

Overview

The accurate keeping of financial records is a vital ongoing activity in all types of businesses. This event provides recognition for FBLA members who have demonstrated an understanding of and skill in accounting principles and procedures as applied to sole proprietorships, partnerships, and corporations.

This is an individual online test.

Competencies and Task Lists

<http://www.fbla-pbl.org/competitive-event/accounting-ii/>

Website Resources

- Bean Counter's Bookkeeping & Accounting Quizzes, Games, and Lectures
www.dwmbeancounter.com/bookkeepingquizzesgames.html
- Investopedia
<http://www.investopedia.com/>
- Principles of Accounting
<http://principlesofaccounting.com/>
- UCD Accounting Glossary
<http://accounting.ucdavis.edu/refs/glossary.cfm?list=alpha&alpha=a>

ACCOUNTING II SAMPLE QUESTIONS

- 1) The statement of cash flow categorizes transactions into:
- A) equity, liability, and assets
 - B) operating, sales, and investing
 - C) operating, investing, and financing
 - D) investing, revenue, and expenses

Competency: Financial Statements

- 2) The formula for cost of goods sold calculation is as follows:
- A) Beginning Inventory + Net Purchases – Ending Inventory = Cost of Goods Sold
 - B) Revenues – Expenses = Cost of Goods Sold
 - C) Number of units sold * Selling Price – Cost to Produce*number of units sold = Cost of Goods Sold
 - D) Purchases + Ending Inventory – Beginning Inventory = Cost of Goods Sold

Competency: Financial Statements

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- 3) What is the proper order of financial statement preparation?
- A) Statement of Owners Equity, Statement of Cash Flows, Income Statement, Balance Sheet
 - B) Statement of Cash Flows, Balance Sheet, Income Statement, Statement of Owners Equity
 - C) Income Statement, Statement of Owners Equity, Balance Sheet, Statement of Cash Flows
 - D) Statement of Owners Equity, Balance Sheet, Income Statement, Statement of Cash Flows

Competency: Financial Statements

- 4) The right to purchase additional shares in proportion to the owner's present holding, if more shares are issued by the corporation is called:
- A) Proportion Right
 - B) Preferred Right
 - C) Preemptive Right
 - D) Retained Right

Competency: Corporate Accounting

- 5) The closing entry for income of a corporation is journalized into which account?
- A) Retained Earnings
 - B) Paid in Capital
 - C) Common Stock Subscribed
 - D) Drawing

Competency: Corporate Accounting

- 6) The net income of a corporation was \$60,000 in 2010 and \$45,000 in 2011. The percent of increase or decrease is:
- A) 25% decrease
 - B) 33.33% decrease
 - C) 33.33% increase
 - D) 25% increase

Competency: Corporate Accounting

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- 7) Withdrawals from a partnership by a partner:
- A) reduce the allocated earning to that partner on a dollar-for-dollar basis
 - B) are considered normal business expenses
 - C) cannot be made without the approval of other partners
 - D) are always specified in the formal agreement

Competency: Partnerships

- 8) The profit margin is the:
- A) maintained markup
 - B) net income divided by total assets
 - C) net income divided by net sales
 - D) net sales minus cost of goods sold

Competency: Ratios and Data Analysis

- 9) Working capital is a measure of:
- A) profitability
 - B) expenses
 - C) liquidity
 - D) leverage

Competency: Ratios and Data Analysis

- 10) Sammy Corporation reported net sales of \$300,000, \$330,000, and \$360,000 in the years, 2008, 2009, and 2010, respectively. If 2008 is the base year, what is the trend percentage for 2010?
- A) 120%
 - B) 77%
 - C) 108%
 - D) 130%

Competency: Ratios and Data Analysis

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- 11) Your business sells \$8,500 of goods for cash and another \$4,500 on account. How do you record this transaction?
- A) Debit cash for \$8,500; debit Accounts Receivable for \$4,500; credit revenue for \$13,000
 - B) Credit cash for \$8,500; credit Accounts Receivable for \$4,500; debit revenue for \$13,000
 - C) Debit cash for \$13,000; credit Accounts Receivable for \$4,500; credit revenue for \$8,500
 - D) Debit cash for \$8,500; debit Accounts Receivable for \$4,500; credit revenue for \$8,500 and credit unearned income for \$4,500

Competency: Accounts Receivable and Payable

- 12) After aging the accounts receivable, it is estimated that \$1,000 will **not** be collected, and the allowance account before adjustment has an existing credit balance of \$400. If the accounts receivable total \$100,000, the net receivables after adjustment would be:
- A) \$98,600
 - B) \$99,000
 - C) \$99,600
 - D) \$99,400

Competency: Accounts Receivable and Payable

- 13) Hughes Company has a credit balance of \$5,000 in its Allowance for Doubtful Accounts before any adjustments are made at the end of the year. Based on review and aging of its accounts receivable at the end of the year, Hughes estimates that \$60,000 of its receivables are uncollectible. The amount of bad debts expense which should be reported for the year is:
- A) \$55,000
 - B) \$65,000
 - C) \$5,000
 - D) \$60,000

Competency: Accounts Receivable and Payable

- 14) Under a zero based budgeting model:
- A) expenses do not change for the new period
 - B) expenses are estimated based on a percentage growth
 - C) increases in one area have to be offset by decreases in other areas
 - D) all expense estimates are justified for the period

Competency: Budgeting and Cash Flow

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- 15) Your current assets average 18 percent of sales. In the next period you expect sales to increase by \$200,000. Under the percentage of sales method, what is the effect on current assets?
- A) current assets should increase by \$36,000
 - B) the change depends on the amount budgeted for each account
 - C) current assets should be \$36,000
 - D) there is not enough information to determine the effect on current assets

Competency: Budgeting and Cash Flow

- 16) Net income is \$132,000, accounts payable increased \$10,000 during the year, inventory decreased \$6,000 during the year, and accounts receivable increased \$12,000 during the year. Under the indirect method, what is net cash provided by operating activities?
- A) \$124,000
 - B) \$112,000
 - C) \$102,000
 - D) \$136,000

Competency: Budgeting and Cash Flow

- 17) In producing product AA, 6,300 pounds of direct materials were used at a cost of \$1.10 per pound. The standard was 6,000 pounds at \$1.00 per pound. The direct materials quantity variance is:
- A) \$330 unfavorable
 - B) \$630 unfavorable
 - C) \$600 unfavorable
 - D) \$300 unfavorable

Competency: Cost Accounting/Manufacturing

- 18) Under-applied or over-applied factory overhead is normally charged or credited to which account?
- A) Cost of Goods Sold
 - B) Cost of Goods Manufactured
 - C) Finished Goods
 - D) Work in Process

Competency: Cost Accounting/Manufacturing

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- 19) Each department in your firm maintains its own sales records, although billing is done company wide, meaning sales are recorded at the department level. If a sale is made on credit, what would the journal entry be?
- A) Debit Department Accounts Receivable; Credit Department Sales Revenue
 - B) Debit Accounts Receivable; Credit Department Sales Revenue
 - C) Credit Accounts Receivable; Debit Department Sales Revenue
 - D) Debit Accounts Receivable; Credit (Company) Sales Revenue

Competency: Departmentalized Accounting

- 20) Accountants:
- A) should attempt to comply with company regulations, applicable laws, and GAAP
 - B) work for the company and should follow what the directors say
 - C) should do exactly what is published by the FASB
 - D) should do what they are told to

Competency: Ethics

- 21) An amount on which **no** federal income tax is withheld from the employee's pay is called a(n):
- A) special withholding allowance
 - B) withholding allowance
 - C) wage bracket amount
 - D) additional withholding allowance

Competency: Income Tax

- 22) Corporations pay:
- A) both individual and corporate tax
 - B) do not pay taxes
 - C) only federal corporate taxes
 - D) taxes at the appropriate corporate state and federal rate

Competency: Income Tax

- 23) Recent analysis has shown that your maintained margin for sales has been 38 percent. Your current period net sales without allowances were \$250,000; estimate the cost of goods sold:
- A) \$155,000
 - B) \$403,000
 - C) some other number
 - D) \$95,000

Competency: Inventory

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- 24) The accounts affected by a cash payment for supplies are:
- A) Cash and Current Assets
 - B) Cash and Supplies Expense
 - C) Cash and Supplies
 - D) Accounts Receivable and Supplies

Competency: Journalizing and Posting

- 25) The discount on a note payable over time is recorded as:
- A) interest expense
 - B) interest payable
 - C) interest receivable
 - D) interest revenue

Competency: Journalizing and Posting

- 26) When recording payroll:
- A) net pay is higher than gross pay
 - B) net pay is recorded as salaries and wages expense
 - C) payroll deductions are recorded as liabilities
 - D) gross earnings are recorded as salaries and wages payable

Competency: Posting

- 27) Your firm will pay a total of \$5,400 in wages this week. The amount includes withholding for all appropriate state and federal withholding. If the withholding totals \$1,478 what will be the effect on your Cash account?
- A) Credit Cash \$3,922
 - B) Debit Cash \$1,478
 - C) Credit Cash \$6,878
 - D) Cash is not affected in this transaction

Competency: Posting

- 28) Jefferson Company purchased a piece of equipment on January 1, 2010. The equipment cost \$60,000 and had an estimated life of 8 years and a salvage value of \$8,000. What was the depreciation expense for the asset for 2011 under the double-declining-balance method?
- A) \$11,250
 - B) \$6,500
 - C) \$15,000
 - D) \$6,562

Competency: Plant Assets and Depreciation

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- 29) Bell Laboratories produces a part with direct cost of \$2.00 per part and indirect cost of \$0.75 per part. Bell Laboratories overhead costs are calculated at 20% of direct cost. What is the total cost of the product Bell Laboratories has produced?
- A) \$3.15
 - B) \$3.30
 - C) \$2.90
 - D) \$2.75

Competency: Purchases and Sales

- 30) The average cost of goods produced in your firm is \$11.40 per unit; the average sale price is \$14.99; your fixed costs are \$40,000 and expected sales are \$250,000. What is your firm's breakeven point in sales?
- A) some other number
 - B) more than \$250,000
 - C) about \$167,000
 - D) about \$2700

Competency: Purchases and Sales