

Contestant Number: _____

Time: _____

Rank: _____



Fundamental Accounting

(100)

Regional 2024

CONCEPT KNOWLEDGE:

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

APPLICATION KNOWLEDGE:

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

Short Answer (16 @ 3 points each) _____ (48 points)

Job 1: Analyzing Transactions _____ (62 points)

Job 2: Income Statement _____ (35 points)

TOTAL POINTS _____ ***(250 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

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

1. Expense accounts start each fiscal period with a _____ balance.
 - A. debit
 - B. credit
 - C. zero
 - D. negative
2. Which of the following represents an expense of a business?
 - A. Buying equipment
 - B. Paying cash on account
 - C. Recording salaries accrued at the end of a fiscal period
 - D. Recording the adjusting entry for interest on a note receivable
3. In the accounting cycle, the financial statements are prepared _____.
 - A. after the payroll is prepared
 - B. after the adjusting entries are prepared
 - C. after the closing entries are prepared
 - D. after the post-closing trial balance
4. If Capital = \$75,000, Total Assets = \$95,000, and Liabilities = \$30,000, what is the balance of Drawing?
 - A. \$10,000
 - B. \$45,000
 - C. \$125,000
 - D. \$170,000
5. What transactions increase an owner's equity?
 - A. Withdrawals and expenses
 - B. Revenues and investments
 - C. Withdrawals and revenues
 - D. Investments and withdrawals
6. What wording is included in a restrictive endorsement of a check?
 - A. Pay to the order of
 - B. For withdrawal only
 - C. For deposit only
 - D. Cash this amount
7. Which of the following is a permanent account?
 - A. Sales
 - B. Drawing
 - C. Equipment
 - D. Rent Expense

8. For a service business, if expenses exceed revenue during a fiscal period, _____.
A. the cash account will decrease
B. owner's equity will decrease more than assets
C. assets will decrease more than liabilities
D. the income statement will show a net loss
9. Which of the following accounts would not appear on a Post-Closing Trial Balance?
A. Drawing
B. Accounts Payable
C. Notes Receivable
D. Capital
10. What accounting concept states that the amount paid for assets is the amount recorded in the accounting records?
A. Matching Expenses with Revenues
B. Objective Evidence
C. Consistent Reporting
D. Historical Cost
11. Paying cash up front for a three-month rental agreement will result in a debit to what account?
A. Rental Revenue
B. Rent Expense
C. Prepaid Rent
D. Unearned Rent
12. The accrual basis of accounting is represented by _____.
A. recording revenue when earned and expenses when incurred
B. recording revenue and expenses when cash exchanges hands
C. recording revenue and expenses at the end of the month
D. recording adjusting entries based upon the cash flows of the period
13. Posting a credit to a vendor's account will _____.
A. decrease the amount the vendor owes you
B. increase the amount the vendor owes you
C. decrease the amount you owe the vendor
D. increase the amount you owe the vendor
14. The Chart of Accounts for J&S Auto Repair includes the following accounts:
Cash, Accounts Receivable, Supplies, Accounts Payable, Capital, Drawing,
Prepaid Insurance, Notes Payable, Vehicles

The Chart of accounts includes _____.

- A. five assets and two liabilities
B. three assets and two liabilities
C. four assets and three owner's equity accounts
D. three assets and one liability

15. What do you call a check that has been written but not yet cleared your bank account?
- A. Voided check
 - B. Outstanding check
 - C. Canceled check
 - D. Bounced check
16. If a business pays cash for Equipment, which of the following statements is true?
- A. One asset increases and one liability increases.
 - B. One asset decreases and owner's equity decreases.
 - C. One asset decreases and one liability decreases.
 - D. One asset increases and another asset decreases.
17. What is the normal balance of a liability account?
- A. Debit.
 - B. Credit.
 - C. Left side.
 - D. Decrease side.
18. If an account number starts with 3, what type of account is it?
- A. Asset
 - B. Liability
 - C. Owner's Equity
 - D. Revenue
19. What statement best describes net income?
- A. Cash receipts less cash payments made during a given accounting period.
 - B. The increase in Owner's Equity resulting from profitable business operations during the accounting period.
 - C. The increase in total assets over a given accounting period.
 - D. Revenue earned during an accounting period, less any cash payments made during the period.
20. The financial records of a business and the financial records of an owner should be kept separate from one another. What accounting concept is represented in that statement?
- A. Matching Expenses with Revenue
 - B. Going Concern
 - C. Historical Cost
 - D. Business Entity
21. If the owner withdraws supplies from a business, what account is debited?
- A. Capital
 - B. Drawing
 - C. Supplies
 - D. Cash

22. Which financial statement best shows financial progress of the business?
- A. Income Statement
 - B. Statement of Retained Earnings
 - C. Balance Sheet
 - D. Post-closing Trial Balance
23. What is the accounting equation?
- A. Owner's Equity = Liabilities - Assets
 - B. Liabilities = Assets + Owner's Equity
 - C. Liabilities = Owner's Equity - Assets
 - D. Asset = Liabilities + Owner's Equity
24. How would you calculate Return on Sales?
- A. Gross Profit divided by Net Sales
 - B. Net Income divided by Net Sales
 - C. Net Sales divided by Total Expenses
 - D. Net Sales divided by Net Income
25. On a worksheet, which statement is true if the business has a net loss for the period?
- A. Income Statement credit column > Income Statement debit column
 - B. Income Statement debit column > Balance Sheet debit column
 - C. Balance Sheet credit column > Balance Sheet debit column
 - D. Balance Sheet credit column < Income Statement credit column
26. All liability accounts begin with what number?
- A. 1
 - B. 2
 - C. 3
 - D. 4
27. Which formula shows the ending balance of Capital for a fiscal period?
- A. Beginning Capital + Drawing + Net Income
 - B. Beginning Capital - Net Income + Drawing
 - C. Beginning Capital - Net Income - Drawing
 - D. Beginning Capital - Drawing + Net Income
28. Which of the following is a contra account?
- A. Prepaid Insurance
 - B. Accounts Payable
 - C. Drawing
 - D. Unearned Rent
29. When the owner invests their own supplies into a business, _____.
- A. An asset increases and Capital increases
 - B. A liability increases and an asset increases
 - C. An asset decreases and Capital increases
 - D. An asset increases and an asset decreases

30. The financial rights to the assets of a business are known as _____.

- A. Capital
- B. Revenues
- C. Equities
- D. Expenses

Account Identification – 45 Total points

Directions: For each account name below, indicate its classification, its normal balance side, and on which financial statement 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
Accounts Payable			
Prepaid Insurance			
Interest Receivable			
Salaries Expense			
Petty Cash			
Income Summary			
Fees Earned			
Rent Expense			
Shyla Bosk, Capital			
Supplies			
Delivery Expense			
Shyla Bosk, Drawing			
Sales Tax Payable			
Insurance Expense			
Sales			

Short Answer Problems – 48 Total points

1. Chapman Deli bought a six-month insurance policy on November 1st, 2023 for \$1,800. Chapman prepares adjusting entries at the end of each monthly fiscal period.
 - A. What account was debited on November 1st? _____
 - B. What was the amount debited on November 1st? _____
 - C. For the adjusting entry on January 31st, 2024, what account is debited? _____
 - D. What account is credited on the January adjusting entry? _____
 - E. What is the amount of the January adjusting entry? _____
2. Use the accounting equation to solve the following problems.
 - A. Assets = \$147,850; Owner's Equity = \$94,125; Liabilities = _____
 - B. Owner's Equity = 34,230; Liabilities = \$14,368; Assets = _____
 - C. Liabilities = \$50,478; Assets = \$164,362; Capital = \$152,413; Drawing = _____
 - D. Liabilities = \$26,401; Owner's Equity = \$41,310; Cash = \$31,025; Supplies = \$4,310; Merchandise Inventory = \$27,785; Accounts Receivable = _____
3. Financial information for Karner Kar Wash includes the following for the month of January 2024. The owner is Kaylee Karner.
Beginning Capital Balance - \$61,125
Total Revenues - \$31,250
Total Expense - \$38,146
Investment made on January 10th by Kaylee - \$13,000 in Cash; \$2,000 in Supplies
Withdrawal made on January 30th by Kaylee - \$6,500
 - A. What amount was credited to Capital on January 10th? _____
 - B. Did Karner Company earn a net income or net loss in January? _____
 - C. What is the amount of net income/net loss shown on the January Income Statement? _____
 - D. What amount is shown on the January 31st balance sheet for Kaylee Karner, Capital? _____

4. The November 2023 Work Sheet for Perry Consulting shows the following column totals.
- | | |
|----------------------------------|--------------------------------|
| Income Statement Debit \$65,230 | Balance Sheet Debit - \$82,416 |
| Income Statement Credit \$91,635 | Balance Sheet Credit - ??? |

- A. Did Perry Consulting show a net income or net loss for November? _____
- B. What was the amount of net income or net loss? _____
- C. What is the Balance Sheet Credit Column total? _____

Job 1 – Analyzing Transactions – 62 points

Directions: Use the journal on the next page to journalize the following transactions for Lopez Accounting for the month of January, 2024. Lopez Accounting, owned by Maria Lopez, performs accounting work and business consulting for small businesses, and has the following chart of accounts.

Cash	Accounts Payable – Diaz Supplies	Cash Short & Over
Petty Cash	Accounts Payable – Lockard Inc.	Insurance Expense
Accounts Receivable – Clark Bakery	Maria Lopez, Capital	Misc Expense
Accounts Receivable – Parker Co.	Maria Lopez, Drawing	Rent Expense
Prepaid Insurance	Fees Revenue	Repair Expense
Supplies	Advertising Expense	Supplies Expense
		Utilities Expense

Jan 2 – Maria Lopez invested \$4,000 cash and \$500 worth of supplies into the business.

Jan 4 - Wrote a check to Indiana Realty for rent, \$3,600.

Jan 4 - Issued a \$1,200 check to Atlantis Insurance Co. for six months worth of insurance.

Jan 5 - Performed accounting work for Clark Bakery on account, \$1,500, terms n/30.

Jan 10 - Bought supplies from Diaz Supplies worth \$650. Paid \$300 now with the remainder on account.

Jan 11 - Wrote a check to establish a petty cash fund with an initial balance of \$300.

Jan 15 - Paid cash on account to Diaz Supplies, \$350.

Jan 18 - Issued a check to the owner for personal expenses, \$1,100.

Jan 19 – Performed consulting work for Parker Co. worth \$950. Parker transferred \$700 to your bank through an EFT. The remainder will be billed on account.

Jan 22 – Paid A1 Computer Repair to fix your company laptop, \$420.

Jan 24 - Received a check from Kim Jong for consulting work performed, \$1,400.

Jan 28 – Received a check from Parker Company for payment in full from consulting work completed on the 19th.

Jan 31 - Wrote a check for \$52 to petty cash for reimbursing the petty cash fund; miscellaneous expense \$20, advertising, \$30; the cash balance in the fund indicated a shortage of \$2

[illegible]

Job 2 – Income Statement – 35 points

Directions: General ledger balances are shown for Whitcomb Repair Shop. All balances, other than the Supplies information, are after adjusting entries are posted on January 31st, 2024. Use the appropriate financial information to create an Income Statement for the month of January for Whitcomb Wheels Repair Shop. No supplies were purchased during the month. Round component percentages to the nearest tenth of a percent.

Cash - \$43,900	Advertising Expense - \$3,500
Accounts Receivable - \$12,750	Miscellaneous Expense - \$750
Equipment - \$10,670	Rent Expense - \$2,400
Accounts Payable - \$2,300	Salaries Expense - \$16,110
Bicycle Repair Revenue - \$19,740	Utilities Expense - \$1,420
Motorcycle Repair Revenue - \$27,630	Supplies, January 1 st balance - \$1,800
	Supplies, January 31 st balance - \$350

			% of Sales