

FUNDAMENTAL ACCOUNTING (01)

Regional– 2009

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

Account Identification (39 @ 1 point each) _____ (39 pts.)

Production Portion

Problem 1: Journalizing _____ (91 pts.)

Problem 2:

Job 1— Income Statement _____ (24 pts.)

Job 2— Balance Sheet _____ (33 pts.)

TOTAL POINTS _____ **(247)**

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 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. Staple all pages in order before you turn in your test.

Multiple Choice Questions:

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

1. An accounting procedure which requires recording how a transaction affects at least two accounts is called
 - a. Double digit accounting
 - b. Double entry accounting
 - c. Double disclosure accounting
 - d. Double data accounting

2. The accounting equation is stated as
 - a. $\text{Assets} + \text{Liabilities} = \text{Owner's Equity}$
 - b. $\text{Assets} = \text{Liabilities} - \text{Owner's Equity}$
 - c. $\text{Assets} - \text{Liabilities} = \text{Owner's Equity}$
 - d. $\text{Assets} + \text{Owner's Equity} = \text{Liabilities}$

3. The right side of a T account is the
 - a. Debit side
 - b. Credit side
 - c. Normal balance side
 - d. Equity side

4. If an amount is recorded on the side of a T account opposite the normal balance side,
 - a. The account balance is increased
 - b. The account balance is decreased
 - c. The account balance is unaffected
 - d. The account balance is correct

5. The normal balance side of an asset account is the
 - a. Debit side
 - b. Credit side
 - c. Decrease side
 - d. Right side

6. When the owner invests cash in a business, the owner's capital account is
 - a. Increased by a debit
 - b. Increased by a credit
 - c. Decreased by a debit
 - d. Decreased by a credit

7. When a business pays cash on account, a liability account is
 - a. Increased by a debit
 - b. Increased by a credit
 - c. Decreased by a debit
 - d. Decreased by a credit

8. A balance sheet reports information about the following classifications of accounts
 - a. Assets, Expenses, Owner's Equity
 - b. Assets, Liabilities, Owner's Equity
 - c. Assets, Revenue, Owner's Equity
 - d. Assets, Drawing, Owner's Equity

9. When the owner withdraws cash for personal use, the journal entry is
 - a. Debit cash and credit owner's equity
 - b. Credit cash and debit owner's drawing account
 - c. Credit cash and debit owner's liability account
 - d. Debit cash and credit owner's drawing account

10. The entry to record receipt of cash from the owner as an investment is
 - a. Debit Capital, credit Cash
 - b. Debit Cash, credit Capital
 - c. Debit Cash, credit Accounts Payable
 - d. Debit Cash, credit Accounts Receivable

11. The first digit in the account number 120 means that the account is in the
 - a. Expense division of the general ledger
 - b. Revenue division of the general ledger
 - c. Liability division of the general ledger
 - d. Asset division of the general ledger

12. The procedure for transferring information from a journal entry to a ledger account is
 - a. Posting
 - b. Journalizing
 - c. File maintenance
 - d. None of these

13. An account number in the journal's Post. Ref. Column shows
 - a. The account to which an amount is posted
 - b. The date of the entry
 - c. That work on that journal page is completed
 - d. None of these

14. Each time cash or checks are placed in a bank account, the customer prepares a
 - a. Signature card
 - b. Deposit slip
 - c. Check
 - d. Certificate of Deposit

15. An endorsement on the back of a check consisting only of a signature is
 - a. A blank endorsement
 - b. A special endorsement
 - c. A restrictive endorsement
 - d. An incorrect endorsement

16. The entry to establish a \$200.00 petty cash fund is
- Debit Cash, \$200.00; credit Petty Cash, \$200.00
 - Debit Miscellaneous Expense, \$200.00; credit Cash, \$200.00
 - Debit Petty Cash, \$200.00; credit Cash, \$200.00
 - Debit Petty Cash, \$200.00; credit Miscellaneous Expense, \$200.00
17. Following the same accounting procedures in the same way in each accounting period is an application of the accounting concept
- Matching Expenses with Revenue
 - Accounting Period Cycle
 - Consistent Reporting
 - Going Concern
18. The journal entry to adjust Supplies is
- Debit Supplies; credit Supplies Expense
 - Debit Supplies Expense; credit Supplies
 - Debit Income Summary; credit Supplies
 - Debit Supplies Expense; credit Income Summary
19. Employee regular earnings are calculated as
- Regular hours times regular rate of pay
 - Total hours divided by regular rate of pay
 - Total hours plus overtime pay
 - Overtime hours minus overtime rate of pay
20. A worksheet is
- Used to plan adjustments and sort financial information
 - Can only be prepared once a year
 - Prepared to send to owners and/or stockholders
 - Not really necessary

Use the financial information for Cassidy's Car Wash to answer questions 21-25:

<u>Account Title</u>	<u>Balance</u>	<u>Account Title</u>	<u>Balance</u>
Cash	\$8,000.00	L. Cassidy, Capital	\$6,000.00
Petty Cash	100.00	L. Cassidy, Drawing	1,000.00
Accounts Receivable	975.00	Sales (Revenue)	7,000.00
Supplies	925.00	Advertising Expense	250.00
Prepaid Insurance	600.00	Miscellaneous Expense	125.00
Accounts Payable	475.00	Rent Expense	1,200.00
		Utilities Expense	300.00

21. What are the proving totals of the worksheet trial balance columns?
- \$13,475.00
 - \$ 11,075.00
 - \$ 9, 875.00
 - \$13,975.00

22. What is the amount of net income for Cassidy's Car Wash?
- \$6,125.00
 - \$6,250.00
 - \$5,125.00
 - \$5,050.00
23. What is the net income component percentage for Cassidy's Cash Wash?
- 100%
 - 27%
 - 37%
 - 73%
24. Calculate the amount of total assets for Cassidy's Cash Wash.
- \$11,075.00
 - \$10,600.00
 - \$11,057.00
 - \$9,875.00
25. What is the total amount owed to all creditors?
- \$ 975.00
 - \$ 6,000.00
 - \$ 1,000.00
 - \$ 475.00
26. If the difference between the trial balance debit and credit columns is divisible by nine, the error is probably
- An addition error
 - A transposition error
 - An amount written in the wrong column
 - A slide
27. Before all adjusting entries have been journalized and posted, the following financial statements should be prepared
- Balance Sheet, Post Closing Trial Balance
 - Income Statement, Chart of Accounts,
 - Income Statement, Post Closing Trial Balance
 - Income Statement, Balance Sheet
28. On the worksheet, the balance of the owner's drawing account is extended to the
- Income Statement debit column
 - Balance Sheet debit column
 - Income Statement credit column
 - Balance Sheet credit column
29. After all adjusting and closing entries have been posted the balance in the revenue (sales) account should equal
- Zero
 - Net income for the fiscal period
 - Total assets for the fiscal period
 - Total amount of cash received from sales for the fiscal period

30. After all adjusting and closing entries have been posted, the last step in the accounting cycle is to prepare a
- a. Income Statement
 - b. Balance Sheet
 - c. Statement of Owner's
 - d. Post Closing Trial Balance

**FUNDAMENTAL ACCOUNTING
REGIONAL 2009
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For each of the accounts listed below, indicate its classification, its normal balance side and on which financial statement the account is listed.

**Classification
of Accounts**

A = Asset
L = Liability
OE = Owner's 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 Side**

**Financial
Statement**

Cash	_____	_____	_____
Owner's Capital	_____	_____	_____
Accounts Payable	_____	_____	_____
Sales	_____	_____	_____
Petty Cash	_____	_____	_____
Utilities Expense	_____	_____	_____
Office Supplies	_____	_____	_____
Advertising Expense	_____	_____	_____
Accounts Receivable	_____	_____	_____
Rent Expense	_____	_____	_____
Store Supplies	_____	_____	_____
Supplies Expense	_____	_____	_____
Prepaid Insurance	_____	_____	_____

Problem #1

Use the following chart of accounts for Adain’s Cycle Repair Shop to journalize the transactions which occurred during September 2007. Use Page 5 of the General Journal. Abbreviate Source documents as follows: M=Memorandum; S=Sales Invoice; C=Check; R=Receipt

**Adain’s Cycle Repair Shop
Chart of Accounts**

<p>ASSETS</p> <p>110 Cash 120 Petty Cash 130 Accounts Receivable—M. Snyder 140 Accounts Receivable—C. Hunter 150 Office Supplies 160 Store Supplies 170 Prepaid Insurance</p> <p>LIABILITIES</p> <p>210 Accounts Payable—Cycle Rama 220 Accounts Payable—AJ’s Supplies</p>	<p>OWNER’S EQUITY</p> <p>310 Adain Reiss, Capital 320 Adain Reiss, Drawing 330 Income Summary</p> <p>REVENUE</p> <p>410 Repair Services</p> <p>EXPENSES</p> <p>510 Advertising Expense 520 Insurance Expense 530 Miscellaneous Expense 540 Rent Expense 550 Supplies Expense 560 Utilities Expense</p>
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- | | | | |
|-----------|----|--|--|
| September | 1 | Adain Reiss, the owner, deposited \$50,000 in the business. Memorandum 1 | |
| | 3 | Sold cycle repair services on account to C. Hunter, \$425. Sale Invoice 1. | |
| | 7 | Paid \$600 to Acme Rental Properties for September’s rent on the building. Check 1. | |
| | 10 | Paid \$250 for office supplies. Check 2. | |
| | 11 | Received \$375 on account from M. Snyder. Receipt 1. | |
| | 15 | Paid \$500 to Car and Driver Magazine for an advertisement in their November issue. Check 3. | |
| | 18 | Bought store supplies on account from Cycle Rama, \$475. Memorandum 2 | |
| | 21 | Bought candy from a student for a high school fund raiser, \$15. Check 4. | |
| | 22 | Adain Reiss, the owner, withdrew \$1,200 for his personal use. Check 5. | |
| | 23 | Sold repair services for cash, \$700 Receipt 2. | |
| | 24 | Paid All State Insurance Company in advance for 4 months of insurance on the business, \$295. Check 6. | |
| | 25 | Received \$100.00 on account from C. Hunter. Receipt 3. | |
| | 28 | Sold repair services on account to M. Snyder, \$600. Sale Invoice 2. | |
| | 29 | Paid United Utility Company \$125 for the electric bill. Check 7. | |
| | 30 | Received \$1,800 from repair services. Receipt 4. | |

Problem #2: Financial Statements

Job 1—Prepare an Income Statement

Job 2—Prepare a Balance Sheet

Use the following information taken from Adain's Cycle Repair Shop accounting records to prepare an Income Statement and a Balance Sheet for the month ended September 30, 2007.

Cash	\$54,000.00
Petty Cash	\$ 200.00
Accounts Receivable—M. Snyder	\$ 525.00
Accounts Receivable—C. Hunter	\$ 675.00
Office Supplies	\$ 900.00
Store Supplies	\$ 250.00
Prepaid Insurance	\$ 400.00
Accounts Payable—Cycle Rama	\$ 800.00
Accounts Payable—AJ's Supplies	\$ 925.00
Adain Reiss, Capital	\$28,680.00
Adain, Reiss, Drawing	\$3,300.00
Repair Services	\$39,000.00
Income Summary	
Advertising Expense	\$1,500.00
Insurance Expense	\$ 575.00
Miscellaneous Expense	\$ 125.00
Rent Expense	\$5,400.00
Supplies Expense	\$ 430.00
Utilities Expense	\$1,125.00



FUNDAMENTAL ACCOUNTING (01) KEY

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Production Portion

Problem 1: Journalizing _____ (91 pts.)

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Job 1— Income Statement _____ (24 pts.)

Job 2— Balance Sheet _____ (33 pts.)

TOTAL POINTS _____ **(247)**

Judges/Graders:

Please double-check and verify all scores!

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Multiple Choice Questions:

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



For each of the accounts listed below, indicate its classification, its normal balance side and on which financial statement the account is listed.

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Side**

**Financial
Statement**

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BS = Balance Sheet
IS = Income Statement
N = Neither

**Account
Name**

Classification

**Normal
Balance Side**

**Financial
Statement**

Cash	<u> A </u>	<u> DR </u>	<u> BS </u>
Owner's Capital	<u> OE </u>	<u> CR </u>	<u> BS </u>
Accounts Payable	<u> L </u>	<u> CR </u>	<u> BS </u>
Sales	<u> R </u>	<u> CR </u>	<u> IS </u>
Petty Cash	<u> A </u>	<u> DR </u>	<u> BS </u>
Utilities Expense	<u> E </u>	<u> DR </u>	<u> IS </u>
Office Supplies	<u> A </u>	<u> DR </u>	<u> BS </u>
Advertising Expense	<u> E </u>	<u> DR </u>	<u> IS </u>
Accounts Receivable	<u> A </u>	<u> DR </u>	<u> BS </u>
Rent Expense	<u> E </u>	<u> DR </u>	<u> IS </u>
Store Supplies	<u> A </u>	<u> DR </u>	<u> BS </u>
Supplies Expense	<u> E </u>	<u> DR </u>	<u> IS </u>
Prepaid Insurance	<u> A </u>	<u> DR </u>	<u> BS </u>



- 21 Bought candy from a student for a high school fund raiser, \$15. Check 4.
- 22 Adain Reiss, the owner, withdrew \$1,200 for his personal use. Check 5.
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- 30 Received \$1,800 from repair services. Receipt 4.

GRADERS: Award 1 point for each item on Problem 1 for a total of 91 points.



GENERAL JOURNAL

Date 20xx		Account Title	Doc No.	Post Ref.	Debit					Credit				
SEPT	1	Cash	M1		50	0	0	0	00					
		Aiden Reiss Capital								50	0	0	0	00
	3	A/R - C. Hunter	S1			4	2	5	00					
		Repair Services									4	2	5	00
	7	Rent Expense	C1			6	0	0	00					
		Cash									6	0	0	00
	10	Office Supplies	C2			2	5	0	00					
		Cash									2	5	0	00
	11	Cash	R1			3	7	5	00					
		A/R - M. Snyder									3	7	5	00
	15	Advertising Expense	C3			5	0	0	00					
		Cash									5	0	0	00
	18	Store Supplies	M2			4	7	5	00					
		A/P - Cycle Rama									4	7	5	00
	21	Miscellaneous Expense	C4				1	5	00					
		Cash										1	5	00
	22	Aiden Reiss, Drawing	C5			1	2	0	00					
		Cash									1	2	0	00
	23	Cash	R2			7	0	0	00					
		Repair Services									7	0	0	00
	24	Prepaid Insurance	C6			2	9	5	00					
		Cash									2	9	5	00
	25	Cash	R3			1	0	0	00					
		A/R - C. Hunter									1	0	0	00



Problem #2: Financial Statements

Job 1—Prepare an Income Statement

Job 2—Prepare a Balance Sheet

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Accounts Receivable—C. Hunter	\$ 675.00
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Store Supplies	\$ 250.00
Prepaid Insurance	\$ 400.00
Accounts Payable—Cycle Rama	\$ 800.00
Accounts Payable—AJ's Supplies	\$ 925.00
Adain Reiss, Capital	\$28,680.00
Adain, Reiss, Drawing	\$3,300.00
Repair Services	\$39,000.00
Income Summary	
Advertising Expense	\$1,500.00
Insurance Expense	\$ 575.00
Miscellaneous Expense	\$ 125.00
Rent Expense	\$5,400.00
Supplies Expense	\$ 430.00
Utilities Expense	\$1,125.00



Problem 2: Financial Statements
Job 2—Balance Sheet

GRADERS: Award 1 point for each item and 1 point for correct rulings. Total of 33 points.

Aiden's Cycle Repair

Balance Sheet

September 30, 2007

	<i>Assets</i>									
Cash	54	0	0	0	00					
Petty Cash		2	0	0	00					
Accounts Receivable - M. Snyder		5	2	5	00					
Accounts Receivable - C. Hunter		6	7	5	00					
Office Supplies		9	0	0	00					
Store Supplies		2	5	0	00					
Prepaid Insurance		4	0	0	00					
Total Assets						56	9	5	0	00
<i>Liabilities</i>										
Accounts Payable - Cycle Rama		8	0	0	00					
Accounts Payable - AJ's Supplies		9	2	5	00					
Total Liabilities						1	7	2	5	00
<i>Owner's Equity</i>										
Aiden Reiss, Capital						55	2	2	5	00
Total Liabilities & Owner's Equity						56	9	5	0	00