

COLLEGE ACCOUNTING (105) —Post-secondary— REGIONAL – 2018

Multiple Choice & Short Answer Section:

True/False (10 @ 2 points each) _____ (20 points)

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

Short Answer (60 @ 1 point each) _____ (60 points)

Production Portion:

Problem 1: Worksheet _____ (50 points)

Problem 2: Journal Entries _____ (60 points)

Problem 3: Calculations _____ (20 points)

TOTAL POINTS _____ ***(250 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

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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 ninety (90) minutes to complete your work.

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.

TRUE OR FALSE

Identify the letter of the choice that best completes the statement or answers the question.
Mark A if the statement is True. Mark B if the statement is False.

1. Every journal entry must have at least one debit and one credit.
2. Liabilities are increased by a debit.
3. Debits are always an increase to an account.
4. CPA stands for Certified Public Accountant.
5. The right side of an account represents the increase side.
6. Contra asset accounts have a normal credit balance.
7. Expense accounts have a normal debit balance.
8. Revenue accounts are increased with a credit.
9. The Financial Accounting Standards Board has jurisdiction over financial markets in the U.S.
10. GAAP stands for Globally Audited Accounting Principles.

MULTIPLE CHOICE

1. The amount closed to Retained Earnings from Income Summary represents the _____.
 - a. beginning capital account balance
 - b. ending capital account balance
 - c. amount of withdrawals made during the fiscal period
 - d. net income or loss during the fiscal period
2. 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

3. An increase in equity resulting from the sale of goods or services is called _____.
 - a. investment
 - b. capital
 - c. expense
 - d. revenue

4. The accounting concept stating that the amount paid for assets is the amount recorded in the accounting journals is the _____.
 - a. Objective Evidence concept
 - b. Historical Cost concept
 - c. Consistent Reporting concept
 - d. Materiality concept

5. Which financial statement represents the accounting equation?
 - a. Worksheet
 - b. Income Statement
 - c. Statement of Owner's Equity
 - d. Balance Sheet

6. Accounts used to accumulate information from one period to the next are _____.
 - a. permanent accounts
 - b. temporary accounts
 - c. revenue accounts
 - d. expense accounts

7. A check that has been written but not yet cleared your bank account is known as a(n) _____.
 - a. canceled check
 - b. transferred check
 - c. outstanding check
 - d. voided check

8. Recording income when it is earned and expenses when they are incurred is called the _____.
 - a. accrual basis of accounting
 - b. cash basis of accounting
 - c. credit basis of accounting
 - d. generally accepted basis of accounting

9. Posting a \$2,500 credit to an asset account with a \$4,700 debit balance results in a _____.
 - a. credit balance of \$2,200
 - b. credit balance of \$7,200
 - c. debit balance of \$2,200
 - d. debit balance of \$7,200

10. 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

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

12. 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. non-profit organization

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

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

15. The rent paid for future months is a(n)
 - a. Asset
 - b. Liability
 - c. Expense
 - d. Revenue

16. Owner's equity is _____.
 - a. The amount taken out of a business by the owner for personal use
 - b. The financial interest of the owner of a business
 - c. The amount the owner originally invested in the business
 - d. The revenues less the expenses

17. The account credited when recording the sale of goods or services is the _____.
- revenue account
 - cash account
 - cost of goods sold account
 - drawing account
18. Which of the following *decrease* owner's equity?
- Expenses
 - Revenue
 - Liabilities
 - Receiving cash from customers
19. 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
20. Which sequence correctly summarizes the accounting process?
- Journalize transactions, prepare a trial balance, post to the accounts
 - Journalize transactions, post to the accounts, prepare a trial balance
 - Prepare a trial balance, journalize transactions, post to the accounts
 - Post to the accounts, journalize transactions, prepare a trial balance

SHORT ANSWER (60 points)

For each account name below, indicate its classification, its normal balance side, on which financial statement(s) the account appears, and whether it is a permanent or temporary account. Use the abbreviations in the chart below for your answers.

Classifications	Normal Balance Side	Financial Statements	Permanent/Temporary
L = Liability	DR = Debit	BS = Balance Sheet	P = Permanent
A = Asset	CR = Credit	IS = Income Statement	T = Temporary
OE = Owners' Equity	N = Neither	RE = Statement of Retained Earnings	
R = Revenue			
E = Expenses			

Account	Classifications	Normal Balance Side	Financial Statements	Permanent/Temporary
Accounts Payable				
Accounts Receivable				
Bonds Payable				
Common Stock				
Cost of Goods Sold				
Dividends				
Land				
Paid in Capital in Excess of Par				
Prepaid Rent				
Retained Earnings				
Sales Discounts				
Service Revenue				
Treasury Stock				
Unearned Revenue				
Patent				

Problem 1 (50 points)

Cullen Medical Supply Co. opened on January 1, 2018. 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 \$8,200.
- B) The building is depreciated at a rate of \$420 per month.
- C) Prepaid Insurance consists of 6 months of insurance, paid on January 1.

Cullen Medical Supply Co.						
Worksheet						
Month Ended January 31, 2018						
Account Name	Trial Balance		Adjustments		Adjusted Trial Balance	
	Debit	Credit	Debit	Credit	Debit	Credit
Cash	27,500					
Inventory	15,700					
Supplies	13,720					
Prepaid Insurance	19,200					
Building	150,800					
Accumulated Depreciation - Building						
Accounts Payable		37,220				
Retained Earnings		184,600				
Dividends	5,000					
Revenue		27,700				
Cost of Goods sold	13,400					
Depreciation Expense						
Insurance Expense						
Supplies Expense						
Utilities Expense	4,200					
Totals	\$249,520	\$249,520				

Problem 2 (60 points)

Using the worksheet prepared in Problem 1, journalize the adjusting entries in the General Journal

General Journal			
Date	Account Title	Debit	Credit
2018			

Problem 3 (20 points)

Using the worksheet prepared in Problem 1, calculate the following amounts.

- Net Income** _____
- Total Current Assets** _____
- Total Assets** _____
- Total Liabilities & Stockholders' Equity** _____