**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 \_\_\_\_\_\_.
   1. debit balances
   2. credit balances
   3. zero balances
   4. both debit and credit balances
2. At the end of a fiscal period, the first closing entry will be to close \_\_\_\_\_.
   1. expense accounts into the Income Summary account
   2. the withdrawal account into the capital account
   3. the Income Summary account into the capital account
   4. revenue accounts into the Income Summary account
3. What two types of transactions decrease owner’s equity?
   1. investments and withdrawals
   2. investments and revenue
   3. revenue and expenses
   4. withdrawals and expenses
4. The account debited when the owner withdraws supplies from the business is \_\_\_\_\_.
   1. Cash
   2. Supplies
   3. Capital
   4. Drawing
5. If an account number starts with the number 2, what type of account is it?
   1. Asset
   2. Expense
   3. Liability
   4. Revenue
6. The governing body determining accounting rules and procedures is generally \_\_\_\_\_.
   1. FED
   2. FASB
   3. AICPA
   4. SEC
7. In accounting, the terms debit and credit refer to, respectively \_\_\_\_\_ and \_\_\_\_\_\_.
   1. left, right
   2. right, left
   3. increase, decrease
   4. decrease, increase
8. What is the effect on the Income Statement when the owner invests money into the business?
   1. Revenue increases on the Income Statement
   2. Net income increases on the Income Statement
   3. Owner’s Equity increases on the Income Statement
   4. 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?
   1. Matching Expense with Revenue
   2. Historical Cost
   3. Realization of Revenue
   4. Business Entity
10. The amount closed to Capital from Income Summary represents \_\_\_\_\_.
    1. withdraws for the period
    2. net income or loss for the period
    3. revenue for the period
    4. the beginning Capital balance
11. What is an increase in equity resulting from the sale of a good or service?
    1. Expense
    2. Revenue
    3. Withdrawal
    4. Investment
12. Which of the following does *not* result in the recording of an expense?
    1. Withdrawal of cash by the owner
    2. Payment of wages to employees
    3. Supplies being used by the business
    4. Gas being pumped into the company car
13. Which financial statement represents the accounting equation?
    1. Income Statement
    2. Statement of Changes in Owner’s Equity
    3. Worksheet
    4. 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?
    1. Zero balance
    2. Debit balance
    3. Credit balance
    4. The account never shows a balance.
15. Which of the following is a permanent account?
    1. Land
    2. Rent Expense
    3. Drawing
    4. Fees
16. Recording revenue when it is earned, and expenses when incurred is the \_\_\_\_ basis of accounting.
    1. cash
    2. credit
    3. accrual
    4. income
17. What type of endorsement are you making with just your signature?
    1. Blank
    2. Special
    3. Restrictive
    4. Illegal
18. Preparing adjusting entries that make asset accounts represent actual values is an application of what concept?
    1. Business Entity
    2. Going Concern
    3. Matching Expenses with Revenue
    4. Historical Cost
19. What financial statement measures financial progress in a fiscal period?
    1. Income Statement
    2. Worksheet
    3. Balance Sheet
    4. Post-closing Trial Balance
20. Selling a service on account has what effects on the Financial Statements of the business?
    1. Increases revenue on the Income Statement and increases assets on the Balance Sheet
    2. Increases revenue on the Income Statement and increases liabilities on the Balance Sheet
    3. Decreases revenue on the Income Statement and decreases assets on the Balance Sheet
    4. 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?
    1. Prepaid revenue
    2. Expense
    3. Prepaid expense
    4. Asset
22. A check that has been written but not yet cleared the bank account is a(n) \_\_\_\_\_ check.
    1. cancelled
    2. endorsed
    3. NSF
    4. outstanding
23. Which of the following is a temporary account?
    1. Prepaid Rent
    2. Rental Revenue
    3. Unearned Rent
    4. Cash
24. The accounting concept that separates the owner’s record from the records of the business is known as \_\_\_\_\_.
    1. Going Concern
    2. Matching Expenses with Revenue
    3. Historical Cost
    4. Business Entity
25. Posting a $2,150 credit to an account with a $4,500 debit balance results in what new balance?
    1. $2,350 debit
    2. $6,650 debit
    3. $2,350 credit
    4. $6,650 credit
26. A business has sales of $75,600 and expenses of $42,500. What is the return on sales?
    1. 43.8%
    2. 56.2%
    3. 77.9%
    4. 128.4%
27. Total assets = $425,750; Total Liabilities = $143,870; Capital = \_\_\_\_\_\_\_\_\_
    1. $281,120
    2. $281,880
    3. $569,620
    4. $569,120
28. The adjusting entry for prepaid insurance has what effect on the Income Statement?
    1. Decreases assets
    2. Increases revenue
    3. Decreases expenses
    4. Decreases net income
29. Which transaction will increase net income?
    1. Paying cash for advertising
    2. Receiving cash on account
    3. Owner investing money
    4. 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?
    1. 515
    2. 525
    3. 535
    4. 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.

**Classifications** **Normal Balance Side** **Financial Statements**

**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

Normal Financial

Account Name Classification Balance 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

1. What is Kelly Greenspan’s Capital account balance shown on the Balance Sheet at the end of the month? a.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What is the 3rd closing entry, used to close out Income Summary, for Greenspan Consulting? Amount b. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Account Debited c.

Account Credited d.

1. 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 - ??

1. Did Jay and Kay show a net income or net loss for the period?
2. How much was the net income/loss?
3. What should be the Balance Sheet Credit Column total?
4. 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.
   1. What is the adjusting entry amount for Prepaid Insurance on September 30tht?
   2. What account is debited on the adjusting entry?
   3. What account is credited on the adjusting entry?
   4. What is the Prepaid Insurance balance on December 31st, 2021?
5. Use the accounting equation to solve the following problems.
   1. Assets = $42,350; Owner’s Equity = $27,500. Liabilities =
   2. Liabilities = $94,230; Assets = $183,450; Owner’s Equity =
   3. Assets = $62,845; Liabilities = $29,365; Capital = $41,500; Drawing =
   4. 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

**Job 2 – Income Statement – 35 Total Points**

***Directions:*** Use the following financial information of Nathan’s Music Shoppe for the month of November, 2021, to prepare an Income Statement. Round component percentages to the nearest tenth of a percent.

Advertising Expense - $3,750 Salary Expense - $16,430

Miscellaneous Expense - $400 Utilities Expense - $3,700

Rent Expense - $5,000 Lessons Revenue - $31,760

Beginning Supplies - $6,800 Repairs Revenue - $19,350

Supplies used during the month - $750

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