

FUNDAMENTAL ACCOUNTING (100)

—Secondary—

REGIONAL – 2019

CONCEPT KNOWLEDGE:

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

APPLICATION KNOWLEDGE:

Accounting Identification (45 @ 1 point each) _____ (45 points)

Short Answer Problems (14 @ 3 points each) _____ (42 points)

Job 1: Analyzing Transactions _____ (64 points)

Job 2: Balance Sheet _____ (36 points)

TOTAL POINTS _____ ***(237 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.

MULTIPLE CHOICE

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

1. The financial statement which shows financial progress is the
 - a. Balance Sheet.
 - b. Statement of Owner's Equity.
 - c. Income Statement.
 - d. Post-Closing Trial Balance.

2. The account debited when an owner withdraws supplies from the business is
 - a. Supplies.
 - b. Cash.
 - c. Capital.
 - d. Drawing.

3. The normal balance of Accounts Payable is on the
 - a. right side.
 - b. left side.
 - c. debit side.
 - d. decrease side.

4. Recording revenue when services are performed on account rather than when cash is received is an application of what accounting concept?
 - a. Realization of Revenue
 - b. Matching Expenses with Revenue
 - c. Historical Cost
 - d. Consistent Reporting

5. The accounting equation states
 - a. Owner's Equity = Assets + Liabilities
 - b. Liabilities = Assets + Owner's Equity
 - c. Liabilities = Owner's Equity - Assets
 - d. Assets = Liabilities + Owner's Equity

6. A decrease in equity resulting from the costs of doing business is a(n)
 - a. withdrawal.
 - b. capital.
 - c. expense.
 - d. revenue.

7. An endorsement containing the words "Pay to the order of" on the back of a check is what type of endorsement?
 - a. Blank
 - b. Special
 - c. Restrictive
 - d. Deposit

8. When cash is short, the entry to replenish petty cash includes a
 - a. debit to Cash Short and Over.
 - b. credit to Cash Short and Over.
 - c. debit to Petty Cash.
 - d. credit to Supplies.

9. The procedure of transferring information from a journal entry to a ledger account is
 - a. posting.
 - b. journalizing.
 - c. opening an account.
 - d. file maintenance.

10. The governing body determining accounting policies and procedures is primarily
 - a. GAAP.
 - b. AICPA.
 - c. FASB.
 - d. FED

11. The left side of any T-account is the
 - a. increase side.
 - b. decrease side.
 - c. debit side.
 - d. credit side.

12. An account number in the Post. Ref. column of a journal shows
 - a. work is completed on that journal page.
 - b. the date of the entry.
 - c. the journal and page the entry was recorded in.
 - d. the account to which an amount was posted.

13. Which of the following is a permanent account?
 - a. Salary Expense
 - b. Salary Payable
 - c. Sales Discount
 - d. Drawing

14. Assets all have account numbers beginning with a
 - a. one.
 - b. two.
 - c. three.
 - d. five.

15. Which of the following represents the correct order of the Accounting Cycle?
 - a. Journalizing, Posting, Financial Statements, Worksheet
 - b. Posting, Journalizing, Financial Statements, Worksheet
 - c. Posting, Journalizing, Worksheet, Financial Statements
 - d. Journalizing, Posting, Worksheet, Financial Statements

16. Which financial statement represents the accounting equation?
 - a. Worksheet
 - b. Income Statement
 - c. Statement of Owner's Equity
 - d. Balance Sheet

17. The financial statements created from the information on the worksheet are the
 - a. Income Statement and Balance Sheet.
 - b. Post-closing Trial Balance and Income Statement.
 - c. Adjusted Trial Balance and Income Statement.
 - d. Balance Sheet and Post-closing Trial Balance.

18. Which of the following will show net income on a worksheet?
 - a. Income Statement credit column minus Income Statement debit column
 - b. Balance Sheet credit column minus Balance Sheet debit column.
 - c. Income Statement credit column minus Balance Sheet credit column.
 - d. Balance Sheet credit column minus Income Statement debit column.

19. Financial statements that contain all information necessary to understand a business's financial condition represent what accounting concept?
 - a. Consistent reporting
 - b. Matching expenses with revenue
 - c. Business entity
 - d. Adequate disclosure.

20. Which of the following calculations results in Return on Sales?
 - a. Net Income divided by Net Sales
 - b. Gross Profit divided by Net Income
 - c. Total Expenses divided by Net Sales
 - d. Net Sales divided by Net Income

21. After closing entries are posted, the balance in the owner's Drawing account should be
 - a. a debit.
 - b. a credit.
 - c. zero.
 - d. equal to net income.

22. Buying supplies now with cash to be paid later results in a credit to
 - a. Supplies.
 - b. Cash.
 - c. Accounts Payable.
 - d. Accounts Receivable.

23. Liabilities are decreased with a
 - a. credit.
 - b. debit.
 - c. new order of supplies on account.
 - d. cash receipt.

24. Posting a \$750 debit to a liability account with a \$2,400 credit balance results in a
- credit balance of \$3,150.
 - credit balance of \$1,650.
 - debit balance of \$3,150.
 - debit balance of \$1,650.
25. Which of the following accounts are not closed at the end of a fiscal period?
- Cash Short & Over
 - Drawing
 - Fees Revenue
 - Merchandise Inventory

ACCOUNTING IDENTIFICATION (45 Points)

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>
A = Asset	DR = Debit	BS = Balance Sheet
L = Liability	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	_____	_____	_____
Fees Revenue	_____	_____	_____
Sales Tax Payable	_____	_____	_____
James Thaxton, Drawing	_____	_____	_____
Advertising Expense	_____	_____	_____
Equipment	_____	_____	_____
Income Summary	_____	_____	_____
Insurance Expense	_____	_____	_____
Supplies	_____	_____	_____
James Thaxton, Capital	_____	_____	_____
Accounts Receivable	_____	_____	_____
Salary Expense	_____	_____	_____
Petty Cash	_____	_____	_____
Prepaid Rent	_____	_____	_____
Sales	_____	_____	_____

SHORT ANSWER PROBLEMS (3 points each)

1. The following financial data was taken from the records of Brandam's Car Wash for the month of October. The owner is Natalie Brandam.
Beginning Capital Balance - \$135,670
Total Revenue - \$34,175
Total Expenses - \$22,389
Transactions made by Natalie Brandam during the month
- Invested \$2,000 in cash on October 10th, plus supplies valued at \$750
- Withdrew cash of \$1,700 on October 22nd
- a. What was the amount credited to Natalie Brandam, Capital for the transaction on October 10th?
1a. _____
- b. What is the amount shown on the Balance Sheet for Natalie Brandam, Capital?
1b. _____
- c. What is the balance of Income Summary after the first two closing entries are posted?
1c. _____
- d. What amount is used for the 4th closing entry? 1d. _____
2. Two accounts for Wittman Company need adjusting entries posted each month. Give each adjusting entry and the amount of the adjustment for November 30. The balance for each account represents the balance on the worksheet's trial balance.
- a. Supplies balance \$1,250; amount on hand \$775
Debit _____ Amount _____
Credit _____ Amount _____
- b. Prepaid Insurance balance \$1,800; 6-month policy bought August 1, original cost \$3,600
Debit _____ Amount _____
Credit _____ Amount _____
3. Information needed to do a bank reconciliation for Gutierrez Wholesalers is shown below.
Balance on check stub 174 - \$3,680 Balance on bank statement - \$4,330
Service Charge from bank - \$20
Outstanding checks - #169 for \$650; #172 for \$83; #173 for \$348
Outstanding deposit - \$411
- 3a. Adjusted Check Stub Balance _____
- 3b. Adjusted Bank Balance _____

Job 1 – Analyzing Transactions (64 points)

Directions: Journalize the following transactions for Kenner Accounting for the month of February, 2019 in the journal on the next page. Kenner Accounting performs accounting and tax work for various businesses in the area. The business is owned by Lindsay Kenner, and uses the following accounts.

Cash	Fees Revenue
Petty Cash	Advertising Expense
Accounts Receivable – Swisher Co.	Cash Short & Over
Accounts Receivable – Wainwright Storage	Delivery Expense
Prepaid Insurance	Insurance Expense
Supplies	Miscellaneous Expense
Accounts Payable – Beckett Supplies	Rent Expense
Accounts Payable – Shuler Inc.	Supplies Expense
Lindsay Kenner, Capital	Utilities Expense
Lindsay Kenner, Drawing	

Feb 1 – Received cash from the owner as an investment, \$12,000.

Feb 2 – Bought supplies from Beckett Supplies, \$1,100. Paid half now, with the other half due in two weeks.

Feb 2 - Issued a \$900 check to Royster Insurance for three months of insurance.

Feb 3 – Paid cash to Hartman Realty for monthly rent, \$600.

Feb 5 – Wrote a check to Petty Cash to establish a petty cash fund, \$300.

Feb 6 – Performed accounting work for Wainwright Storage worth \$750. Wainwright wrote a check for the entire amount.

Feb 8 – Paid cash to The Global Times for a newspaper advertisement, \$500

Feb 9 – Performed accounting work for B&B Company worth \$1,200, receiving a check for their services.

Feb 12 – Paid what was owed to Beckett Supplies from February 2nd transaction.

Feb 14 – Paid \$75 to Beckett Transport for delivery charge on accounting records sent to a client.

Feb 17 – Performed accounting services for Swisher Co. worth \$2,200 on account.

Feb 22 – Lindsey Kenner took \$500 out of the business for personal use.

Feb 24 – Received a check from Swisher Co. for half of what was owed from Feb 17 services.

Feb 25 – Wrote a check to reimburse the petty cash fund back to the full amount; payments included supplies for \$170, Delivery expense of \$20, Miscellaneous Expense of \$60. Cash in drawer was \$45

Job 2 – Balance Sheet (36 points)

Directions: Use the following financial information of Carter Computer Services to prepare a Balance Sheet in report form for December 31, 2018. Balances shown are from the Worksheet’s Trial Balance before adjusting entries have been posted. Headings have been added for you. Carter Computer Services is owned by Drake Carter.

Cash - \$11,500	Accounts Payable – ABC Supplies - \$430
Petty Cash - \$300	Accounts Payable – Network Solutions - \$1,925
Accounts Receivable – Cloud Computing \$600	Drake Carter, Capital - \$11,640
Accounts Receivable – Sunny Resorts \$950	Drake Carter, Drawing - \$5,500
Accounts Receivable – Western Schools \$1,500	Net Income for the Period - \$7,505
Supplies - \$900	
Prepaid Insurance - \$1,000	
Supplies on hand at the end of the month - \$350	
Insurance policy value at the end of the month - \$800	

Assets		
Total Assets		
Liabilities		
Total Liabilities		
Owner’s Equity		
Total Liabilities & Owner’s Equity		



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Accounting Identification (45 @ 1 point each) _____ (45 points)

Short Answer Problems (14 @ 3 points each) _____ (42 points)

Job 1: Analyzing Transactions _____ (64 points)

Job 2: Balance Sheet _____ (36 points)

TOTAL POINTS _____ (***237 points***)

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

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- Use 360 days for interest calculations.



MULTIPLE CHOICE

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

ACCOUNT IDENTIFICATION—Each worth 1 point, total points 45

Account Name	Classification	Normal Balance	Financial Statements
Accounts Payable	L	CR	BS
Fees Revenue	R	CR	IS
Sales Tax Payable	L	CR	BS
James Thaxton, Drawing	OE	DR	Accept N Or BS
Advertising Expense	E	DR	IS
Equipment	A	DR	BS
Income Summary	OE	N	N
Insurance Expense	E	DR	IS
Supplies	A	DR	BS
James Thaxton, Capital	OE	CR	BS
Accounts Receivable	A	DR	BS
Salary Expense	E	DR	IS
Petty Cash	A	DR	BS
Prepaid Ren	A	DR	BS
Sales	R	CR	IS



Short Answer Problems - *Each question is worth 3 points, total 42 points*

1. a. 2,750
b. 148,506
c. 11,786
d. 1,700

2. a. Debit Supplies Expense 475
Credit Supplies 475
- b. Debit Insurance Expense 600
Credit Prepaid Insurance 600

3. a. 3,660
b. 3,660



Job 1 – Analyzing Transactions 2 points per line, 1 point for the correct account, 1 point for the correct debit/credit amount. 64 Total Points – Note to Grader, accept A/P and A/R as abbreviations for Accounts Payable and Accounts Receivable

DATE 2019	ACCOUNT TITLE	DEBIT	CREDIT
Feb 2	Cash	12,000	
	Lindsey Kenner, Capital		12,000
2	Supplies	1,100	
	Cash		550
	Accounts Payable – Beckett Supply		550
2	Prepaid Insurance	900	
	Cash		900
3	Rent Expense	600	
	Cash		600
5	Petty Cash	300	
	Cash		300
6	Cash	750	
	Fees Revenue		750
8	Advertising Expense	500	
	Cash		500
9	Cash	1,200	
	Fees Revenue		1,200
12	Accounts Payable – Beckett Supplies	550	
	Cash		900
14	Delivery Expense	75	
	Cash		75
17	Accounts Receivable – Swisher Co.	2,200	
	Fees Revenue		2,200
22	Lindsey Kenner, Drawing	500	
	Cash		500
24	Cash	1,100	
	Accounts Receivable – Swisher Co.		1,100
25	Supplies	170	
	Delivery Expense	20	
	Miscellaneous Expense	60	
	Cash Short and Over	5	
	Cash		255



Job 2 – Balance Sheet – 1 point for each line in the heading (3 total); 1 point for each account name and amount (do not count shaded items as they were given, 20 total); 4 points each for correct total assets, total liabilities, and total liabilities and stockholder’s equity (12 total); 1 point for correct use of lines; 36 Total Points

Carter Computer Supplies		
Balance Sheet		
December 31, 2018		
Assets		
Cash	11,500	
Petty Cash	300	
Accounts Receivable – Cloud Computing	600	
Accounts Receivable – Sunny Resorts	950	
Accounts Receivable – Western Schools	1,500	
Supplies	350	
Prepaid Insurance	800	
Total Assets		<u>16,000</u>
Liabilities		
Accounts Payable – ABC Supplies	430	
Accounts Payable – Network Solutions	<u>1,925</u>	
Total Liabilities		<u>2,355</u>
Owner’s Equity		
Drake Carter, Capital		<u>13,645</u>
Total Liabilities & Owner’s Equity		<u>16,000</u>