

Contestant Number: _____

Time: _____

Rank: _____



FUNDAMENTAL ACCOUNTING (100)

REGIONAL 2023

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 – Net Income Effects (1 point each) _____ (40 points)

Job 2 - Income Statement _____ (37 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

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

1. The accounting equation states that Assets have to equal Liabilities _____.
 - A. plus owner's equity.
 - B. minus owner's equity.
 - C. plus retained earnings.
 - D. minus retained earnings.
2. The financial statement that represents the accounting equation is the _____.
 - A. Income Statement
 - B. Statement of Owner's Equity
 - C. Worksheet
 - D. Balance Sheet
3. Which of the following is a permanent account?
 - A. Drawing
 - B. Capital
 - C. Sales
 - D. Rent Expense
4. Buying supplies on account will establish a(n) _____ for your business.
 - A. receivable
 - B. revenue
 - C. liability
 - D. investment
5. What category of accounts begin with the number 4?
 - A. Assets
 - B. Liabilities
 - C. Revenue
 - D. Expense
6. The normal balance of an asset appears on what side of the T-account?
 - A. Left side
 - B. Right side
 - C. Credit side
 - D. Assets have zero balances

7. What does it mean to close out an account?
 - A. Make the balance zero at the end of the fiscal period.
 - B. Delete the account
 - C. Pay off the balance of accounts receivable.
 - D. Make a debit balance a credit.
8. An endorsement on the back of a check that only includes a signature is what type of endorsement?
 - A. Restrictive
 - B. Special
 - C. Deposit
 - D. Blank
9. What account is debited when closing out the expense accounts?
 - A. Advertising Expense
 - B. Drawing
 - C. Income Summary
 - D. Sales
10. The amount closed to Capital from Income Summary represents _____.
 - A. the beginning balance of Capital.
 - B. the ending balance of Capital.
 - C. the amount of withdrawals made during the period.
 - D. the net income or loss from the period.
11. Supplies purchased for future use in the business are called _____.
 - A. prepaid assets
 - B. accrued assets
 - C. prepaid expenses
 - D. accrued expenses
12. Adjusting entries represent what accounting concept?
 - A. Business Entity
 - B. Matching Expenses with Revenues
 - C. Going Concern
 - D. Historical Cost
13. Which of the following would increase owner's equity?
 - A. Buying supplies on account.
 - B. Selling services on account.
 - C. Collecting an accounts receivable.
 - D. Paying an accounts payable.

14. A fiscal year _____.
A. always begins on January 1st.
B. is a 12-month period that is different for different businesses.
C. should end at the company's busiest time of the year.
D. is determined by the tax code.
15. What account is debited in the adjusting entry for Prepaid Rent?
A. Prepaid Rent
B. Rental Revenue
C. Rent Payable
D. Rent Expense
16. How do you calculate the Capital balance shown on the Balance Sheet?
A. Beginning Capital + Net Loss – Drawing Balance
B. Beginning Capital – Net Income + Drawing Balance
C. Beginning Capital – Net Loss + Drawing Balance
D. Beginning Capital + Net Income – Drawing Balance
17. Transferring information from a journal to a ledger is known as what?
A. Journalizing
B. Filing
C. Posting
D. Reconciling
18. Amounts to be paid in the future for goods or services already acquired are known as what?
A. Accounts Payable
B. Accounts Receivable
C. Assets
D. Revenue
19. When writing a check, how many times does the check amount appear on the check itself?
A. One
B. Two
C. Three
D. Four
20. After posting the adjusting entries, what does the balance of the Supplies Expense represent?
A. The amount of supplies purchased during the period.
B. The beginning balance of supplies.
C. The ending balance of supplies.
D. The amount of supplies used during the period.

21. Only accounts with balances are listed on the trial balance of a worksheet.
- A. True
 - B. False
22. A financial ratio is a comparison between two components of financial information.
- A. True
 - B. False
23. Double lines at the bottom of a Balance Sheet shows that Total Assets = Total Liabilities.
- A. True
 - B. False
24. Debits and credits have to be equal for every transaction journalized.
- A. True
 - B. False
25. The Business Entity concept states that the owner's personal records must be kept separate from the business records.
- A. True
 - B. False
26. When services are sold on account, both an asset and a liability are created.
- A. True
 - B. False
27. Increases in assets are shown by a credit.
- A. True
 - B. False
28. Increases to revenue accounts are shown by a credit
- A. True
 - B. False
29. The Income Statement reflects financial progress of a company over a fiscal period.
- A. True
 - B. False
30. Paying cash for advertising decreases net income for the period.
- A. True
 - B. False

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>
A = Asset	Dr = Debit	B = Balance Sheet
L = Liability	Cr = Credit	I = Income Statement
OE = Owner's Equity	N = Neither	N = None
R = Revenue		
E = Expenses		

Account Name	Classification	Normal Balance	Financial Statement(s)
Accounts Receivable	_____	_____	_____
Prepaid Advertising	_____	_____	_____
Interest Income	_____	_____	_____
Rent Expense	_____	_____	_____
Sales Tax Payable	_____	_____	_____
Freddie Gonzales, Capital	_____	_____	_____
Sales	_____	_____	_____
Insurance Expense	_____	_____	_____
Freddie Gonzales, Drawing	_____	_____	_____
Petty Cash	_____	_____	_____
Income Summary	_____	_____	_____
Land	_____	_____	_____
Fees Revenue	_____	_____	_____
Accounts Payable	_____	_____	_____
Repair Expense	_____	_____	_____

Short Answer Problems – 45 Total points

1. Gibson Electric's December 31st bank statement showed the following information.

Bank Balance, December 1st - \$25,415

Deposits received during December - \$14,810

Checks cleared during December - \$17,862

Fees and Service Charge for December - \$85

The checkbook on that same day showed a balance of \$21,675. Checks 482 (for \$503), 483 (for \$125), and 485 (for \$60) were written and recorded in the checkbook, but did not get cleared on the bank statement.

- a. What is the December 31st balance shown on the Bank Statement? _____
- b. What is the total of outstanding checks on December 31st? _____
- c. What is the reconciled bank statement balance on December 31st? _____
- d. What is the reconciled checkbook balance on December 31st? _____
2. Taylor Accounting started January with a general ledger balance of Supplies equaling \$275. During the month they bought supplies three times; January 10th for \$250; January 17th for \$160; and January 22nd for \$475. A physical count of supplies on hand on January 31st showed a balance of \$405.
- a. How much in Supplies did Taylor Accounting use during January? _____
- b. What is the Supplies adjusting entry amount on January 31st? _____
- c. What account is debited on the adjusting entry? _____
- d. What account is credited on the adjusting entry? _____
3. Use the accounting equation to solve the following problems.
- a. Assets = \$35,512; Owner's Equity = \$29,895. Liabilities = _____
- b. Liabilities = \$94,230; Owner's Equity = 142,650; Assets = _____
- c. Assets = \$89,361; Liabilities = \$31,367; Capital = \$67,015; Drawing = _____

4. The following financial data was taken from the accounting records of Smithson Services for January 2023. The owner is Katie Smithson.
- Beginning Capital Balance - \$84,453
 - Total Revenue - \$53,241
 - Total Expenses - \$41,017
 - Investments made by Katie during January - \$5,000
 - Withdrawals made by Katie during January - \$13,300
- a. What is Katie Smithson's Capital account balance shown on the Balance Sheet on January 31st, 2023? _____

Prepare the 3rd closing entry, used to close out Income Summary.

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

Job 1 – Effects on the Income Statement – 40 Total Points

Directions: Jeff Shafer owns Shafer Repairs, a sole proprietorship. Jeff performs various repairs for multiple customers, some of which he allows to pay him within 30 days of service. Selected transactions during November and December 2023 for Shafer Repairs are shown below. Analyze each transaction and its effect on the Income Statement for the year ended December 31st, 2023. Determine whether the effect is an increase to net income, a decrease to net income, or has no effect on net income **for the year 2023**. Then identify the amount of the increase or decrease. If no effect, enter zero for the amount.

1. November 1 – Received \$10,000 from Jeff Shafer, the owner, as an investment.
2. November 1 – Paid cash for November rent, \$3,000.
3. November 5 – Paid cash for supplies, \$350. As of December 31st, none of those supplies remained on hand.
4. November 7 – Received cash for repairs performed, \$810.
5. November 10 – Ordered \$400 worth of supplies from Bat Supplies on account. As of December 31st, \$150 worth of those supplies remained on hand.
6. November 15 – Performed repairs on account for Kayla Goldschmidt worth \$1,100.
7. November 19 – Paid cash for electric bill, \$275.
8. November 21 – Jeff Shafer took out \$800 from the business.
9. November 23 – Paid cash for delivery service, \$50.
10. November 26 – Received cash from Kayla Goldschmidt for November 15th service.
11. November 30 – Paid balance owed from the supply order of November 10th.
12. December 1 – Paid cash for six-month insurance policy, \$1,200.
13. December 8 – Paid cash for advertising, \$350.
14. December 11 – Received cash for repairs performed, \$425.
15. December 15 – Jeff Shafer withdrew money from the business, \$950.

16. December 18 – Performed \$800 worth of repairs for Jalen Rozelle. Jalen paid half now, with the other half due in 30 days. Jalen's balance remained outstanding on Dec 31st.
17. December 19 – Paid cash for electric bill, \$310.
18. December 28 – Bought equipment worth \$1,000. Depreciation for the equipment will begin in 2024.
19. December 29 – Received December bank statement. The checks from December 19th and 28th are showing as outstanding. The service fee for the month was \$25.
20. December 30 – Paid cash to Stevens Storage for storage garage, \$600. The space will be rented from January 1, 2024, to March 31, 2024.

Transaction Number	Effect on Net Income Increase, Decrease, None	Amount of Effect
1		
2		
3		
4		
5		
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19		
20		

Job 2 – Income Statement – 37 Total Points

Directions: Use the following financial information of Smith Dog Boarding & Grooming for November, 2022 to prepare an Income Statement. Round component percentages to the nearest tenth of a percent.

Advertising Expense - \$1,200
Miscellaneous Expense - \$300
Rent Expense - \$4,500
Salary Expense - \$15,240
Utilities Expense - \$3,200
Boarding Revenue - \$22,420
Grooming Revenue - \$14,175

Beginning Supplies - \$5,350
Ending Supplies Balance - \$4,650
Supplies purchased during November - \$400
Beginning Prepaid Insurance Balance - \$800
Ending Prepaid Insurance Balance - \$600

			% of Sales