

# COLLEGE ACCOUNTING (105)

—Post-secondary—

## REGIONAL – 2016

### Multiple Choice & Short Answer Section:

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

Matching (20 @ 2 points each) \_\_\_\_\_ (40 points)

Short Answer (10 @ 4 points each) \_\_\_\_\_ (40 points)

### Production Portion:

Problem: Journal Entries \_\_\_\_\_ (104 points)

***TOTAL POINTS*** \_\_\_\_\_ (***224 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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## **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 and short answer questions should be completed first, and 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.

Unless otherwise instructed, round all answers to 2 decimal places.

**Multiple Choice:**

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

- 1) Which of the following organizations is responsible for the creation and governance of accounting standards in the United States?
  - a) Institute of Management Accountants
  - b) Financial Accounting Standards Board
  - c) American Institute of Certified Public Accountants
  - d) Securities and Exchange Commission
  
- 2) GAAP are rules that govern accounting in the United States. The acronym GAAP in this statement refers to \_\_\_\_\_.
  - a) Generally Accepted Accounting Principles
  - b) Globally Accepted and Accurate Policies
  - c) Generally Accredited Accounting Policies
  - d) Global Accommodation Accounting Principles
  
- 3) \_\_\_\_\_ are a set of global accounting guidelines, formulated by the International Accounting Standards Board.
  - a) International Financial Reporting Standards
  - b) Sarbanes-Oxley
  - c) Public Companies Accounting Oversight Board
  - d) GAAP International
  
- 4) The \_\_\_\_\_ is the US governmental agency that oversees the US financial markets.
  - a) Internal Revenue Service
  - b) Securities & Exchange Commission
  - c) Congress
  - d) Public Companies Accounting Oversight Board
  
- 5) Which of the following is a characteristic of a corporation?
  - a) A corporation is owned by stockholders.
  - b) All shares of a corporation must be held by a single individual.
  - c) Each stockholder has the authority to commit the corporation to a binding contract through his/her actions.
  - d) Lenders of a corporation do not have the right to claim the corporation's assets to satisfy their obligations.

- 6) Clint Grant decided to start his own CPA practice as a professional corporation, Grant CPA PC. His corporation purchased an office building for \$35,000 that his real estate agent said was worth \$50,000 in the current market. The corporation records the building as a \$50,000 asset because Grant believes that is the real value of the building. Which of the following concepts or principles of accounting is being violated?
  - a) Economic entity assumption
  - b) Going concern assumption
  - c) Cost principle
  - d) Monetary unit assumption
  
- 7) Julie Russell makes and sells cakes. This month she earned \$500 by selling cakes. The \$500 received by Julie is her \_\_\_\_\_.
  - a) Debt
  - b) Revenue
  - c) Gain
  - d) Equity
  
- 8) Thomas Kemp earned \$1,000 for lawn mowing services rendered. The customer promised to pay at a later time. Which of the following accounts increased as a result of this transaction?
  - a) Supplies
  - b) Accounts Receivable
  - c) Cash
  - d) Accounts Payable
  
- 9) Equity of a corporation is broken into two components. Which of the following are the two components of the equity of a corporation?
  - a) Revenues and expenses
  - b) Current assets and fixed assets
  - c) Paid-in capital and Retained Earnings
  - d) Common stock and liabilities
  
- 10) Which of the following financial statements reports cash receipts and cash payments during a period of time?
  - a) Statement of Retained Earnings
  - b) Income Statement
  - c) Balance Sheet
  - d) Statement of Cash Flows
  
- 11) Which of the following amounts appears on both the income statement and statement of retained earnings?
  - a) Net Income
  - b) Ending Stockholders' Equity
  - c) Total revenues
  - d) Dividends

- 12) Which of the following amounts appears on both the statement of retained earnings and the balance sheet?
- a) Total Assets
  - b) Ending Retained Earnings
  - c) Total Revenues
  - d) Net Income
- 13) If Esquivel Corp. is using the accrual basis accounting method, when should it record its earned revenue?
- a) When cash is received, or 30 days after the completion of the services
  - b) When services are completely rendered and cash is received
  - c) When services are rendered, even though cash may be received at a later date
  - d) When cash is received, even though services may be rendered at a later date
- 14) The acronym CPA stands for \_\_\_\_\_
- a) Corporate Professional Accountant
  - b) Commended Public Accountant
  - c) Corporate Premier Accountant
  - d) Certified Public Accountant
- 15) The income statement reports
- a) Financial position on a specific date
  - b) Results of operations on a specific date
  - c) Financial position for a specific period
  - d) Results of operations for a specific period
- 16) Which sequence correctly summarizes the accounting process?
- a) Journalize transactions, prepare a trial balance, post to the accounts
  - b) Journalize transactions, post to the accounts, prepare a trial balance
  - c) Prepare a trial balance, journalize transactions, post to the accounts
  - d) Post to the accounts, journalize transactions, prepare a trial balance
- 17) The right side of an account is used to record which of the following?
- a) Debit or credit, depending on the type of account
  - b) Increases
  - c) Debits
  - d) Credits
- 18) Which of the following is *true* concerning accrual accounting?
- a) Expenses are recorded when incurred
  - b) Revenues are recorded when earned
  - c) Expenses are recorded when they are paid
  - d) Both A & B are true

- 19) The matching principle matches
- a) Expenses and revenues.
  - b) Expenses and cash
  - c) Assets and liabilities
  - d) Revenue with accounts receivable
- 20) Adjusting the accounts is the process of
- a) Subtracting expenses from revenues to measure net income
  - b) Recording transactions as they occur during the period
  - c) Zeroing out account balances to prepare for the next period
  - d) Updating the accounts at the end of the period

**Matching:**

For each account listed below, identify which financial statement the account will appear on – Income Statement (IS), Statement of Retained Earnings (RE), or Balance Sheet (BS) – and whether each account has a normal debit (DR) or credit (CR) balance.

<b>Account</b>	<b>Financial Statement</b>	<b>Normal Balance</b>
Accounts Receivable		
Accounts Payable		
Accumulated Depreciation		
Advertising Expense		
Building		
Bonds Payable		
Cash		
Common Stock		
Cost of Goods Sold		
Depreciation Expense		
Dividends		
Furniture		
Land		
Notes Payable		
Preferred Stock		
Prepaid Insurance		
Supplies		
Supplies Expense		
Treasury Stock		
Unearned Revenue		

**Short Answer:**

Simpson Coffee reports the following account balances for December 31, 2015. Use this information to answer the questions on the next page.

Cash	\$ 32,000
Accounts Receivable	20,000
Inventory	16,000
Supplies	31,000
Equipment	25,000
Accumulated Depreciation—Equipment	17,000
Accounts Payable	25,000
Wages Payable	4,000
Interest Payable	1,000
Unearned Revenue	1,500
Notes Payable (due in 5 years)	39,000
Common Stock	20,000
Dividends	30,000
Retained Earnings	28,000
Sales	147,500
Sales Discounts	2,000
Cost of Goods Sold	68,000
Rent Expense	9,000
Wages Expense	36,000
Insurance Expense	2,000
Depreciation Expense—Equipment	6,000
Supplies Expense	2,000
Interest Expense	4,000



- 1) What is Gross Profit? \_\_\_\_\_
- 2) What is Income from Operations? \_\_\_\_\_
- 3) What is Net Income? \_\_\_\_\_
- 4) What is the Retained Earnings balance on December 31, 2015? \_\_\_\_\_
- 5) What are total Current Assets? \_\_\_\_\_
- 6) What are total Plant Assets? \_\_\_\_\_
- 7) What are total Assets? \_\_\_\_\_
- 8) What are total Current Liabilities? \_\_\_\_\_
- 9) What are total Long-term Liabilities? \_\_\_\_\_
- 10) What is total Stockholders' Equity? \_\_\_\_\_

**Problem: Journal Entries**

Record the entries on the Journal page that follows. Use the question number as the date.

- 1) Simp Dogs paid salaries of \$6,000 in cash.
- 2) Spencer McQueen performed services of \$8,000 on January 24 and invoiced the customer.
- 3) Spencer McQueen received the \$8,000 from the customer on January 31.
- 4) Anna's Boutique purchased office supplies for \$250 on account on February 1.
- 5) Anna's Boutique paid \$250 for the office supplies on February 15.
- 6) On March 1, a physical inventory account revealed that only \$40 of office supplies remain for Anna's Boutique.
- 7) On May 1, Kenny's Sports Clinic prepaid \$15,000 to lease batting cages for 3 months.
- 8) Provide the adjusting journal entry for Kenny's Sports Clinic batting cages on June 30.

Use the following Adjusted Trial Balance for questions 9-12. Assume all account balances are normal.

Cash	\$1,700
Accounts Receivable	8,500
Supplies	100
Equipment (net)	5,500
Accounts Payable	1,200
Salaries Payable	800
Unearned Revenue	600
Common Stock	3,400
Dividends	2,300
Service Revenue	40,000
Salaries Expense	24,000
Supplies Expense	2,300
Depreciation Expense	1,600

- 9) Provide the closing entry for Revenue.
- 10) Provide the closing entry for Expenses.
- 11) Provide the closing entry for Income Summary.
- 12) Provide the closing entry for Retained Earnings.



