

FUNDAMENTAL ACCOUNTING (100)

—Secondary—

REGIONAL – 2014

Objective Section:

Objective (30 @ 2 points each) _____ (60 points)

Production Portion:

Job 1: Journalizing _____ (69 points)

Job 2: Work Sheet _____ (45 points)

Job 3: Income Statement _____ (23 points)

Job 2: Balance Sheet _____ (22 points)

TOTAL POINTS _____ ***(219 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 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 to keep accounting records for Professional Business Associates (PBA) located at 5454 Cleveland Avenue, Columbus, OH 43231. PBA is a service business owned and operated by Nancy Wells and uses the following accounts:

Cash	Accounts Payable-Rarebit, Inc.
Petty Cash	Accounts Payable-Sager, Inc.
Accounts Receivable-Grace Suppliers	Nancy Wells, Capital
Accounts Receivable-King Industries	Nancy Wells, Drawing
Supplies	Sales
Prepaid Insurance	Miscellaneous Expense
Office Equipment	Postage Expense
	Rent Expense

You will have 90 minutes to complete your work. The test is divided into two parts. The objective questions should be completed first, and then the application jobs may be completed. The application portion of the test will be graded based on your completed work. In the event of a tie, the amount of time spent working on the test will be considered and the completeness of your work will be reviewed.

Your name and/or school name should **NOT** appear on any work you submit for grading. **Write your contestant number in the upper right-hand corner of each page. Staple all pages in order before you turn in your completed test.**

Round final answers to two decimal places unless instructed otherwise.

Use 360 days for calculating interest.

Good luck!

TRUE or FALSE: (2 pts. each) Record your answer on the Scantron form provided. Mark A if the statement is true. Mark B if the statement is false.

1. When only two asset accounts are changed in a transaction, there must be an increase and a decrease.
2. A withdrawal is an expense.
3. When cash is paid for supplies, the supplies account is increased by a debit.
4. Cash is increased with a credit.
5. Receiving cash from sales increases two accounts in a state with no sales tax.
6. To correct an error in a journal, erase the incorrect item and replace with the correct item.
7. If the previous account balance and the current entry posted to an account are both debits, the new account balance is a debit.
8. The petty cash fund is a liability with a normal debit balance.
9. The source document for a debit card purchase is a memorandum.
10. The value of the prepaid insurance coverage used during a fiscal period is an expense.
11. When the Income Statement Credit column total is greater than the Income Statement Debit column total on a work sheet, the business has a net income.
12. The net income calculated for the income statement and the net income on the work sheet must be the same.
13. Information needed to prepare an income statement for a service business comes from the trial balance columns and the income statement columns of a work sheet.
14. At the end of a fiscal period, the balances of temporary accounts are summarized and transferred to the owner's capital account.
15. A post-closing trial balance verifies the equality of debits and credits in a general ledger after the closing entries are posted.

MULTIPLE CHOICE: (2 pts. each) Choose the best answer for each of the following, and record your answer on the Scantron form provided.

16. The right side of a T-account is the
 - a) debit side.
 - b) credit side.
 - c) normal balance side.
 - d) equity side.

17. When a business issues a check in payment of rent, Rent Expense is
- increased by a debit.
 - increased by a credit.
 - decreased by a debit.
 - decreased by a credit.
18. When services are sold on account for \$300,
- Sales is decreased with a debit; accounts receivable is increased with a credit.
 - Sales is increased with a debit and Cash is increased with a credit.
 - Sales is increased with a credit; accounts receivable is increased with a debit.
 - Sales is increased with a credit and Cash is increased with a debit.
19. The last step in the posting procedure is writing the
- entry date in the Date column of the account.
 - journal page number in the Post. Ref. column of the account.
 - entry amount in the Debit or Credit column of the account.
 - None of these.
20. The bank statement shows a checking account balance of \$4,800. There are outstanding checks totaling \$400, an outstanding deposit of \$200, and a bank service charge of \$15. The adjusted bank statement balance should be
- \$4,600.
 - \$5,415.
 - \$5,285.
 - None of these.
21. The date on a monthly income statement prepared on September 30 is written as
- For Month Ended September 30, 201-.
 - September 30, 201-.
 - 201-.September 30.
 - None of these.
22. When preparing a balance sheet, the amounts needed to determine owner's capital are obtained from
- the adjusting entries.
 - the work sheet Income Statement Debit column.
 - the work sheet Balance Sheet Credit column.
 - None of these.
23. When the total expenses are greater than the total revenue,
- the income summary account has a credit balance.
 - the income summary account has a debit balance.
 - debits equal credits.
 - None of these.

24. The journal entry to close Income Summary when there is a net income is
- debit Sales; credit Income Summary.
 - debit Owner's capital; credit Income Summary.
 - debit Owner's capital account; credit Sales.
 - debit Income Summary; credit Owner's capital.
25. A net loss is entered in the worksheet's
- Income Statement Debit and Balance Sheet Credit columns.
 - Income Statement Credit and Balance Sheet Debit columns.
 - Balance Sheet Debit and Trial Balance Credit columns.
 - Income Statement Debit and Trial Balance Credit columns.
26. The amount of cash received for a sale on account of \$1,200 with a 7% sales tax when cash is received within the 2% discount period is
- \$1,284.00
 - \$1,258.32
 - \$1,200.00
 - \$1,116.00
27. Ann Eagle is paid \$9.80 per hour with time and a half for hours over 40 per week. In a two-week pay period, she worked a total of 85 hours. What was Ann's total earnings for the two-week pay period?
- \$784.00
 - \$857.50
 - \$73.50
 - \$465.50
28. The journal entry to journalize paying a vendor on account is
- A credit to cash and a debit to accounts payable
 - A debit to cash and a credit to accounts payable
 - A credit to accounts receivable and a debit to cash
 - A debit to accounts receivable and a credit to cash
29. How would you calculate Ending Capital for a sole proprietorship?
- Beginning Capital minus Net Income minus Drawing
 - Beginning Capital plus Net Income plus Drawing
 - Beginning Capital minus Net Income plus Drawing
 - Beginning Capital plus Net Income minus Drawing
30. The accounts receivable ledger contains only accounts of
- vendors.
 - cash customers.
 - charge customers.
 - None of these.

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Problem 1—Journal Entries (69 pts.) Journalize the following transactions on Page 1 of the General Journal (Page 7 of test) using PBA account titles shown on page 2.

December 1	Nancy Wells deposited \$9,500 in the business.
December 3	Paid cash for rent, \$1,200.
December 4	Paid cash to start a petty cash fund, \$100.
December 5	Bought a new computer on account from Rarebit, Inc., \$840.
December 8	Paid cash for supplies, \$440.
December 9	Paid cash for a 6-month insurance premium, \$970.
December 10	Bought supplies on account from Sager, Inc., \$900.
December 14	Sold service on account to Grace Suppliers, \$350.
December 15	Received cash from sales, \$1,250.
December 18	Paid on account to Sager, Inc., \$450.
December 21	Paid cash to Nancy Wells for personal use, \$500.
December 22	Replenished petty cash fund: Supplies \$16; Miscellaneous Expense, \$25; Postage Expense, \$17.50.
December 23	Recorded bank service charge, \$12.

Financial Statements. Use the forms provided to complete the following jobs for the month ended December 31, 201- for customer, ABC Merchandisers. The dollar amounts represent account balances at the end of the month.

Problem 2—Work Sheet (45 pts.)—Supplies inventory is \$200. Insurance value is \$250. Label Net Income or Net Loss. Rule the work sheet.

Problem 3—Income Statement (23 pts.)—Calculate percent of sales for Sales, Total Expenses, and Net Income or Net Loss. Round to nearest tenth percent. Rule the income statement.

Problem 4—Balance Sheet (22 pts.)—Include a heading. Rule the balance sheet.

Cash	3,119.00
Accts Receivable—Clarence Brothers	825.00
Supplies	700.00
Prepaid Insurance	400.00
Accts Payable—Croix Suppliers	1,500.00
Don Allen, Capital	1,284.00
Don Allen, Drawing	300.00

Income Summary	
Sales	3,800.00
Advertising Expense	200.00
Insurance Expense	
Miscellaneous Expense	50.00
Rent Expense	600.00
Supplies Expense	
Utilities Expense	390.00



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Objective (30 @ 2 points each) _____ (60 points)

Production:

Job 1: Journalizing _____ (69 points)

Job 2: Work Sheet _____ (45 points)

Job 3: Income Statement _____ (23 points)

Job 2: Balance Sheet _____ (22 points)

TOTAL POINTS _____ (***219 points***)

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

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Objective (30 questions at 2 points each for total of 60 points).

TRUE or FALSE: (2 pts. each)

1. A
2. B
3. A
4. B
5. A
6. B
7. A
8. B
9. B
10. A
11. A
12. A
13. B
14. A
15. A

MULTIPLE CHOICE: (2 pts. each)

16. B
17. A
18. C
19. D
20. A
21. A
22. D
23. B
24. D
25. B
26. B
27. B
28. A
29. D
30. C



GENERAL JOURNAL

Date		Account Title	Doc No.	Post Ref.	Debit	Credit
Dec	1	Cash			9,500 00	
		Nancy Wells, Capital				9,500 00
	3	Rent Expense			1,200 00	
		Cash				1,200 00
	4	Petty Cash			100 00	
		Cash				100 00
	5	Office Equipment			840 00	
		Accounts Payable/Rarebit, Inc.				840 00
	8	Supplies			440 00	
		Cash				440 00
	9	Prepaid Insurance			970 00	
		Cash				970 00
	10	Supplies			900 00	
		Accounts Payable/Sager, Inc.				900 00
	14	Accounts Receivable/Grace Suppliers			350 00	
		Sales				350 00
	15	Cash			1,250 00	
		Sales				1,250 00
	18	Accounts Payable/Sager, Inc.			450 00	
		Cash				450 00
	21	Nancy Wells, Drawing			500 00	
		Cash				500 00
	22	Supplies			16 00	
		Miscellaneous Expense			25 00	
		Postage Expense			17 50	
		Cash				58 50
	23	Miscellaneous Expense			12 00	
		Cash				12 00

NOTE TO GRADER: 1 pt. per item recorded by student. (69 pts.)



ABC MERCHANDISERS
 Work Sheet
 For Month Ended December 31, 201-

ACCOUNT TITLE	Trial Balance		Adjustments		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	3,119 00						3,119 00	
Accts Rec—Clarence Brothers	825 00						825 00	
Supplies	700 00			(a) 500 00			200 00	
Prepaid Insurance	400 00			(b) 150 00			250 00	
Accts Pay—Croix Suppliers		1,500 00						1,500 00
Don Allen, Capital		1,284 00						1,284 00
Don Allen, Drawing	300 00						300 00	
Income Summary								
Sales		3,800 00				3,800 00		
Advertising Expense	200 00				200 00			
Insurance Expense			(c) 150 00		150 00			
Miscellaneous Expense	50 00				50 00			
Rent Expense	600 00				600 00			
Supplies Expense			(a) 500 00		500 00			
Utilities Expense	390 00				390 00			
	6,584 00	6,584 00	650 00	650 00	1,890 00	3,800 00	4,694 00	2,784 00
Net Income					1,910 00			1,910 00
					3,800 00	3,800 00	4,694 00	4,694 00

NOTE TO GRADER: 1 pt. per item recorded by student. (45 pts.)



ABC MERCHANDISERS
 Income Statement
 For Month Ended December 31, 201-

				% of Sales
Revenue:				
Sales	NOTE TO GRADER: 1 pt. per item recorded by student. (23 pts.)		3,800 00	100.0
Expenses:				
Advertising Expense		200 00		
Insurance Expense		150 00		
Miscellaneous Expense		50 00		
Rent Expense		600 00		
Supplies Expense		500 00		
Utilities Expense		390 00		
Total Expenses			1,890 00	49.7
Net Income			1,910 00	50.3

ABC Merchandisers

Balance Sheet

December 31, 201-

Assets		Liabilities	
Cash	3,119 00	Accts Pay/Croix Suppliers	1,500 00
Accts Rec/Clarence Brothers	825 00		
Supplies	200 00	Owner's Equity	
Prepaid Insurance	250 00	Don Allen, Capital	2,894 00
Total Assets	4,394 00	Total Liabilities & Owner's Equity	4,394 00
NOTE TO GRADER: 1 pt. per item recorded by student. (22 pts.)			