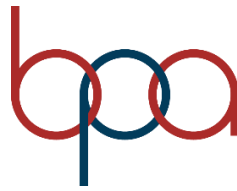


Contestant Number: _____

Time: _____

Rank: _____



**BUSINESS
PROFESSIONALS**
of **AMERICA**
Giving Purpose to Potential

FUNDAMENTAL ACCOUNTING (100)

REGIONAL 2021

CONCEPT KNOWLEDGE:

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

APPLICATION KNOWLEDGE:

Account Identification (15 @ 4 points each) _____ (60 points)
Short Answer (14 @ 2 points each) _____ (28 points)
Analyzing Transactions (15 @ 2 point each) _____ (30 points)
Worksheet _____ (37 points)
Income Statement _____ (24 points)
TOTAL POINTS _____ ***(259 points)***

Test Time: 90 minutes

GENERAL GUIDELINES:

Failure to adhere to any of the following rules will result in disqualification:

1. Contestant must hand in this test booklet and all printouts if any. 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 (handwritten, photocopied, or keyed) are allowed in the testing area.
3. Electronic devices will be monitored according to ACT standards.

EXAM GUIDELINES:

You have been hired as a Financial Assistant and will be keeping the accounting records for Digital Solutions, located at 700 Morris Road, Suite 201, Columbus, Ohio 43214. Digital Solutions provides accounting and other financial services for clients. You will complete jobs for Digital Solutions' 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 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.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

TRUE/FALSE

Directions: For the following questions, mark “A” for True and “B” for False.

1. Assets normally have a credit balance.
2. Whether a debit or credit increases or decreases an account’s balance depends on the type of account.
3. A withdrawal for the owner’s personal use increases owner’s equity.
4. Debits and credits are the accounting terms used to identify the left and right sides of an account.
5. Total debits do *not* always have to equal total credits.
6. Expense and drawing accounts normally have a debit balance.
7. Revenue accounts normally have a debit balance.
8. All permanent accounts have a normal balance that is either a debit balance or a credit balance.
9. A debit decreases an expense account while a credit increases an expense account.
10. A credit always increases an account’s balance.
11. The recording of debit and credit parts of a transaction is referred to as double-entry accounting.
12. When a source document is prepared for each transaction, the accounting principle Subjective Evidence is applied.
13. The ledger that contains all accounts needed to prepare financial statements is called a subsidiary ledger.
14. If an accounting error is discovered, a memorandum is prepared and a correcting entry is made in the journal.
15. An amount of cash kept on hand and used for making small payments is called on-hand cash.
16. A columnar accounting form used to summarize the general ledger information needed to prepare financial statements is called a worksheet.
17. The length of time for which a business summarizes and reports financial information is called a fiscal period.

18. A net loss occurs when revenue is *greater* than expenses.
19. Closing entries are used to prepare temporary accounts for a new fiscal period.
20. Adjusting entries are recorded to update general ledger accounts at the end of a fiscal period.

MULTIPLE CHOICE

Directions: Select the letter that correctly answers the question.

21. Temporary capital accounts start each fiscal period with _____.
 - A. debit balances
 - B. credit balances
 - C. zero balances
 - D. both debit and credit balances
22. 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.
23. The process of transferring information from the journal to the individual general ledger accounts is called _____.
 - A. journalizing
 - B. posting
 - C. adjusting
 - D. closing
24. 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
25. 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
26. 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

27. Each of the following is a business expense *except* a payment for _____.
- A. office equipment
 - B. advertising
 - C. rent
 - D. utilities
28. The balance sheet shows _____.
- A. the financial position of a business on a specific date
 - B. revenue and owner's equity
 - C. results of operations for a period of time
 - D. assets and expenses
29. Which of the following accounts will *not* appear on a post-closing trial balance?
- A. Accounts Payable
 - B. Sales
 - C. Capital
 - D. Cash
30. If a customer sends in a payment on his account owed, which of the following statements is *true*?
- A. One asset increases and another asset decreases.
 - B. One asset increases and one liability decreases.
 - C. One liability decreases and owner's equity increases.
 - D. One liability increases and owner's equity increases.
31. If owner's equity is \$25,500, and assets are \$37,600, liabilities are _____.
- A. \$25,500
 - B. \$37,600
 - C. \$63,100
 - D. \$12,100
32. Which of the following accounts are closed at the end of a fiscal period?
- A. Membership Fees Income
 - B. Accounts Receivable
 - C. Delivery Equipment
 - D. Capital
33. The ending balance of the Supplies account appears _____.
- A. in the Trial Balance columns of the worksheet
 - B. in the Balance Sheet columns of the worksheet
 - C. in the Income Statement columns of the worksheet
 - D. on the Statement of Changes in Owner's Equity

34. A set of rules used by all accountants to provide a consistent form in which to provide financial information is referred to as _____.
A. GAAP
B. American CPA Rules
C. Financial Accounting
D. Managerial Accounting
35. When posting to the general ledger accounts, the information in the Post Ref Column of each ledger account refers to the _____.
A. source document of the transaction
B. account number
C. journal and page number
D. date
36. In the sequence of procedures performed during the accounting cycle, the financial statements are prepared _____.
A. prior to preparing a worksheet
B. after completing the worksheet
C. after all posting is completed
D. after preparing a post-closing trial balance
37. The most appropriate form of endorsement of a check for business purposes is the _____.
A. blank endorsement
B. special endorsement
C. full endorsement
D. restrictive endorsement
38. Owner's Equity is the _____.
A. amount taken out of a business by the owner for personal use
B. financial interest of the owner of a business
C. amount the owner initially invested in the business
D. revenues less the expenses
39. 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
40. 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 cycle
D. are prepared for a fee by the Financial Accounting Standards Board

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	

<u>Account Name</u>	<u>Classification</u>	<u>Normal Balance</u>	<u>Permanent/ Temporary</u>	<u>Financial Statement(s)</u>
Accounts Payable	_____	_____	_____	_____
Cash	_____	_____	_____	_____
Fee Income	_____	_____	_____	_____
Accounts Receivable	_____	_____	_____	_____
Capital	_____	_____	_____	_____
Advertising Expense	_____	_____	_____	_____
Income Summary	_____	_____	_____	_____
Drawing	_____	_____	_____	_____
Supplies	_____	_____	_____	_____
Notes Payable	_____	_____	_____	_____
Prepaid Advertising	_____	_____	_____	_____
Land	_____	_____	_____	_____
Salaries Expense	_____	_____	_____	_____
Office Equipment	_____	_____	_____	_____
Prepaid Insurance	_____	_____	_____	_____

SHORT ANSWER (28 points)

1. The following financial data was taken from the records of Brownie's Car Wash for the month of August. The owner is Brock Brownie.

Beginning Capital Balance: \$135,670
Total Revenue: \$34,200
Total Expenses: \$22,400

Transactions made by Brock Brownie during the month:

- Invested \$1,500 in cash on August 10, plus supplies valued at \$650
- Withdrew cash of \$1,500 on August 22

- A. What amount was credited to Brock Brownie, Capital for the transaction on Aug. 10?
1A. _____
- B. What is the amount shown on the August Balance Sheet for Brock Brownie, 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 Wilson 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 \$1,150; amount on hand \$775
Debit _____ Amount _____
Credit _____ Amount _____

B. Prepaid Insurance balance \$1,200; value of insurance remaining \$800
Debit _____ Amount _____
Credit _____ Amount _____

3. Information needed to do a bank reconciliation for Guitar Wholesalers is shown below. Balance on last check stub, \$3,680; balance on bank statement, \$4,330; service charge from bank, \$20; outstanding checks of \$650, \$83, \$348; and an outstanding deposit of \$411.

- A. What is the adjusted Check Stub balance? _____
- B. What is the adjusted Bank balance? _____

ANALYZING TRANSACTIONS – (30 points)

Directions: Golden Enterprises opened for business on July 1, 2020. The company uses the general ledger accounts listed below. Analyze each transaction into its debit and credit parts and place the letter 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. 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. Owner's Equity | |

	DEBIT	CREDIT
1. Owner invested \$68,000 cash in the business.	_____	_____
2. Issued a check for \$1,300 to pay the July rent.	_____	_____
3. Bought office equipment for \$11,000. Issued Check 102 for \$11,000; 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 \$3,600 on credit.	_____	_____
7. Purchased supplies on account for \$375.	_____	_____
8. Paid \$225 for a newspaper advertisement.	_____	_____
9. Issued a check to owner for \$1,200 for personal expenses.	_____	_____
10. Received \$4,100 for services performed.	_____	_____
11. Paid \$160 for utilities.	_____	_____
12. Recorded bank service charge of \$10.	_____	_____
13. Paid \$125 to establish a petty cash fund.	_____	_____
14. Paid \$3,750 on account to a creditor.	_____	_____
15. Paid cash to replenish the petty cash fund, \$30: Supplies, \$14; Miscellaneous Expense, \$16.	_____	_____

WORKSHEET (37 points total): Complete the entire worksheet including heading, all financial columns, rulings, labeling and recording the net income or loss.

On April 30 of the current year, Kate Park & Associates has the following general ledger accounts and balances. The business uses a monthly fiscal period.

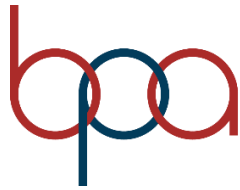
Adjustment information, April 30: Supplies inventory \$220, value of Prepaid Insurance, \$800.

Account Title	Trial Balance		Adjustments		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	2829							
Petty Cash	150							
Accts Rec/Corbett	511							
Supplies	855							
Prepaid Insurance	1100							
Accts Pay/Spooner		500						
K. Park, Capital		4500						
K. Park, Drawing	440							
Income Summary								
Sales		2400						
Advertising Expense	450							
Insurance Expense								
Misc. Expense	190							
Rent Expense	375							
Supplies Expense								
Utilities Expense	500							
Net _____								

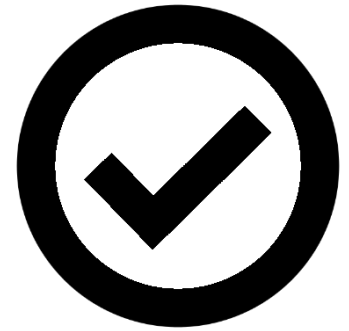
INCOME STATEMENT (24 points total)

Directions: Use the worksheet for Kate Park & Associates to prepare an Income Statement. Include headings, amounts, and a double ruling.

Revenue:		
Expenses:		
Net _____		



**BUSINESS
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FUNDAMENTAL ACCOUNTING

(100)

REGIONAL 2021

CONCEPT KNOWLEDGE:

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

APPLICATION KNOWLEDGE:

Account Identification (15 @ 4 points each) _____ (60 points)
Short Answer (14 @ 2 points each) _____ (28 points)
Analyzing Transactions (15 @ 2 point each) _____ (30 points)
Worksheet _____ (37 points)
Income Statement _____ (24 points)
TOTAL POINTS _____ ***(259 points)***

Test Time: 90 minutes

GENERAL GUIDELINES:

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Assumptions to make when taking this assessment:

- Round all calculations at the final step.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

TRUE/FALSE:

1. B
2. A
3. B
4. A
5. B
6. A
7. B
8. A
9. B
10. B
11. A
12. B
13. B
14. A
15. B
16. A
17. A
18. B
19. A
20. A

MULTIPLE CHOICE:

21. C
22. A
23. B
24. B
25. D
26. B
27. A
28. A
29. B
30. A
31. D
32. A
33. B
34. A
35. C
36. B
37. B
38. B
39. C
40. B

ACCOUNT IDENTIFICATION: (60 points; 1 point for each answer)

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.

Classifications

L = Liability
A = Asset
OE = Owner's Equity
R = Revenue
E = Expenses

Normal Balance Side

DR = Debit
CR = Credit
N = Neither

Financial Statements

BS = Balance Sheet
IS = Income Statement
N = None

Temporary/Permanent Account

P = Permanent
T = Temporary

Account Name	Classification	Normal Balance	Permanent/ Temporary	Financial Statement(s)
Accounts Payable	<u>L</u>	<u>CR</u>	<u>P</u>	<u>BS</u>
Cash	<u>A</u>	<u>DR</u>	<u>P</u>	<u>BS</u>
Fee Income	<u>R</u>	<u>CR</u>	<u>T</u>	<u>IS</u>
Accounts Receivable	<u>A</u>	<u>DR</u>	<u>P</u>	<u>BS</u>
Capital	<u>OE</u>	<u>CR</u>	<u>P</u>	<u>BS</u>
Advertising Expense	<u>E</u>	<u>DR</u>	<u>T</u>	<u>IS</u>
Income Summary	<u>OE</u>	<u>N</u>	<u>T</u>	<u>N</u>
Drawing	<u>OE</u>	<u>DR</u>	<u>T</u>	<u>BS or N</u>
Supplies	<u>A</u>	<u>DR</u>	<u>P</u>	<u>BS</u>
Notes Payable	<u>L</u>	<u>CR</u>	<u>P</u>	<u>BS</u>
Prepaid Advertising	<u>A</u>	<u>DR</u>	<u>P</u>	<u>BS</u>
Land	<u>A</u>	<u>DR</u>	<u>P</u>	<u>BS</u>
Salaries Expense	<u>E</u>	<u>DR</u>	<u>T</u>	<u>IS</u>
Office Equipment	<u>A</u>	<u>DR</u>	<u>P</u>	<u>BS</u>
Prepaid Insurance	<u>A</u>	<u>DR</u>	<u>P</u>	<u>BS</u>

SHORT ANSWER (28 points total; 14 @ 2 points each)

1A. \$2,150

1B. \$148,120

1C. \$11,800

1D. \$1,500

**2A. Supplies Expense; \$375
Supplies; \$375**

**2B. Insurance Expense; \$400
Prepaid Insurance; \$400**

3A. \$3,660

3B. \$3,660

ANALYZING TRANSACTIONS (30 points) – 1 point for each correct debit, 1 point for each correct credit. For those transactions with more than one debit or credit, both must be included to count as correct.

Directions: Golden Enterprises opened for business on July 1, 2020. The company uses the general ledger accounts listed below. Analyze each transaction into its debit and credit parts and place the letter 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. 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. Owner's Equity | |

	DEBIT	CREDIT
1. Owner invested \$68,000 cash in the business.	<u> A </u>	<u> G </u>
2. Issued a check for \$1,300 to pay the July rent.	<u> L </u>	<u> A </u>
3. Bought office equipment for \$11,000. Issued Check 102 for \$15,000; balance is due in 60 days.	<u> E </u>	<u> A,F </u>
4. Purchased supplies for \$420 cash.	<u> D </u>	<u> A </u>
5. Returned damaged supplies and received a cash refund of \$120.	<u> A </u>	<u> D </u>
6. Performed services for \$3,600 on credit.	<u> C </u>	<u> I </u>
7. Purchased supplies on account for \$375.	<u> D </u>	<u> F </u>
8. Paid \$225 for a newspaper advertisement.	<u> J </u>	<u> A </u>
9. Issued a check to owner for \$1,200 for personal expenses.	<u> H </u>	<u> A </u>
10. Received \$4,100 for services performed.	<u> A </u>	<u> I </u>
11. Paid \$160 for utilities.	<u> M </u>	<u> A </u>
12. Recorded bank service charge of \$10.	<u> K </u>	<u> A </u>
13. Paid \$125 to establish a petty cash fund.	<u> B </u>	<u> A </u>
14. Paid \$3,750 on account to a creditor.	<u> F </u>	<u> A </u>
15. Paid cash to replenish the petty cash fund, \$30: Supplies, \$14; Miscellaneous Expense, \$16.	<u> D,K </u>	<u> A </u>

COMPLETING A WORKSHEET: (37 points) – 3 points for heading, 1 point for each shaded amount, 1 point for Net Loss, 1 point for double ruled lines on the bottom.

Kate Park Worksheet For the Month Ended, April 30, 2020								
	Trial Balance		Adjustments		Income Statement		Balance Sheet	
Account Title	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	2829						2,829	
Petty Cash	150						150	
Accts Rec/Corbett	511						511	
Supplies	855			(a)635			220	
Prepaid Insurance	1100			(b)300			800	
Accts Pay/Spooner		500						500
K. Park, Capital		4500						4,500
K. Park, Drawing	440						440	
Income Summary								
Sales		2400				2400		
Advertising Expense	450				450			
Insurance Expense			(b)300		300			
Misc. Expense	190				190			
Rent Expense	375				375			
Supplies Expense			(a)635		635			
Utilities Expense	500				500			
	7,400	7,400	935	935	2,450	2,400	4,950	5,000
Net <u>Loss</u>						50	50	
					2,450	2,450	5,000	5,000

INCOME STATEMENT (24 points) – 3 points for heading, 1 point for each shaded account and amount, 1 point for double ruling on the bottom. Note – Total Revenue line is optional. Do *not* count off if it is omitted. However, the sales amount should be one column over to the right if it is omitted.

Kate Park & Associates Income Statement For the Month Ended April 30, 2020		
Revenue:		
Sales	2,400	
Total Revenue		2,400
Expenses:		
Advertising Expense	450	
Insurance Expense	300	
Miscellaneous Expense	190	
Rent Expense	375	
Supplies Expense	635	
Utilities Expense	500	
Total Expenses		2,450
Net <u>Loss</u>		50