

Contestant Number: _____

Time: _____

Rank: _____



FUNDAMENTAL ACCOUNTING (100)

REGIONAL 2022

CONCEPT KNOWLEDGE:

Multiple Choice (30 @ 2 points each) _____ (60 points)

APPLICATION KNOWLEDGE:

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

Short Answer (15 @ 3 points each) _____ (45 points)

Job 1 - Analyzing Transactions (1 point each) _____ (42 points)

Job 2 - Income Statement _____ (35 points)

TOTAL POINTS _____ (227 points)

Test Time: 90 minutes

GENERAL GUIDELINES:

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

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

Multiple Choice Questions

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

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

2. At the end of a fiscal period, the first closing entry will be to close _____.
 - a. expense accounts into the Income Summary account
 - b. the withdrawal account into the capital account
 - c. the Income Summary account into the capital account
 - d. revenue accounts into the Income Summary account

3. What two types of transactions decrease owner's equity?
 - a. investments and withdrawals
 - b. investments and revenue
 - c. revenue and expenses
 - d. withdrawals and expenses

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

5. If an account number starts with the number 2, what type of account is it?
 - a. Asset
 - b. Expense
 - c. Liability
 - d. Revenue

6. The governing body determining accounting rules and procedures is generally _____.
 - a. FED
 - b. FASB
 - c. AICPA
 - d. SEC

7. In accounting, the terms debit and credit refer to, respectively _____ and _____.
 - a. left, right
 - b. right, left
 - c. increase, decrease
 - d. decrease, increase

8. What is the effect on the Income Statement when the owner invests money into the business?
 - a. Revenue increases on the Income Statement
 - b. Net income increases on the Income Statement
 - c. Owner's Equity increases on the Income Statement
 - d. There is no effect on the Income Statement

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

10. The amount closed to Capital from Income Summary represents _____.
 - a. withdraws for the period
 - b. net income or loss for the period
 - c. revenue for the period
 - d. the beginning Capital balance

11. What is an increase in equity resulting from the sale of a good or service?
 - a. Expense
 - b. Revenue
 - c. Withdrawal
 - d. Investment

12. Which of the following does *not* result in the recording of an expense?
 - a. Withdrawal of cash by the owner
 - b. Payment of wages to employees
 - c. Supplies being used by the business
 - d. Gas being pumped into the company car

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

14. If a company has a net loss for the fiscal period, what is the balance of Income Summary after the first two closing entries?
 - a. Zero balance
 - b. Debit balance
 - c. Credit balance
 - d. The account never shows a balance.

15. Which of the following is a permanent account?
 - a. Land
 - b. Rent Expense
 - c. Drawing
 - d. Fees

16. Recording revenue when it is earned, and expenses when incurred is the ____ basis of accounting.
 - a. cash
 - b. credit
 - c. accrual
 - d. income

17. What type of endorsement are you making with just your signature?
 - a. Blank
 - b. Special
 - c. Restrictive
 - d. Illegal

18. Preparing adjusting entries that make asset accounts represent actual values is an application of what concept?
 - a. Business Entity
 - b. Going Concern
 - c. Matching Expenses with Revenue
 - d. Historical Cost

19. What financial statement measures financial progress in a fiscal period?
 - a. Income Statement
 - b. Worksheet
 - c. Balance Sheet
 - d. Post-closing Trial Balance

20. Selling a service on account has what effects on the Financial Statements of the business?
 - a. Increases revenue on the Income Statement and increases assets on the Balance Sheet
 - b. Increases revenue on the Income Statement and increases liabilities on the Balance Sheet
 - c. Decreases revenue on the Income Statement and decreases assets on the Balance Sheet
 - d. Decreases revenue on the Income Statement and decreases liabilities on the Balance Sheet

21. Paying cash for insurance results in an increase to what type of account?
 - a. Prepaid revenue
 - b. Expense
 - c. Prepaid expense
 - d. Asset

22. A check that has been written but not yet cleared the bank account is a(n) _____ check.
 - a. cancelled
 - b. endorsed
 - c. NSF
 - d. outstanding

23. Which of the following is a temporary account?
 - a. Prepaid Rent
 - b. Rental Revenue
 - c. Unearned Rent
 - d. Cash

24. The accounting concept that separates the owner's record from the records of the business is known as _____.
 - a. Going Concern
 - b. Matching Expenses with Revenue
 - c. Historical Cost
 - d. Business Entity

25. Posting a \$2,150 credit to an account with a \$4,500 debit balance results in what new balance?
 - a. \$2,350 debit
 - b. \$6,650 debit
 - c. \$2,350 credit
 - d. \$6,650 credit

26. A business has sales of \$75,600 and expenses of \$42,500. What is the return on sales?
 - a. 43.8%
 - b. 56.2%
 - c. 77.9%
 - d. 128.4%

27. Total assets = \$425,750; Total Liabilities = \$143,870; Capital = _____
 - a. \$281,120
 - b. \$281,880
 - c. \$569,620
 - d. \$569,120

28. The adjusting entry for prepaid insurance has what effect on the Income Statement?
 - a. Decreases assets
 - b. Increases revenue
 - c. Decreases expenses
 - d. Decreases net income

29. Which transaction will increase net income?
 - a. Paying cash for advertising
 - b. Receiving cash on account
 - c. Owner investing money
 - d. Selling services on account

30. Advertising Expense 510; Rent Expense 520; Utilities Expense 530; If you add the new account Salary Expense, what account number should you use?
 - a. 515
 - b. 525
 - c. 535
 - d. 540

Account Identification – 45 Total 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>
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		

Account Name	Classification	Normal Balance	Financial Statement(s)
Accounts Payable	_____	_____	_____
Fees Revenue	_____	_____	_____
Building	_____	_____	_____
Salary Expense	_____	_____	_____
Sales Tax Payable	_____	_____	_____
Evan Freel, Drawing	_____	_____	_____
Income Summary	_____	_____	_____
Supplies Expense	_____	_____	_____
Sales	_____	_____	_____
Notes Receivable	_____	_____	_____
Evan Freel, Capital	_____	_____	_____
Petty Cash	_____	_____	_____
Supplies	_____	_____	_____
Prepaid Rent	_____	_____	_____
Rent Expense	_____	_____	_____

Short Answer Problems – 45 Total points

1. The following financial data was taken from the records of Greenspan Consulting for the month of November. The owner is Kelly Greenspan.
Beginning Capital Balance - \$72,185
Total Revenue - \$31,768
Total Expenses - \$14,814
Investments made by Kelly Greenspan during November - \$3,000
Withdrawals made by Kelly Greenspan during November - \$8,500
 - a. What is Kelly Greenspan's Capital account balance shown on the Balance Sheet at the end of the month? a. _____
 - b. What is the 3rd closing entry, used to close out Income Summary, for Greenspan Consulting?

Amount	b. _____
Account Debited	c. _____
Account Credited	d. _____

2. Jay and Kay Services showed the following worksheet totals for the month of November.
Income Statement Debit Column - \$89,425
Income Statement Credit Column - \$51,112
Balance Sheet Debit Column - \$114,240
Balance Sheet Credit Column - ??
 - a. Did Jay and Kay show a net income or net loss for the period? _____
 - b. How much was the net income/loss? _____
 - c. What should be the Balance Sheet Credit Column total? _____

3. Stewart Lawncare purchased a six-month insurance policy on September 1st, 2021. The cost of the policy is \$9,000. This is the only insurance policy the company has.
 - a. What is the adjusting entry amount for Prepaid Insurance on September 30th? _____
 - b. What account is debited on the adjusting entry? _____
 - c. What account is credited on the adjusting entry? _____
 - d. What is the Prepaid Insurance balance on December 31st, 2021? _____

4. Use the accounting equation to solve the following problems.
- Assets = \$42,350; Owner's Equity = \$27,500. Liabilities = _____
 - Liabilities = \$94,230; Assets = \$183,450; Owner's Equity = _____
 - Assets = \$62,845; Liabilities = \$29,365; Capital = \$41,500; Drawing = _____
 - Liabilities = \$34,125; Owner's Equity = \$58,690; Cash = \$15,450; Supplies = \$4,360; Prepaid Insurance = \$15,200; Equipment = \$20,250; Accounts Receivable = _____

Job 1 – Analyzing Transactions – 42 Total Points

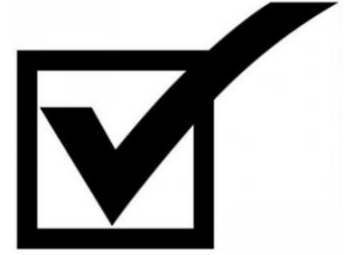
Manning Accounting Services has the following transactions for the month of November, 2021. The company uses the general ledger accounts listed in the Chart of Accounts. Analyze each transaction into its debit and credit parts and place the account number(s) of the account title(s) to be debited and credited on the line under the appropriate column.

Santiago Accounting Services Chart of Accounts	
Acct. No.	Account Name
110	Cash
120	Petty Cash
130	AR/Mason West
140	AR/Shannon Rice
150	Supplies
160	Prepaid Insurance
170	Office Equipment
210	AP/Carrier Supply
220	AP/Martinez Company
310	Emma Manning, Capital
320	Emma Manning, Drawing
330	Income Summary
410	Fees Revenue
510	Advertising Expense
520	Cash Short/Over
530	Insurance Expense
540	Miscellaneous Expense
550	Rent Expense
560	Salary Expense
570	Supplies Expense
580	Utilities Expense

	DEBIT	CREDIT
Nov 1 Emma Manning invested 4,000 in cash	_____	_____
Nov 3 Wrote a check to Landers Realty for monthly rent, 3,500	_____	_____
Nov 4 Issued a 1,200 check to Suarez Insurance for a 6-month policy	_____	_____
Nov 5 Ordered supplies from Carrier Supply, 700; terms n/30	_____	_____
Nov 5 Performed tax consulting services for Mason West, 650; Mason wrote a check for 200; remainder on account	_____	_____
Nov 8 Issued a check to Emma Manning for 500	_____	_____
Nov 8 Wrote a check to WSVR radio for advertising, 700	_____	_____
Nov 10 Paid cash on account to Carrier Supply, 700	_____	_____
Nov 11 Performed accounting services for Shannon Rice, 500; Shannon wrote a check at the time of services	_____	_____
Nov 12 Wrote a check to Petty Cash to establish the fund, 300	_____	_____
Nov 15 Wrote a check for a delivery fee, 30	_____	_____
Nov 16 Bought supplies from Martinez Company, 1,200; Wrote a Check for 800, remainder on account	_____	_____
Nov 18 Issued a check to Danner Electric for utilities, 355	_____	_____
Nov 18 Received cash from Mason West on account, 450	_____	_____
Nov 19 Emma Manning took 300 worth of supplies for her personal use.	_____	_____
Nov 22 Bought office equipment for \$800 in cash	_____	_____
Nov 25 Performed consulting services for Mason West worth 950. Mason paid in full at the time of services.	_____	_____
Nov 29 Performed accounting services for Shannon Rice, 850 Shannon paid 300, and the remainder will be billed	_____	_____
Nov 30 Paid cash to replenish Petty Cash, 125; Supplies 40, Advertising 50, Miscellaneous 30, Cash short 5	_____	_____



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Multiple Choice – 2 points each; 30 points total

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

Account Identification – 1 point each, 45 points total

Account Name	Classification	Normal Balance	Financial Statements
Accounts Payable	L	Cr	BS
Fees Revenue	R	Cr	IS
Building	A	Dr	BS
Salary Expense	E	Dr	IS
Sales Tax Payable	L	Cr	BS
Evan Freel, Drawing	OE	Dr	BS or N
Income Summary	OE	N	N
Supplies Expense	E	Dr	IS
Sales	R	Cr	IS
Notes Receivable	A	Dr	BS
Evan Freel, Capital	OE	Cr	BS
Petty Cash	A	Dr	BS
Supplies	A	Dr	BS
Prepaid Rent	A	Dr	BS
Rent Expense	E	Dr	IS

Short Answer Problems – 3 points each, 45 total points

1. a. 83,639
 b. 16,954
 c. Income Summary
 d. Kelly Greenspan, Capital, (Graders - please accept just Capital as well)

2. a. Net Loss
 b. 38,313
 c. 152,553

3. a. 1,500
 b. Insurance Expense
 c. Prepaid Insurance
 d. 3,000

4. a. 14,850
 b. 89,220
 c. 8,020
 d. 37,555

Job 1 – Analyzing Transactions – 1 point for each account, 42 total points; For multiple accounts in an answer, the order does not matter.

Nov 1	110	310
Nov 3	550	110
Nov 4	160	110
Nov 5	150	210
Nov 5	110, 130	410
Nov 8	320	110
Nov 8	510	110
Nov 10	210	110
Nov 11	110	410
Nov 12	120	110
Nov 15	540	110
Nov 16	150	110, 220
Nov 18	580	110
Nov 18	110	130
Nov 19	320	150
Nov 22	170	110
Nov 29	140, 110	410
Nov 30	150, 510, 540, 520	110

Job 2 – Income Statement – 3 points for heading; 1 point for each correct account, amount, and percentage except correct Net Income amount is 5 points; 1 point for correct lines; 35 total points

Nathan’s Music Shoppe			
Income Statement			
For month ended November 30, 2021			
			% of Sales
Revenue:			
Lessons Revenue	31,760		
Repairs Revenue	19,350		
Total Revenue		51,110	100.0
Expenses:			
Advertising Expense	3,750		
Miscellaneous Expense	400		
Rent Expense	5,000		
Supplies Expense	750		
Salaries Expense	16,430		
Utilities Expense	3,700		
Total Expenses		30,030	58.8
Net Income		21,080	41.2