

Contestant Number: _____

Time: _____

Rank: _____



Fundamental Accounting

(100)

Regional 2025

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 _____ (40 points)

Job 2: Financial Analysis _____ (40 points)

TOTAL POINTS _____ ***(230 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. The financial statement showing financial progress for the fiscal period is the _____.
 - A. Balance Sheet.
 - B. Statement of Owner's Equity.
 - C. Income Statement.
 - D. Post-Closing Trial Balance.
2. What does the amount closed to Capital from Income Summary represent?
 - A. The beginning capital account balance.
 - B. The ending capital account balance.
 - C. The amount of withdrawals made during the fiscal period.
 - D. The net income or loss during the fiscal period.
3. Which of the following would increase an asset's balance?
 - A. Entry to the right side.
 - B. Entry to the left side.
 - C. A credit entry.
 - D. An entry to the side opposite the normal balance.
4. All liability account ID's will begin with what number?
 - A. 1
 - B. 2
 - C. 3
 - D. 4
5. At the beginning of the month you bought a 3-month insurance policy for \$2,400. What is the adjusting entry at the end of the month?
 - A. Debit Prepaid Insurance 2,400; Credit Cash 2,400
 - B. Debit Prepaid Insurance 800; Credit Cash 800
 - C. Debit Insurance Expense 2,400; Credit Prepaid Insurance 2,400
 - D. Debit Insurance Expense 800; Credit Prepaid Insurance 800
6. Performing adjusting entries to bring asset account balances up to date is an application of what accounting concept?
 - A. Business Entity
 - B. Going Concern
 - C. Matching Expenses with Revenues
 - D. Realization of Revenue

7. What concept is represented by always using the straight-line depreciation method?
 - A. Objective Evidence concept.
 - B. Historical Cost concept.
 - C. Consistent Reporting concept.
 - D. Materiality concept.
8. The rules of accounting are known as _____.
 - A. GAAP.
 - B. AICPA.
 - C. FASB.
 - D. FED
9. In what ledger would you find the balance of what you owe each vendor?
 - A. Cash ledger
 - B. Accounts Receivable ledger
 - C. Accounts Payable ledger
 - D. Payment ledger
10. An increase in equity resulting from the sale of goods or services is defined as _____.
 - A. Investment.
 - B. Capital.
 - C. Expense.
 - D. Revenue.
11. The accounting equation is reflected in what financial statement?
 - A. Balance Sheet
 - B. Statement of Owner's Equity
 - C. Income Statement
 - D. Worksheet
12. Which of the following results in the recording of an expense?
 - A. Withdrawal of cash by the owner
 - B. Supplies being used by the business
 - C. Payment on account for materials bought on credit
 - D. Selling services on account
13. Which account would be a temporary account?
 - A. Capital
 - B. Drawing
 - C. Petty Cash
 - D. Accounts Payable

14. What effect does an owner withdrawal of cash have on the business's net assets?
- A. Increases net assets.
 - B. Decreases net assets.
 - C. Has no effect on net assets.
 - D. The amount of cash has to be known to correctly predict the effect.
15. Assuming net income, what is the journal entry to close each revenue account?
- A. debit Income Summary; credit Owner's Capital.
 - B. debit each revenue account, credit Income Summary for the total revenue.
 - C. debit Income Summary for the total revenue; credit each revenue account.
 - D. debit Owner's Capital, credit Income Summary
16. Which of the following represents the correct order of the Accounting Cycle?
- A. Journalizing, Posting, Financial Statements, Worksheet
 - B. Posting, Journalizing, Financial Statements, Worksheet
 - C. Posting, Journalizing, Worksheet, Financial Statements
 - D. Journalizing, Posting, Worksheet, Financial Statements
17. Which of the following statements is not considered a permanent record of the business?
- A. Worksheet
 - B. Income Statement
 - C. Statement of Owner's Equity
 - D. Balance Sheet
18. Accounts used to accumulate information from one period to the next are _____.
- A. expense accounts.
 - B. temporary accounts.
 - C. revenue accounts.
 - D. permanent accounts.
19. An outstanding check is one _____.
- A. that is sent back as having insufficient funds.
 - B. that has a date sometime in the future.
 - C. which contains an error so must be rewritten.
 - D. that was written and recorded but has not yet cleared the bank.
20. What is the result of posting a credit to a vendor's account?
- A. Decrease the amount you owe the vendor.
 - B. Increase the amount you owe the vendor.
 - C. Increase the amount the vendor owes you.
 - D. Decrease the amount the vendor owes you.

21. You use your business's debit card to buy supplies. What is the journal entry?
- A. Debit Cash; Credit Supplies
 - B. Debit Accounts Payable; Credit Supplies
 - C. Debit Supplies; Credit Cash
 - D. Debit Supplies; Credit Accounts Payable
22. What concept mandates keeping the owner's personal records separate from those of the business?
- A. Business Entity.
 - B. Going Concern.
 - C. Consistent Reporting.
 - D. Objective Evidence.
23. What accounts appear on the Post-Closing Trial Balance?
- A. Revenues and Expenses
 - B. Assets and Liabilities
 - C. Assets, Liabilities, and Capital
 - D. Assets, Liabilities, Owner's Equity, Revenues, and Expenses
24. What amount is represented when you close Income Summary to Capital?
- A. Total Revenue
 - B. Total Expenses
 - C. Drawing Balance
 - D. Net Income
25. What classification is an account whose account number begins with a one?
- A. Owner's Equity
 - B. Revenue
 - C. Asset
 - D. Expense
26. Which transaction will increase net income?
- A. Receiving cash on account
 - B. Paying cash on account
 - C. Owner investing money in the business
 - D. Selling services on account
27. Which account is a permanent account?
- A. Petty Cash
 - B. Drawing
 - C. Advertising Expense
 - D. Fees

28. What is the governing body of accounting?
- FED
 - SEC
 - GAAP
 - FASB
29. Which of the following occurs if expenses exceed revenues for a period?
- Assets will decrease more than liabilities.
 - The Income Statement will show a net loss.
 - Owner's Equity will decrease more than assets.
 - The Balance Sheet will show more assets.
30. What is insurance bought up front for future use known as?
- Prepaid Expense
 - Expense
 - Prepaid Liability
 - Liability

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 Receivable			
Prepaid Rent			
Interest Payable			
Rent Expense			
Unearned Fees			
Income Summary			

Fees Earned			
Salary Expense			
Owen Trask, Capital			
Supplies Expense			
Supplies			
Owen Trask, Drawing			
Sales Tax Payable			
Prepaid Insurance			
Sales			

Short Answer Problems – 45 Total points

- The December bank statement for Boston Bakery showed a balance at the end of December of \$5,670.00. While performing the bank reconciliation for Boston Bakery, you note the following:
 - Outstanding Checks - #304 for \$562.50; #306 for \$25.70; #307 for \$125.00
 - Outstanding Deposit made on December 31st for \$863.75
 - The bank statement indicated a service charge for the month of \$20.00
 - Your last unused check stub, #308, indicated a balance of \$5,840.55
 - What is the total amount of outstanding checks? _____
 - What is the adjusted bank balance for Boston Bakery? _____
 - What is the adjusted checkbook balance for Boston Bakery? _____
- Kansas Landscaping's Work Sheet for the month of January, 2025 shows the following totals:
 - Income Statement debit column - \$335,730
 - Income Statement credit column - \$298,410
 - Balance Sheet debit column - \$303,615
 - Balance Sheet credit column - ???
 - Did Kansas Supply show a net income or net loss for January? _____
 - What was the amount of the net income/net loss? _____
 - What is the Balance Sheet credit column total? _____
 - What are the proving totals for the Income Statement columns? _____

3. The following financial data was obtained from the records of Chicago Repair Company for the month of January 2025. The owner is Pete Seterra.

- Beginning Capital Balance - \$64,350
- Total Revenue - \$48,275
- Total Expenses - \$26,980
- Investments made by Pete Seterra during January - \$4,000
- Withdrawals made by Pete Seterra during January - \$10,630

- a. What is the Net Income for Chicago Repair Co for January? _____
- b. What is Pete Seterra's Capital balance on the January 31st, 2025 Balance Sheet? _____
- c. What account will be debited when closing Income Summary? _____
- d. What amount will be used to close Income Summary? _____

4. The Accounts Receivable balance on January 1st, 2025 for America Car Repair is \$21,650. Show the balance of Accounts Receivable after each transaction below.

Transaction	Balance
Jan 4 th – Performed repairs worth \$6,300, payable in 30 days	
Jan 10 th – Received cash on account of \$4,750.	
Jan 18 th – Received cash on account of \$2,810	
Jan 24 th – Owner invested \$5,000 into the business.	

Job 1 – Effects on Net Income – 40 points

Cal Bishop, CPA, owns Bishop Accounting, a sole proprietorship. Cal performs various accounting services for multiple customers, some of which he allows to pay him within 30 days of service. Selected transactions during November and December 2024 for Bishop Accounting are shown below. Analyze each transaction and its effect on the Income Statement for the year ended December 31st, 2024. 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 2024**. Then identify the amount of the increase or decrease. If no effect, enter zero for the amount.

- November 1 – Received \$25,000 from Cal Bishop, the owner, as an investment.
- November 1 – Paid cash for November rent, \$3,000.
- November 5 – Paid cash for supplies, \$800. As of December 31st, none of those supplies remained on hand.
- November 9 – Received cash for accounting services done for Hoang Chen, \$950.
- November 12 – Performed accounting services for Abby Gibson worth \$720. Abby will pay within 30 days.
- November 15 – Paid cash for advertising, \$435.
- November 20 – Paid cash for electric bill, \$275.
- November 21 – Cal Bishop withdrew \$500 from the business.
- November 23 – Bought supplies on account worth \$1,200. As of December 31st, \$700 of those supplies remained on hand.

10. November 30 – Received cash from Abby Gibson for November 12th service.
11. December 1 – Paid cash for six-month insurance policy, \$1,800.
12. December 1 – Paid cash for three-month rental of storage unit, \$600.
13. December 8 – Received cash for accounting work performed for Eliza Rodriguez, \$750.
14. December 15 – Reimbursed petty cash. Petty Cash account shows a balance of \$300.
Petty cash slips included Advertising Expense of \$75, Delivery Expense of \$50, and Miscellaneous Expenses of \$30. Petty Cash on hand = \$140.
15. December 17 – Paid balance of amount owed for November 23rd purchase of supplies.
16. December 18 – Performed \$1,400 in accounting work for Jalen Watson. 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 delivery service, \$75.
18. December 28 – Bought office equipment worth \$1,000. Depreciation for the equipment will begin in 2025.
19. December 29 – Received December bank statement. The checks from December 19th and 28th are showing as outstanding. The bank fees for the month are \$20.
20. December 30 – Received cash from Allie Blake for upcoming tax services. All work for Allie's taxes will be done starting in January 2025.

Transaction Number	2024 Effect on Net Income (Increase, Decrease, None)	Amount of Effect
1		
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3		
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Job 2 – Financial Analysis – 40 points

Kayleigh Brenner owns Brenner Pet Care, a business that offers dog and cat grooming, boarding, and training services. Financial information for the month ended December 31st, 2024 is shown below. All balances shown are after adjusting entries for the month have been journalized and posted, but before closing entries.

Accounts Payable - \$13,430	Kayleigh Brenner, Drawing - \$4,500
Accounts Receivable - \$4,690	Miscellaneous Expense - \$750
Advertising Expense - \$200	Petty Cash - \$200
Boarding Revenue - \$11,810	Prepaid Insurance - \$2,400
Cash - \$18,750	Rent Expense - \$500
Depreciation Expense - \$820	Salary Expense - \$10,760
Equipment (Net) - \$20,685	Supplies - \$860
Grooming Revenue - \$5,375	Supplies Expense - \$410
Insurance Expense - \$300	Training Revenue – \$2,180
Kayleigh Brenner, Capital – \$33,030	

Analyze the financial information to find the following amounts on the Income Statement and Balance Sheet.

1. Total Revenue amount shown on the December Income Statement: _____
2. Total Expenses amount shown on the December Income Statement: _____
3. Net Income shown on the December Income Statement: _____
4. Return on Sales % on the December Income Statement: _____
5. Total Assets amount shown on the December 31st Balance Sheet: _____
6. Total Liabilities amount shown on the December 31st Balance Sheet: _____
7. Kayleigh Brenner, Capital shown on the December 31st Balance Sheet: _____
8. Total Liabilities & Owner's Equity amount shown on the Balance Sheet: _____