

FUNDAMENTAL ACCOUNTING (01)

Regional - 2007

Multiple Choice (30 @ 3 points each) _____ (90 pts.)

Account Identification (15 @ 3 points each) _____ (45 pts.)

Production Portion

Problem 1: Financial Transactions _____ (80 pts.)

Problem 2: Financial Statements

Job 1—Income Statement _____ (21 pts.)

Job 2—Balance Sheet _____ (33 pts.)

TOTAL POINTS _____ (269)

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 test 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. The multiple choice and account identification portions should be completed first, and then the accounting problems may be completed in any order.

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

Good luck!

MULTIPLE CHOICE QUESTIONS:

Record the best answer for each of the following questions on the Scantron form provided.

1. The accounting equation states
 - A. $\text{Assets} + \text{Liabilities} = \text{Owner's Equity}$
 - B. $\text{Assets} + \text{Owner's Equity} = \text{Liabilities}$
 - C. $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$
 - D. $\text{Owner's Equity} - \text{Liabilities} = \text{Assets}$

2. The first classification of accounts in a chart of accounts are the
 - A. Liabilities
 - B. Owner's Equity
 - C. Assets
 - D. Revenue

3. Expenses are listed on financial statements
 - A. based on their balances
 - B. in the order they were used during the fiscal period
 - C. alphabetically
 - D. after they are closed

4. Mike's Surf Shop paid cash for a new computer; therefore, the journal entry would be

<u>Debit</u>	<u>Credit</u>
A. Supplies	Cash
B. Cash	Advertising Expense
C. Computer Equipment	Sales
D. Computer Equipment	Cash

5. All of the following accounts are permanent accounts except
 - A. accounts payable
 - B. cash
 - C. owner's capital
 - D. sales

6. Accounts Receivable represents
 - A. money the business owes to a supplier
 - B. money a customer has paid to the business
 - C. a service the business needs to perform at a later date
 - D. money a customer owes to a business

7. Which of the following expense is not considered a utility?
 - A. rent
 - B. electricity
 - C. water
 - D. sewer

8. The four main types of source documents include
 - A. check, memo, gift certificate, receipt
 - B. memo, check, invoice, receipt
 - C. receipt, purchase order, check, invoice
 - D. sales invoice, debit memorandum, tape, deposit slip

9. The Post Reference column of a general journal is used to
 - A. record the date of a transaction
 - B. record the source document of a transaction
 - C. record the account number of the ledger affected by the transaction
 - D. record the account title affected by the transaction

10. Owner Equity is increased when
 - A. the business performs a service for a customer
 - B. the business pays for expenses
 - C. new equipment is purchased for the business
 - D. a customer pays on their account

11. The Balance Sheet contains
 - A. the balances of all accounts
 - B. the total amount of cash spent
 - C. the balances of permanent accounts
 - D. the balances of temporary accounts

12. Money invested in a business by an owner is
 - A. liquidity
 - B. equity
 - C. revenue
 - D. contra capital

13. A system of recordkeeping in which each transaction affects at least two accounts is called
 - A. double-entry accounting
 - B. reconciling
 - C. checks and balances
 - D. revenue recognition

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14. At the end of a fiscal period, if Assets total \$35,250.00 and Owner's Equity total \$25,750.00, then total of Liabilities will be
 - A. \$9,750.00
 - B. \$8,500.00
 - C. \$9,250.00
 - D. \$9,500.00

15. At the end of a fiscal period when a balance sheet is prepared, which financial statement contains the ending balance of the owner's capital account?
 - A. Worksheet
 - B. Income Statement
 - C. Trial Balance
 - D. Statement of Changes in Owner's Equity

16. When an owner wants to determine the balance of a particular account, they should refer to the
 - A. general journal
 - B. ledger
 - C. bank statement
 - D. source document

17. The normal balance side of an account's T-account represents
 - A. the financial statement where the account will appear
 - B. the accounts location with the chart of accounts
 - C. whether an account is a contra account
 - D. how the account is affected by debits and credits

18. When reconciling the bank statement, outstanding checks are checks
 - A. customers still need to give to the business
 - B. written but not showing on the statement
 - C. returned due to insufficient funds
 - D. appearing on the statements

19. The general journal is used to
 - A. record daily business transactions as they occur
 - B. summarize account activities
 - C. keep track of amounts owed by customers
 - D. show the current balance of the checkbook

20. Comparing expenses incurred in an accounting period with the revenue earned during the same period is known as
 - A. the matching principle
 - B. going concern
 - C. component percentage
 - D. the current ratio

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Use the financial information for Aqua-Kleen below to answer questions 21-25.

<u>Account</u>	<u>Balance</u>	<u>Account</u>	<u>Balance</u>
Cash	5,321.00	Revenue	3,719.00
Accounts Receivable	790.00	Advertising Expense	245.00
Delivery Equipment	2,500.00	Delivery Expense	735.00
Office Equipment	2,200.00	Miscellaneous Expense	255.00
Supplies	1,968.00	Rent Expense	750.00
Accounts Payable	675.00	Repair Expense	395.00
Owner's Equity	12,000.00	Utilities Expense	235.00

21. What is Aqua-Kleen's net income for the period?
- A. \$1,140.00
 - B. \$1,410.00
 - C. \$1,014.00
 - D. \$1,104.00
22. Aqua-Kleen's assets for the period total
- A. \$12,977.00
 - B. \$12,797.00
 - C. \$12,979.00
 - D. \$12,779.00
23. The return on sales (or component percentage of sales) for Aqua-Kleen is
- A. 29.8%
 - B. 2.97%
 - C. 29.7%
 - D. 29.6%
24. What is the amount of Aqua-Kleen's equity?
- A. \$23,979.00
 - B. \$24,779.00
 - C. \$24,797.00
 - D. \$24,977.00
25. When completing the work sheet, the Trial Balance section totals should equal
- A. \$15,394.00
 - B. \$15,934.00
 - C. \$15,439.00
 - D. \$15,943.00

26. The Statement of Changes in Owner's Equity is used to complete the
- A. Income Statement
 - B. Work Sheet
 - C. Trial Balance
 - D. Balance Sheet
27. The closing entry to close Revenue will
- A. debit Income Summary and credit Revenue
 - B. credit Capital and debit Revenue
 - C. debit Revenue and credit Income Summary
 - D. debit Capital and credit Revenue
28. The Post-Closing Trial Balance shows
- A. the balance of permanent accounts after temporary accounts are closed
 - B. the balance of temporary accounts after permanent accounts are closed
 - C. the balance of accounts before the Work Sheet is completed
 - D. the adjusted bank statement and checkbook balances after reconciling the checkbook
29. A transposition error occurs when
- A. the decimal point is moved by mistake
 - B. a debit is entered as credit in an account
 - C. a mistake is made in subtraction
 - D. two digits within an amount are reversed
30. The check endorsement limiting how a check may be handled is known as
- A. blank
 - B. restrictive
 - C. special
 - D. third party

ACCOUNT IDENTIFICATION

For each account name below, indicate its classification, its normal balance side, and on which financial statement the account appears.

<u>Classifications</u>	<u>Normal Balance Side</u>	<u>Financial</u>
<u>Statement</u>		
A = Asset	DR = Debit	BS = Balance
Sheet		
L = Liability	CR = Credit	IS = Income
Statement		
OE = Owners' Equity	N = Neither	N = Neither
R = Revenue		
E = Expense		

Account Name	Classification	Normal Balance	Financial
Statement			
Cash in Bank	_____	_____	_____
Utilities Expense	_____	_____	_____
Owner's Withdrawal	_____	_____	_____
Delivery Revenue	_____	_____	_____
Office Equipment	_____	_____	_____
Owner's Capital	_____	_____	_____
Sales	_____	_____	_____
Delivery Equipment	_____	_____	_____
Supplies Expense	_____	_____	_____
Income Summary	_____	_____	_____
Accounts Payable	_____	_____	_____
Computer Equipment	_____	_____	_____
Store Supplies	_____	_____	_____

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Rent Expense	_____	_____	_____
Tutoring Fees	_____	_____	_____

Problem 1: Financial Transactions

Using the chart of accounts below, journalize the partial listing of October 2006 transactions for Mike’s Surf Shop on Page 1 of the general journal that follows.

**Mike’s Surf Shop
Chart of Accounts**

ASSETS	OWNER’S EQUITY
101 Cash in Bank	301 Mike Fujita, Capital
105 Accounts Receivable—Sun Boards	302 Mike Fujita, Withdrawals
110 Accounts Receivable—WaveSharx	303 Income Summary
115 Office Equipment	
120 Office Supplies	REVENUE
125 Store Equipment	401 Rental Revenue
130 Store Supplies	
	EXPENSES
LIABILITIES	501 Advertising Expense
201 Accounts Payable—Seaside Warehouse	505 Miscellaneous Expense
205 Accounts Payable—Tropic Trades	510 Rent Expense
	515 Repair Expense
	520 Utilities Expense

- October 1 Mike Fujita deposited \$30,000.00 into an account to start Mike’s Surf Shop. Memorandum 1.
- 4 Received \$350.00 for rental of surfing equipment. Receipt 101.
- 5 Paid \$50.00 for the telephone bill. Check 102
- 7 Rented \$500.00 of surfing equipment on account to Sun Boards. Memorandum 5.
- 11 Purchased \$375.00 in store equipment for the store on account from Tropic Trades. Invoice 210.
- 14 Wrote a check for \$40.00 to pay for an advertisement in Hang 10 Magazine. Check 103.
- 16 Received \$400.00 from the rental of surfing equipment. Receipt 102.
- 18 The WaveSharx charged \$600.00 worth of surfing equipment. Memorandum 6.
- 25 Issued a check to pay the shop’s \$500.00 monthly rent. Check 107.
- 28 Sun Boards rented \$400.00 in surfing equipment on account. Memorandum 7.
- 29 Received \$350.00 on account from Sun Boards. Receipt 107.
- 30 Recorded a bank service charge of \$15.00 after reconciling the bank statement. Memorandum 12.
- 31 Paid \$350.00 to repair an awning damaged by the wind. Check 110.

Problem 1: Financial Transactions, cont.

Problem 2: Financial Statements

Job 1—Income Statement

Job 2—Balance Sheet

Using the following account balances for Mike's Surf Shop, create an Income Statement and a Balance Sheet for the month ended October 31, 2006.

Ending account balances as of October 31, 2006:

101	Cash in Bank	32,000.00
105	Accounts Receivable—Sun Boards	750.00
110	Accounts Receivable—WaveSharx	475.00
115	Office Equipment	845.00
120	Office Supplies	355.00
125	Store Equipment	875.00
130	Store Supplies	945.00
201	Accounts Payable—Seaside Warehouse	950.00
205	Accounts Payable—Tropic Trades	1,350.00
301	Mike Fujita, Capital	30,000.00
302	Mike Fujita, Withdrawals	250.00
303	Income Summary	---
401	Rental Revenue	5,500.00
501	Advertising Expense	320.00
505	Miscellaneous Expense	50.00
510	Rent Expense	500.00
515	Repair Expense	200.00
520	Utilities Expense	235.00



FUNDAMENTAL ACCOUNTING (01)

KEY

Regional– 2007

TOTAL POINTS

_____ (269)

Graders:

Please double-check and verify all scores!

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Good luck!



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



ACCOUNT IDENTIFICATION

For each account name below, indicate its classification, its normal balance side, and on which financial statement the account appears.

Classifications

- A = Asset**
- L = Liability**
- OE = Owners' Equity**
- R = Revenue**
- E = Expense**

Normal Balance Side

- DR = Debit**
- CR = Credit**
- N = Neither**

Financial Statement

- BS = Balance Sheet**
- IS = Income Statement**
- N = Neither**

Account Name	Classification	Normal Balance	Financial Statement
Cash in Bank	A	DR	BS
Utilities Expense	E	DR	IS
Owner's Withdrawal	OE	DR	N
Delivery Revenue	R	CR	IS
Office Equipment	A	DR	BS
Owner's Capital	OE	CR	BS
Sales	R	CR	IS
Delivery Equipment	A	DR	BS
Supplies Expense	E	DR	IS
Income Summary	OE	N	N
Accounts Payable	L	CR	BS
Computer Equipment	A	DR	BS
Store Supplies	A	DR	BS
Rent Expense	E	DR	IS
Tutoring Fees	R	CR	IS

Each answer is worth 1 point. Total = 45 points.

NOTES TO GRADERS:

Source documents may be abbreviated.

Year may or may not be on separate line.

Some account names may be abbreviated.

1 point for each item (80 Points Total)

Award points for any method of source document notation.

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Notes to Graders

1 point for each line of the heading (3 Points)

1 point statement body item: accounts, amounts, and totals (17 Points)

1 point for proper single and double rulings (1 Point)

Problem 2
Job 2—Balance Sheet

Mike's Surf Shop

Balance Sheet

October 31, 2006

Assets									
Cash in Bank	32	0	0	0	00				
Accounts Receivable—Sun Boards		7	5	0	00				
Accounts Receivable—WaveSharx		4	7	5	00				
Office Equipment		8	4	5	00				
Office Supplies		3	5	5	00				
Store Equipment		8	7	5	00				
Store Supplies		9	4	5	00				
Total Assets						36	2	4	5 00
Liabilities									
Accounts Payable—Seaside Warehouse		9	5	0	00				
Accounts Payable—Tropic Trades		1	3	5	00				
Total Liabilities						2	3	0	0 00
Owner's Equity									
Mike Fujita, Capital						33	9	4	5 00
Total Liabilities and Owner's Equity						36	2	4	5 00

33 Points Total for the Balance Sheet

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Notes to Graders

1 point for each line of the heading (3 Points)

1 point statement body item: section titles, accounts, amounts, and totals (29 Points)

1 point proper single and double rulings (1 Point)