Contestant Number:

Time:

Rank:

COLLEGE ACCOUNTING

(105)

# —Post-secondary—

REGIONAL – 2019

**Multiple Choice and Short Answer:**

Multiple Choice (20 @ 2 points each) (40 points)

Short Answer (11 @ 3 points each) (33 points)

**Problems:**

Problem 1: Journal Entries (54 points)

Problem 3: Income Statement \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (45 points)

***TOTAL POINTS (172 points)***

**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 should be completed first, 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.

Assumptions to make when taking this assessment:

GAAP

Percents rounded to the tenth percent (Ex: 22.8%)

Perpetual Inventory

Round all dollar amounts to the nearest cent.

**MULTIPLE CHOICE**

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

1. What does GAAP stand for?

a. Generated Accounting Accreditation Practice

b. Generally Accepted Accounting Principles

c. Generally Adapted Accounting Principles

d. Generally Accounting Accreditation Practice

2. Which of the following organizations represents only one owner?

a. Corporation b. Limited Liability Company

c. Partnership d. Sole Proprietorship

3. Accounting is called the \_\_\_\_\_\_

a. Language of accounting. b. Language of the world.

c. Language of business. d. Language of numbers.

4. The accounting equation is *not* reflected in which equation?

a. Assets = Liabilities + Owner’s Equity

b. Assets = Liabilities – Owner’s Equity

c. Assets – Liabilities = Owner’s Equity

d. Assets – Owner’s Equity = Liabilities

5. Which of the following accounts are assets?

a. Cash, supplies, accounts payable, and equipment

b. Cash, accounts receivable, equipment, and drawing

c. Cash, supplies, prepaid insurance, and revenue

d. Cash, accounts receivable, equipment, and land

6. The cost concept tells us that \_\_\_\_\_\_

a. We record our transactions at what we paid for them.

b. We record our transactions at what they are worth.

c. We record our transactions by getting an independent appraisal.

d. We record our transactions on the date the transaction took place.

7. Adjusting entries are \_\_\_\_\_\_

a. Correcting entries. b. Closing entries.

c. Updating entries. d. Analyzing entries.

8. The following entry would recognize depreciation for equipment.

a. Depreciation Expense – Equipment $1,200

Equipment $1,200

b. Depreciation Expense – Equipment 1,200

Accumulated Depreciation – Equipment 1,200

c. Equipment 1,200

Accumulated Depreciation – Equipment 1,200

d. Equipment 1,200

Cash 1,200

9. Which four financial statements are required by GAAP?

a. Adjusted Trial Balance, Income Statement, Statement of Owner’s Equity, and the Balance Sheet

b. Adjusted Trial Balance, Income Statement, Statement of Owner’s Equity, and the Statement of Cash Flows

c. Income Statement, Statement of Owner’s Equity, Unadjusted Trial Balance, and the Statement of Cash Flows

d. Income Statement, Statement of Owner’s Equity, Balance Sheet, and the

Statement of Cash Flows

10. The Petty Cash Fund account reflects \_\_\_\_\_\_

a. An amount of cash set aside for reimbursing employees.

b. An excess of cash on hand.

c. An amount of cash set aside for paying wages.

d. An amount of cash set aside for employee loans.

11. Closing entries are recorded \_\_\_\_\_\_

a. When needed. b. When closing the company.

c. When the year ends. d. When wages are paid.

12. The company purchased supplies of $500 on account. This transaction was recorded as a debit to Supplies of $500 and a credit to Cash of $500. Which of the following entries will correct this error?

a. Cash $500

Accounts Payable $500

b. Cash 500

Supplies 500

c. Accounts Receivable 500

Cash 500

d. Supplies 500

Accounts Payable 500

13. The heading or title of the Statement of Owner’s Equity should include what?

a. Name of the company, name of owner, and date

b. Name of owner, name of the statement, and for the month ended

c. Name of the company, name of the statement, and date

d. Name of the company, name of the statement, and for the month ended

14. The process of transferring data from the journal to the ledger is called \_\_\_\_\_\_?

a. Transferring b. Referring

c. Posting d. Journalizing

15. If an owner takes money out of the business, what account will be credited?

a. Capital b. Cash

c. Drawing d. Expense

16. Which of the following represents account titles for revenue?

a. Fees Earned, Professional Fees, Sales, and Unearned Revenue

b. Fees Earned, Interest Income, Professional Fees, and Sales

c. Fees Earned, Interest Payable, Professional Fees, and Sales

d. Fees Earned, Professional Fees, Interest Income, and Unearned Revenue

17. Prepaid expenses are which type of account?

a. Assets b. Liabilities

c. Expenses d. Revenue

18. Which financial statement tells us that our accounting equation is in balance?

a. Income Statement b. Statement of Owner’s Equity

c. Balance Sheet d. General Ledger

19. Which amount is used for the adjusting entry for the Prepaid Insurance?

a. The balance in the Prepaid Insurance account.

b. The balance in the Insurance Expense account.

c. The amount of prepaid insurance split in half.

d. The amount of prepaid insurance used for the period.

20. The following format describes which of the following statements?

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |
| --- | --- | --- |
|  | Debit | Credit |
| Cash | $ 10,000 |  |
| Accounts Receivable | 2,500 |  |
| Supplies | 1,000 |  |
| Accounts Payable |  | $ 2,000 |
| J. D., Capital |  | 8,000 |
| J. D., Drawing | 1,500 |  |
| Fees Earned |  | 6,000 |
| Salaries Expense | 700 |  |
| Utilities Expense | 200 |  |
| Miscellaneous Expense | 100 |  |
| Totals | $ 16,000 | $ 16,000 |

a. Income Statement b. Statement of Owner’s Equity

c. Balance Sheet d. Unadjusted Trial Balance

**SHORT ANSWER (3 points each)**

Choose a word or phrase from the word bank to complete the sentence. Not all words/phrases will be used.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Accrual | Asset | Chart of Accounts | Contra | Credit | Current |
| Debit | Equity | Liability | Long-term | Income Statement | Permanent |
| Reconciliation | Statement of Cash Flows | Temporary |  |  |  |

1. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ process ensures that our cash balance is the same as the

bank’s balance.

2. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a list of every account used by the business.

3. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ basis of accounting is required by the Financial

Accountings Standards Board (FASB).

4. This financial statement that will list our cost of merchandise sold is the

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

5. To transfer net income to capital in the closing entries will include a \_\_\_\_\_\_\_\_\_\_\_\_\_

to the capital account and a \_\_\_\_\_\_\_\_\_\_\_\_ to the income summary account.

6. In a classified balance sheet, the liabilities are classified into \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

liabilities and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ liabilities.

7. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ refers to accounts used only for one period.

8. A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ account has the opposite balance and offsets another account.

9. The Unearned Revenue account is what type of account \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Problem 1 (54 Points) -** Record the following entries in general journal form using the following accounts: Cash; Accounts Receivable; Supplies; Prepaid Insurance; Equipment; Land; Accounts Payable; Unearned Rent; Notes Payable; Sarah Tyler, Capital; Sarah Tyler, Drawing; Revenue; Wages Expense; Utility Expense; Advertising Expense; Postage Expense; Supplies Expense; Miscellaneous Expense. A journal is provided on the next two pages.

Jan. 3 Provided services of $25,000 on account.

5 Purchased $1,200 of supplies on account.

8 Purchased equipment for $15,000, paying $2,000 down and signing a note for the remainder.

10 Provided services of $1,800 cash.

12 Paid $900 for a one-year insurance policy.

15 Paid $2,000 for semi-monthly wages.

18 Paid $250 for monthly advertising.

22 Provided services of $32,000 on account.

24 Received $20,000 from customers on account.

29 Paid $1,200 to creditors on account.

30 Paid the monthly bills utilities of $110, postage of $40, and miscellaneous of $20.

31 $500 of supplies have been used.

**General Journal** Page 12

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Description | Post  Ref | Debit | Credit |
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**General Journal** Page 13

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| Date | Description | Post  Ref | Debit | Credit |
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**Problem 2 (45 Points) -** Use the following information for the Candy Company to prepare an Income Statement for the month of July 2019.

|  |  |  |
| --- | --- | --- |
|  | Debit | Credit |
| Cash | $ 10,000 |  |
| Accounts Receivable | 2,500 |  |
| Supplies | 1,000 |  |
| Accounts Payable |  | $ 2,000 |
| J. D., Capital |  | 8,000 |
| J. D., Drawing | 1,500 |  |
| Revenue |  | 6,000 |
| Salaries Expense | 700 |  |
| Utilities Expense | 200 |  |
| Miscellaneous Expense | 100 |  |
| Totals | $ 16,000 | $ 16,000 |

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