

Overview

The accurate keeping of financial records is an ongoing activity in all types of businesses. This event provides recognition for FBLA members who have an understanding of and skill in basic accounting principles and procedures.

This is an individual online test.

NOTE: Students who have completed more than one year of accounting instruction are **not** eligible.

Competencies and Task Lists

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

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 I SAMPLE QUESTIONS

- 1) Closing entries result in the transfer of net income or net loss into the:
- A) income summary account
 - B) cash account
 - C) paid in capital
 - D) owner's capital account

Competency: Journalizing

- 2) Writing an account title in the Account Title column of a journal is not necessary if the journal has:
- A) special amount columns
 - B) a Source Doc. column
 - C) a Cash Debit column
 - D) a Post. Ref. column

Competency: Journalizing

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- 3) When cash is received on account, the balance of the:
- A) sales account increases
 - B) cash account decreases
 - C) accounts receivable account decreases
 - D) sales tax payable account decreases

Competency: Journalizing

- 4) Shaw Industries accepted Cody Reese's credit card in payment of today's purchase of one adding machine. In which journal is the transaction recorded?
- A) General Journal
 - B) Cash Receipts Journal
 - C) Purchases Journal
 - D) Sales Journal

Competency: Journalizing

- 5) Expenses that are paid in advance and recorded initially as assets are:
- A) consumed expenses
 - B) deferrals
 - C) accruals
 - D) incurred but not yet paid

Competency: Journalizing

- 6) Which one of the following accounts is **not** closed at the end of an accounting period?
- A) Drawing
 - B) Utility Expense
 - C) Service Revenue
 - D) Unearned Revenue

Competency: Journalizing

- 7) Which one of the following is **not** an asset account?
- A) Supplies Expense
 - B) Prepaid Insurance
 - C) Equipment
 - D) Cash

Competency: Account Classification

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- 8) Which one of the following is used to record cash received that the business does not own?
- A) Accounts Receivable
 - B) Income Tax Refund Due
 - C) Prepaid Expenses
 - D) Unearned Revenue

Competency: Account Classification

- 9) Which category of accounts is assigned the highest numbers in the chart of accounts?
- A) assets
 - B) expenses
 - C) revenues
 - D) liabilities

Competency: Account Classification

- 10) Sales is classified as:
- A) a revenue account
 - B) a liability account
 - C) an asset account
 - D) an expense account

Competency: Account Classification

- 11) What is the first step in the accounting cycle?
- A) looking at each transaction to determine its effect(s) on the business accounts
 - B) posting the information to the General Ledger
 - C) determining what accounts to debit or credit
 - D) entering the information in the journal to the accounts impacted

Competency: Terminology, Concepts, and Practices

- 12) The beginning of the year balances for Shaw Industries were: Assets \$122,000, Liabilities \$69,000, and Equity \$53,000. If the company purchased equipment costing \$56,000 with \$6,000 cash and incurred a note payable for the balance, what is the balance in the liability section of the Balance Sheet directly after the purchase?
- A) \$106,000
 - B) \$75,000
 - C) \$119,000
 - D) \$115,000

Competency: Terminology, Concepts, and Practices

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- 13) When a company attempts to support its financial recordings and reports with source documents to verify transactions, which accounting principle applies?
- A) Objective Evidence
 - B) Accounting Period Cycle
 - C) Matching of Expenses with Revenue
 - D) Consistent Reporting

Competency: Terminology, Concepts, and Practices

- 14) Using a cash register tape as a source document for weekly cash and credit card sales is an application of the accounting concept:
- A) Matching Expenses with Revenue
 - B) Realization of Revenue
 - C) Business Entity
 - D) Objective Evidence

Competency: Terminology, Concepts, and Practices

- 15) When a business receives revenue, Sales is:
- A) decreased by a credit
 - B) increased by a credit
 - C) increased by a debit
 - D) decreased by a debit

Competency: Income Statement

- 16) Information needed to prepare an income statement's expense section is obtained from a worksheet's Account Title column and:
- A) Income Statement Debit column
 - B) Balance Sheet Credit column
 - C) Income Statement Credit column
 - D) Balance Sheet Debit column

Competency: Income Statement

- 17) An account number in the journal's Post. Ref. column shows:
- A) the account to which an amount is posted
 - B) the account title of the entry
 - C) the date of the entry
 - D) that work on that journal page is completed

Competency: Posting

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- 18) The accounts listed on a post-closing trial balance are:
- A) those that have balances after the closing entries are posted
 - B) all general ledger accounts
 - C) those that have no balances after adjusting and closing entries
 - D) those that appear in the work sheet's Trial Balance columns

Competency: Posting

- 19) Which one of the following is an asset account?
- A) Rent Expense
 - B) Insurance Expense
 - C) Interest Expense
 - D) Prepaid Expense

Competency: Balance Sheet

- 20) Which one of the following statements about the Worksheet is correct?
- A) The worksheet does not use dollar signs in the columns.
 - B) The Balance Sheet numbers in the columns of the worksheet are the numbers as they appear on the formal financial statement itself.
 - C) The Post Closing Trial Balance is necessary in order to complete the statement columns.
 - D) The adjustments columns of the worksheet are completed after the adjustments are journalized.

Competency: Worksheet

- 21) Which one of the following is an example of a debit memorandum that may appear on a bank statement?
- A) bank service charge
 - B) note proceeds collected by the bank
 - C) error found by the bank
 - D) check written by the entity's customer that was not covered by their bank

Competency: Bank Reconciliation

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- 22) The following information is used to prepare the bank reconciliation.
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|--|----------|
| Balance on the bank statement provided by the bank | \$59,456 |
| Balance per the company books | \$62,113 |
| Deposits in Transit | \$3,782 |
| Outstanding Checks | \$1,915 |
| Bank Service Charge | \$23 |
| NSF check #346 received from Ajax Co. | \$768 |

What is the adjusted balance per the books?

- A) \$ 61,299
- B) \$ 57,588
- C) \$ 60,644
- D) \$ 61,322

Competency: Bank Reconciliation

- 23) The entry to journalize paying a semimonthly payroll less deductions for employee income tax, social security and Medicare tax, and U.S. Savings Bonds is a credit to Cash and the liability accounts and a debit to:
- A) Payroll Taxes Expense
 - B) Salary Expense
 - C) Unemployment Tax Payable-Federal
 - D) Cash

Competency: Payroll

- 24) All employees must report their withholding allowances on a:
- A) Form W-4
 - B) memorandum
 - C) payroll register
 - D) Form W-2

Competency: Payroll

- 25) An organization with the legal rights of a person and that may be owned by many persons is known as a(n):
- A) partnership
 - B) proprietorship
 - C) corporation
 - D) illegal entity

Competency: Types of Ownership

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- 26) The reporting of revenue, cost of merchandise sold, gross profit on operations, operating expenses, and net income or net loss on an income statement is an application of the ____ accounting concept.
- A) Adequate Disclosure
 - B) Going Concern
 - C) Accounting Period Cycle
 - D) Business Entity

Competency: Types of Ownership

- 27) The appropriate depreciation method selected by management should be for Which one of the following reasons?
- A) the method that is required by the government for filing taxes
 - B) the method that best measures the use of an asset as it provides revenue for the entity
 - C) the method that provides the best income tax result for the entity
 - D) the method that is the most convenient to calculate

Competency: Depreciation

- 28) The headings of the spreadsheet used by the company takes three lines. The numeric information begins on the next line (D4). What is the D16 cell input information for a formula to total the numbers in the D column above that line?
- A) $\text{sum}=(d4:d15)$
 - B) $\text{=sum}(D4:D15)$
 - C) $\text{=total}(Dr:D15)$
 - D) $\text{=(D4+D5+D6+D7+D8+D9+D10+D11+D12+D13+D14)}$

Competency: Manual and Computerized Systems

- 29) Which one of the following is an important consideration when using a software package for bookkeeping tasks within a company?
- A) training employees to input the information properly
 - B) checking that the procedures built into the program follow GAAP
 - C) purchasing a program that will generate all required statements
 - D) acquiring a sophisticated package

Competency: Manual and Computerized Systems

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- 30) What is the term for the affected parties in an unethical situation?
- A) invested parties
 - B) stakeholders
 - C) shareholders
 - D) interested parties

Competency: Ethics