

COLLEGE ACCOUNTING

(105)

—Post-secondary—

REGIONAL – 2017

Multiple Choice & Short Answer Section:

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

Short Answer (20 @ 2 points each) _____ (40 points)

Production Portion:

Problem 1: Worksheet _____ (75 points)

Problem 2: Journal Entries _____ (60 points)

Problem 3: Calculations _____ (72 points)

TOTAL POINTS _____ (**287 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 ninety (90) minutes testing time
No more than ten (10) minutes wrap-up

Property of Business Professionals of America.
May be reproduced only for use in the Business Professionals of America
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 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 (40 points)

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

- 1) The financial affairs of a business and the financial affairs of the owners should be
 - a) combined in the firm's accounting records
 - b) reported in different parts of the firm's accounting records
 - c) combined only if the owner wants them to be
 - d) kept totally separate

- 2) The government agency that has final authority over the financial reporting of publicly owned corporations is
 - a) The Securities and Exchange Commission
 - b) The Federal Trade Commission
 - c) The Internal Revenue Service
 - d) The Financial Accounting Standards Board

- 3) Owners are *not* personally responsible for the debts of the business if the form of business organization is the
 - a) sole proprietorship
 - b) partnership
 - c) corporation
 - d) nonprofit organization

- 4) Amounts that a business must pay in the future are known as
 - a) accounts receivable
 - b) accounts payable
 - c) capital
 - d) expenses

- 5) Examples of assets are
 - a) cash and accounts receivable
 - b) cash and revenue
 - c) cash and rent expense
 - d) investments by the owner and revenue

- 6) The income statement shows the
 - a) financial position of a business on a specific date
 - b) revenue and owner's equity
 - c) results of operations for a period of time
 - d) total value of the business

- 7) Assets and liabilities are reported on the
 - a) balance sheet
 - b) income statement
 - c) statement of owner's equity
 - d) Both the balance sheet and the income statement

- 8) The rent paid for future months is a(n)
- a) asset
 - b) liability
 - c) expense
 - d) revenue
- 9) Owner's equity is the
- a) amount taken out of a business by the owner for personal use
 - b) financial interest of the owner of a business
 - c) amount the owner invested in the business
 - d) revenues less the expenses
- 10) Debits are used to record
- a) increases in assets
 - b) increases in revenue
 - c) increases in owner's equity
 - d) increases in liabilities
- 11) Credits are used to record
- a) decreases in assets and owner's equity and increases in liabilities
 - b) decreases in assets, liabilities, and owner's equity
 - c) decreases in liabilities and increases in assets and owner's equity
 - d) increases in liabilities and owner's equity
- 12) A firm paid cash to apply against a debt. To record this transaction, the accountant would
- a) debit Accounts Receivable and credit Cash
 - b) debit Accounts Payable and credit Cash
 - c) debit Cash and credit Accounts Payable
 - d) credit Cash and credit Accounts Payable
- 13) When revenue is earned from charge-account sales, the accountant
- a) debits a revenue account and credits the capital account
 - b) debits Accounts Receivable and credits a revenue account
 - c) debits a revenue account and credits Accounts Receivable
 - d) debits Cash and credits a revenue account
- 14) When charge customers pay cash to apply against their accounts, the amount is recorded
- a) on the left side of the Cash account and the right side of the Revenue account
 - b) on the left side of the Accounts Payable account and the right side of the Cash account
 - c) on the left side of the Cash account and the right side of the Accounts Receivable account
 - d) on the left side of the Cash account and the left side of the Accounts Receivable account

- 15) The account credited when recording the sale of goods or services is the
- revenue account
 - cash account
 - cost of goods sold account
 - drawing account
- 16) Which of the following types of accounts normally have *debit* balances?
- assets and revenue
 - assets, liabilities, and owner's equity
 - expenses and assets
 - liabilities and owner's equity
- 17) Which of the following groups contain only accounts that normally have *credit* balances?
- Accounts Receivable and Revenue
 - Salaries Expense and Accounts Payable
 - Revenue and John Smith, Capital
 - Accounts Payable and Equipment
- 18) Which of the following increase owner's equity?
- expenses
 - revenue
 - withdrawals
 - receiving cash from customers
- 19) Which of the following accounts is *not* a permanent account?
- Cash
 - Accounts Payable
 - Salaries Expense
 - Thomas Bernard, Capital
- 20) The net income or net loss from the income statement is first transferred to the
- Balance sheet
 - Chart of accounts
 - Statement of owner's equity
 - Trial balance

Short Answer (40 points)

The transactions listed below took place at the Durmstrang Institute. These transactions affected the following financial items. Indicate the financial item affected, and use plus and minus signs to show the changes caused by each transaction.

	Assets	=	Liabilities	+	Owner's Equity
Owner invested cash in company	+				+
Performed services on credit					
Paid cash for utilities					
Sent a check to a creditor					
Issued checks to pay salaries					
Purchased a computer for cash					
Received cash from credit customers					
Performed services for cash					
Purchased equipment on credit					
Recorded depreciation					
Owner withdrew cash for personal use					

Problem 1 (75 points)

Florean Flortescue’s Ice Cream Parlor reopened on January 1, 2017. The Trial Balance for its first month of operations is shown below. Complete the worksheet by recording the adjustments and the adjusted trial balance.

- A) Supplies were purchased on January 1. Inventory of supplies on January 31 is \$550.
- B) The equipment was purchased on January 1 and is depreciated at a rate of \$100 per month.
- C) Prepaid Rent consists of 6 months of rent, paid on January 1.

Florean Flortescue’s Ice Cream Parlor Worksheet Month Ended January 31, 2017						
Account Name	Trial Balance		Adjustments		Adjusted Trial Balance	
	Debit	Credit	Debit	Credit	Debit	Credit
Cash	17,750					
Accounts Receivable	6,300					
Supplies	3,875					
Prepaid Rent	9,600					
Equipment	10,800					
Accumulated Depreciation - Equipment						
Accounts Payable		7,775				
Flortescue, Capital		30,000				
Flortescue, Drawing	3,500					
Revenue		23,800				
Advertising Expense	6,000					
Depreciation Expense						
Rent Expense	2,725					
Supplies Expense						
Utilities Expense	1,025					
Totals	\$61,575	\$61,575				

Problem 3 (72 points)

Using the information from Problem 1 above (after the adjusting entries), calculate the following:

A) Net Income _____

B) Total Current Assets _____

C) Total Assets _____

D) Total Current Liabilities _____

E) Total Liabilities _____

F) Total Owner's Equity _____

G) Working Capital _____

H) Current Ratio _____

I) Debt Ratio _____

J) Debt to Equity Ratio _____

K) Profit Margin _____

L) Asset Turnover Ratio _____