cash |
| Supplies | Accounts Payable |
| M. Amber, Capital | Accounts Receivable |
| M. Amber, Drawing | Truck |
- The list includes _____.
a. four assets and three liabilities
b. five assets and one liability
c. five assets and two liabilities
d. five assets and three owner's equity
11. Cash Short and Over is classified as a(n) _____.
a. asset
b. liability
c. expense
d. owner's equity
12. An endorsement on the back of a check consisting of the words "Pay to the order of" and a new check owner's name is a _____.
a. blank endorsement
b. special endorsement
c. restrictive endorsement
d. deposit endorsement

13. A lost check with a blank endorsement on it can be cashed by _____.
a. anyone who has the check
b. only the person whose name follows the words “Pay to the order of”
c. only the person who endorsed the check
d. no one
14. The essential point of the double-entry system of accounting is that every transaction _____.
a. affects accounts on both sides of the balance sheet
b. is recorded in both the journal and the ledger
c. increases one ledger account and decreases another
d. affects two or more ledger accounts and is recorded by an equal dollar amount of debits and credits
15. A journal consists of _____.
a. a separate page or “account” for each type of asset, liability, and element of owner’s equity
b. a listing of the balances of each ledger account to determine the equality of debit and credit entries
c. a chronological record of individual business transactions
d. a storage center of information within a computer-based accounting system from which data can be retrieved and arranged in any desired format
16. Net Income is best described as _____.
a. cash receipts less cash payments made during a given accounting period
b. the increase in owner’s equity resulting from profitable business operations during an accounting period
c. the increase in total assets over a given accounting period
d. revenue earned during an accounting period, less any cash payments made during the period
17. If an account number starts with the number 2, it represents a(n) _____.
a. revenue account
b. expense account
c. owner’s equity account
d. liability account
18. 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

19. Owner's equity is _____.
- the amount taken out of a business by the owner for personal use
 - the financial interest of the owner of a business
 - the amount the owner invested in the business
 - the revenues less the expenses
20. Which financial statement is a depiction of the fundamental accounting equation?
- Income Statement
 - Statement of Owner's Equity
 - Balance Sheet.
 - Profit and Loss Statement.
21. The financial affairs of a business and the financial affairs of the owner(s) should be _____.
- combined in the firm's accounting records
 - reported in different parts of the firm's accounting records
 - combined only if the owner wants them to be
 - kept totally separate
22. Which of the following accounts is a permanent account?
- S. Grumpy, Drawing
 - S. Grumpy, Capital
 - Sales
 - Advertising Expense
23. Debits are used to record _____.
- increases in assets and expenses
 - increases in assets and liabilities
 - increases in expenses and revenues
 - increases in expenses and capital
24. The account used to record increases in owner's equity from the sale of services is _____.
- the revenue account
 - the cash account
 - the capital account
 - the drawing account
25. The total of the figures on the left side of a cash account is \$130,600. The total of the figures on the right side is \$87,000. The balance of this account is _____.
- \$43,600 and would be recorded on the credit side of the account
 - \$43,600 and would be recorded on the debit side of the account
 - \$217,600 and would be recorded on the credit side of the account
 - \$217,600 and would be recorded on the debit side of the account

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 Payable	_____	_____	_____
Cash	_____	_____	_____
Rental Income	_____	_____	_____
Accounts Receivable	_____	_____	_____
G. Paris, Capital	_____	_____	_____
Utilities Expense	_____	_____	_____
Income Summary	_____	_____	_____
G. Paris, Drawing	_____	_____	_____
Supplies	_____	_____	_____
Notes Payable	_____	_____	_____
Prepaid Advertising	_____	_____	_____
Building	_____	_____	_____
Repairs Expense	_____	_____	_____
Office Furniture	_____	_____	_____
Prepaid Rent	_____	_____	_____
Wages Payable	_____	_____	_____

JOB 2 - ANALYZING TRANSACTIONS

Directions: Professional Business Associates opened for business on September 1, 2017. 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 and credited on the line under the appropriate column.

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

	DEBIT	CREDIT
1. C. Miriam, the owner, invested \$52,000 cash in the business.	_____	_____
2. Issued a check for \$1,200 to pay the rent for July.	_____	_____
3. Bought office furniture for \$12,000. Issued a check for \$7,000; balance is due in 60 days.	_____	_____
4. Purchased supplies for \$360 cash.	_____	_____
5. Returned damaged supplies and received a cash refund of \$60.	_____	_____
6. Performed tax services for \$1,350 on credit.	_____	_____
7. Purchased supplies for \$160 on credit.	_____	_____
8. Paid \$375 for repairs to the copy machine.	_____	_____
9. Received \$4,200 for tax services performed.	_____	_____
10. Paid \$350 to Northeast Electric Company.	_____	_____
11. Issued a check to owner for \$1,500 for personal expenses.	_____	_____
12. Paid \$100 to establish a petty cash fund.	_____	_____
13. Record bank service charge of \$5.	_____	_____
14. Paid cash to replenish the petty cash fund, \$56: Supplies, \$32; Miscellaneous Expense, \$24.	_____	_____
15. Paid \$1,800 on account to a creditor.	_____	_____

JOB 3 - SHORT ANSWER

1. Professional Business Associates checkbook register shows a balance of \$18,200. There are outstanding checks totaling \$2,300, and two outstanding deposits totaling \$10,400, a bank service charge of \$10, and a non-sufficient funds charge for a customer’s check that was returned for \$260. What would be the adjusted checkbook balance after the accountant has performed a bank reconciliation?

1. _____

2. At the beginning of the fiscal period, the owner’s capital account is \$77,800. The owner made an additional investment of \$8,000 and withdrew \$13,900. The business showed a net loss for the fiscal period of \$2,670. How much is the owner’s capital balance at the end of the fiscal period?

2. _____

3. Professional Business Associates discovered that a purchase of office equipment for \$1,000 cash was recorded as a debit to Shop Equipment and a credit to Cash. Record the correcting entry below.

DESCRIPTION	DEBIT	CREDIT

4. On December 1, 2017, Professional Business Associates opened their new business with the following assets and liabilities. Complete the accounting equation for the firm.

Accounts Payable	\$ 1,100	Prepaid Rent	\$ 6,000
Cash	\$ 3,950	Notes Payable	\$15,500
Equipment	\$26,200	Supplies	\$ 1,250

Assets \$ _____ = Liabilities \$ _____ + Owner’s Equity \$ _____

5. Professional Business Associates’ cash account has a total of \$53,400 in debits and \$31,800 in credits. What is the current balance of the cash account?

5. _____

6. Professional Business Associates had planning fees revenue of \$26,250 for the fiscal period. During that time they also had the following expenses: Advertising Expense, \$600; Rent Expense, \$1,000; Salaries Expense, \$3,000; and Utilities Expense, \$700. (a) Did they have a net income or loss for the fiscal period? (b) How much was their income or loss?

6a. _____

6b. _____

JOB 4 – CLOSING ENTRIES

Professional Business Associates partial worksheet for the month ended March 31, 2017, is shown below. Journalize the closing entries on the general journal provided.

ACCOUNT NAME	INCOME STATEMENT		BALANCE SHEET	
	Debit	Credit	Debit	Credit
Cash			8,500	
Accounts Receivable			11,000	
Supplies			4,500	
Equipment			30,000	
Accumulated Depr.-Equipment				10,000
Accounts Payable				9,500
C. Mirriam, Capital				32,000
C. Mirriam, Drawing			3,000	
Income Summary				
Fees Income		23,000		
Depreciation Expense-Equipment	2,000			
Rent Expense	1,400			
Salaries Expense	13,400			
Supplies Expense	700			
Totals	17,500	23,000	57,000	51,500
Net Income	5,500			5,500
	23,000	23,000	57,000	57,000

JOB 5 - FINANCIAL STATEMENTS

Directions: Calculate the missing information on each of the financial statements below and do the component percentages to one decimal place on the Income Statement. Fill in the missing labels and round to whole dollar.

**Professional Business Associates
 Income Statement
 Year Ended, December 31, 2017**

Revenue:			%
Fees Income	26,250		
Total Revenue			
Expenses:			
Miscellaneous Expense	700		
Repairs Expense	200		
Salaries Expense	3,000		
Utilities Expense	800		
Total Expenses			
Net			

**Professional Business Associates
 Balance Sheet
 December 31, 2017**

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



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CONCEPT KNOWLEDGE:

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

APPLICATION KNOWLEDGE:

Job 1: Accounting Identification (48 @ 1 point each) _____ (48 points)

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

Job 3: Short Answer (12 @ 3 points each) _____ (36 points)

Job 4: Closing Entries (27 @ 1 point each) _____ (27 points)

Job 5: Financial Statements (11 @ 2 points each) _____ (33 points)

TOTAL POINTS _____ ***(254 points)***

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

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MULTIPLE CHOICE—each worth 2 points for a total of 50 points

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

JOB 1 – ACCOUNT IDENTIFICATION—each worth one point for a total of 48 points

Account Name	Classification	Normal Balance	Financial Statement(s)
Accounts Payable	L	CR	BS
Cash	A	DR	BS
Rental Income	R	CR	IS
Accounts Receivable	A	DR	BS
G. Paris, Capital	OE	CR	BS
Utilities Expense	E	DR	IS
Income Summary	OE	N	N
G. Paris, Drawing	OE	DR	N or BS (<i>accept either</i>)
Supplies	A	DR	BS
Notes Payable	L	CR	BS
Prepaid Advertising	A	DR	BS
Building	A	DR	BS
Repairs Expense	E	DR	IS
Office Furniture	A	DR	BS
Prepaid Rent	A	DR	BS
Wages Payable	L	CR	BS



JOB 2—ANALYZING TRANSACTIONS, each worth 2 points for a total of 60 points. If the answer requires two accounts, count as wrong if they only put one.

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

JOB 3—SHORT ANSWERS, each worth 3 points for a total of 36 points

1. \$17,930

2. \$69,230

3.

DESCRIPTION	DEBIT	CREDIT
Office Equipment	1,000	
Shop Equipment		1,000

4. Assets \$37,400
 Liabilities \$16,600
 Owner's Equity \$20,800

5. \$21,600

6. a. Net Income
 b. \$20,950



JOB 4—CLOSING ENTRIES, each worth 1 point for a total of 27 points (this includes dates and closing entries title)

GENERAL JOURNAL

DATE	DESCRIPTION	POST REF	DEBIT	CREDIT
	<i>Closing Entries</i>			
Mar. 31	Fees Income		23,000	
	Income Summary			23,000
31	Income Summary		17,500	
	Depreciation Expense-Equip.			2,000
	Rent Expense			1,400
	Salaries Expense			13,400
	Supplies Expense			700
31	Income Summary		5,500	
	C. Mirriam, Capital			5,500
31	C. Mirriam, Capital		3,000	
	C. Mirriam, Drawing			3,000



JOB 5—FINANCIAL STATEMENTS, each worth 3 points for a total of 33 points

**Professional Business Associates
 Income Statement
 Year Ended, December 31, 2017**

Revenue:			%
Fees Income	26,250		
Total Revenue		26,250	100.0
Expenses:			
Miscellaneous Expense	700		
Repairs Expense	200		
Salaries Expense	3,000		
Utilities Expense	800		
Total Expenses		4,700	17.9
Net INCOME		21,550	82.1

**Professional Business Associates
 Balance Sheet
 December 31, 2017**

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	
		C. Mirriam, Capital	32,125
Total Assets	33,065	Total Liabilities and Owner's Equity	33,065