

# FUNDAMENTAL ACCOUNTING (01)

## Regional—2005

Multiple Choice Questions (30 @ 5 pts. each) \_\_\_\_\_ (150 points)

Definitions—Matching (10 @ 5 pts. each) \_\_\_\_\_ (50 points)

### Production Portion

Job 1—Classification of Accounts (15 @ 3 points each) \_\_\_\_\_ (45 points)

Job 2—Journalizing Transactions  
and Bank Reconciliation \_\_\_\_\_ (62 points)

Job 3—Balance Sheet \_\_\_\_\_ (30 points)

Job 4—Income Statement \_\_\_\_\_ (25 points)

**TOTAL POINTS** \_\_\_\_\_ **(362 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.*

Maximum test time is 90 minutes

NOTE: The administrator should allow for orientation, instructions,  
warm-up, checking equipment, etc., before starting testing time.

Do **NOT** open test booklet until instructed to do so.

Property of Business Professionals of America.  
May be reproduced only for use in the Business Professionals of America  
*Workplace Skills Assessment Program* regional competition.

## GENERAL INSTRUCTIONS

You have been hired to keep accounting records for Professional Business Associates located at 5454 Cleveland Avenue, Columbus, OH 43231. This information is to be used for all jobs when needed.

You will have 90 minutes to complete your work. The test is divided into two parts. The objective questions and the definitions should be completed first, and then the accounting problems may be completed in any order. The production portion of the test will be graded based on your completed work. In the event of a tie, the amount of time spent working on the test will be considered and the completeness of your work will be reviewed.

Your name and/or school name should **NOT** appear on any work you submit for grading. **Write your contestant number in the upper right-hand corner of each page. Staple all pages in order before you turn in your test.**

Good Luck!

**Directions: Choose the best answer for each of the following questions and mark it on the Scantron form provided.**

1. The ending balance in retained earnings is shown in the \_\_\_\_\_.
  - a. Income Statement
  - b. Statement of retained earnings
  - c. Balance Sheet
  - d. Both (b) and (c)
  
2. Which of the following is not a correct form of the accounting equation?
  - a.  $\text{Assets} = \text{equities}$
  - b.  $\text{Assets} = \text{Liabilities} + \text{Owner's equity}$
  - c.  $\text{Assets} - \text{Liabilities} = \text{Owner's Equity}$
  - d.  $\text{Assets} + \text{Owner's Equity} - \text{Liabilities}$
  
3. When the owner invests cash in the business, what is the effect?
  - a. Liabilities increase and owner's equity increases
  - b. Both assets and liabilities increase
  - c. Both assets and owner's equity increase
  - d. None of the above
  
4. When services are performed on account, what is the effect?
  - a. Both cash and retained earnings decrease
  - b. Both cash and retained earnings increase
  - c. Both accounts receivable and retained earnings increase
  - d. Accounts payable increases and retained earnings decreases
  
5. The three forms of business organizations are single proprietorship, partnership, and trust.
  - a. True
  - b. False
  
6. The balance sheet contains the same major headings as appear in the accounting equation.
  - a. True
  - b. False
  
7. Assume that cash is paid for insurance to cover a three-year period. The recommended debit and credit are \_\_\_\_\_.
  - a. Debit Insurance Expense, credit Cash
  - b. Debit Prepaid Insurance, credit Cash
  - c. Debit Cash, credit Insurance Expense
  - d. Debit Cash, credit Prepaid Insurance

8. A company received cash from a customer in payment for delivery services on account. The correct debit and credit are \_\_\_\_\_.
- Debit Cash, credit Accounts Receivable
  - Debit Cash, credit Delivery Fee Revenue
  - Debit Accounts Receivable, credit Delivery Fee Revenue
  - None of the above
9. A company performed delivery services for a customer for cash. The correct debit and credit are \_\_\_\_\_.
- Debit Cash, credit Unearned Delivery Fees
  - Debit Cash, credit Delivery Fee Revenue
  - Debit Accounts Receivable, credit Delivery Fee Revenue
  - None of the above
10. All of the steps in the accounting cycle are performed only at the end of the accounting period.
- True
  - False
11. A transaction must be journalized in the journal before it can be posted to the ledger accounts.
- True
  - False
12. The left side of any account is the credit side.
- True
  - False
13. Revenues, liabilities, and Owner's Equity accounts are increased by debits.
- True
  - False
14. If the trial balance has equal debit and credit totals, it cannot contain any errors.
- True
  - False
15. In a bank reconciliation, if the adjusted balance per bank and the adjusted balance per books don't agree, this indicates \_\_\_\_\_.
- the proofs of each for the period are out of balance
  - the books are out of balance
  - a negative cash balance
  - an error or omission in the bank's books or the firm's books
16. A written statement ordering the bank to pay cash from funds which the person signing the statement has previously deposited in that bank is called a \_\_\_\_\_.
- check
  - bill of lading
  - stock certificate
  - promissory note
17. The bank form on which the person putting money into the bank account must list all cash and/or checks which are being placed into the account is called a \_\_\_\_\_.

**FUNDAMENTAL ACCOUNTING  
REGIONAL 2005  
PAGE 5 of 13**

- a. promissory note
  - b. deposit slip
  - c. check
  - d. voucher
18. An endorsement indicating a new owner of a check is called a(n) \_\_\_\_\_.
- a. special endorsement
  - b. restrictive endorsement
  - c. authorized endorsement
  - d. blank endorsement
19. Owner's equity may be increased by \_\_\_\_\_.
- a. owner's withdrawals
  - b. expenses
  - c. revenues
  - d. none of these
20. A journal used to record only one kind of transaction is called a \_\_\_\_\_.
- a. purchases journal
  - b. general journal
  - c. single journal
  - d. special journal
21. What is the amount of the owner's claim to an office computer that cost \$3,000 and for which \$1,000 is owed?
- a. \$3,000
  - b. \$4,000
  - c. \$1,000
  - d. \$2,000
22. What is the normal balance side of an asset account?
- a. debit
  - b. right
  - c. left
  - d. credit
  - e. a and c
23. If liabilities are \$11,000 and owner's equity is \$16,000, assets are \_\_\_\_\_.
- a. \$5,000
  - b. \$27,000
  - c. \$22,000
  - d. \$16,000
24. All of the following accounts are permanent accounts except \_\_\_\_\_.
- a. Rent Expense

- b. Cash
- c. Accounts Payable
- d. Zeta White, Capital

25. The Posting Reference column of a journal is used to \_\_\_\_\_.
- a. record the date on which an amount is posted to a ledger account
  - b. record the number of the ledger account to which the information is posted
  - c. record the number of amounts posted to that ledger account since the beginning of the current account period
  - d. record the account titles of the specific accounts affected

26. The journal entry to record the purchase of equipment for \$100 cash down payment and a balance of \$400 due in 30 days would include \_\_\_\_\_.

|    | <u>Debit</u> |       | <u>Credit</u>       |       |
|----|--------------|-------|---------------------|-------|
| a. | Equipment    | \$100 | Cash                | \$100 |
| b. | Equipment    | \$500 | Cash                | \$100 |
|    |              |       | Accounts Payable    | \$400 |
| c. | Equipment    | \$100 | Accounts Payable    | \$400 |
| d. | Equipment    | \$500 | Accounts Receivable | \$500 |

27. Drift purchased telephone equipment for cash. By mistake, the accountant debited Utilities Expense instead of Office equipment. The error was discovered after the data was posted. The correcting entry should contain \_\_\_\_\_.

|    | <u>Debit</u>      | <u>Credit</u>     |
|----|-------------------|-------------------|
| a. | Office Equipment  | Cash              |
| b. | Office Equipment  | Utilities Expense |
| c. | Cash              | Office Equipment  |
| d. | Utilities Expense | Office Equipment  |

28. The Cash account has a \$20,000 debit balance. A \$6,000 credit entry and a \$9,000 debit entry are posted to the account. The final balance of the Cash account is recorded as \_\_\_\_\_.

- a. \$23,000 debit balance
- b. \$25,000 debit balance
- c. \$17,000 debit balance
- d. \$35,000 debit balance

29. The entry to replenish petty cash fund \_\_\_\_\_.

|    | <u>Debit</u>             | <u>Credit</u>   |
|----|--------------------------|-----------------|
| a. | Various Expense accounts | Cash            |
| b. | Petty Cash Fund          | Cash            |
| c. | Various Expense accounts | Petty Cash Fund |
| d. | Cash                     | Petty Cash Fund |

30. Tracey's bank reconciliation statement shows the following:

|          |       |
|----------|-------|
| Interest | \$120 |
|----------|-------|

|                    |       |
|--------------------|-------|
| Service Charge     | \$ 10 |
| Outstanding Checks | \$200 |
| Deposit in Transit | \$320 |

Tracey's checkbook balance before adjustments was \$12,560. Tracey's adjusted checkbook balance is \_\_\_\_\_.

- a. \$12,370
- b. \$12,250
- c. \$12,790
- d. \$12,670

**Match the following definitions with the correct accounting terms. Record your answers below.**

**Definitions:**

- 1. Assets = Liabilities + Owner's Equity
- 2. Financial statement that lists a company's assets, liabilities, and owner's equity
- 3. Costs incurred to produce revenues, measured by the assets surrendered or consumed in serving customers
- 4. Financial statement that shows the revenues and expenses and reports the profitability of a business organization for a stated period of time
- 5. Debts owed by a business; or creditors' equity
- 6. Amount by which the revenues of a period exceed the expenses of the same period
- 7. Any written or printed evidence of a business transaction that describes the essential facts of that transaction.
- 8. A business activity or event that causes a measurable change in the items in the accounting equation.
- 9. Things of value owned by the business.
- 10. Companies that perform services for a fee.

**Terms**

|                  |       |                     |       |
|------------------|-------|---------------------|-------|
| Balance Sheet    | _____ | Source Document     | _____ |
| Expenses         | _____ | Service Companies   | _____ |
| Income Statement | _____ | Assets              | _____ |
| Net Income       | _____ | Accounting Equation | _____ |
| Transaction      | _____ | Liabilities         | _____ |

**Classify each account listed below as one of the following:**

A = Asset

L = Liabilities

OE = Owner's Equity

R = Revenue

E = Expenses

- |       |     |                                       |
|-------|-----|---------------------------------------|
| _____ | 1.  | Accounts Payable—Payless Printing Co. |
| _____ | 2.  | Jennifer Whitman, Capital             |
| _____ | 3.  | Cash in checking account              |
| _____ | 4.  | Fees received                         |
| _____ | 5.  | Office Equipment                      |
| _____ | 6.  | Sales                                 |
| _____ | 7.  | Rent paid                             |
| _____ | 8.  | Supplies                              |
| _____ | 9.  | Jennifer Whitman, Drawing             |
| _____ | 10. | Electric bill                         |
| _____ | 11. | Insurance premiums paid in advance    |
| _____ | 12. | Radio promotion                       |
| _____ | 13. | Furniture                             |
| _____ | 14. | Commissions earned                    |
| _____ | 15. | Microcomputer                         |



**Job 1—Journalizing Transactions and Reconciling a Bank Statement**

Listed below are the general ledger accounts for Ryan’s Copies.

|                             |                           |                       |
|-----------------------------|---------------------------|-----------------------|
| 110 Cash                    | 140 Prepaid Insurance     | 535 Repair Expense    |
| 115 Petty Cash              | 320 David Ryan, Drawing   | 540 Supplies Expense  |
| 120 Accts. Rec.-Dick’s Deli | 520 Miscellaneous Expense | 550 Utilities Expense |
| 130 Supplies                | 530 Rent Expense          |                       |

**Instructions:**

1. Journalize the following transactions completed during May of the current year. Use page 12 of journal. Source documents are abbreviated as follows: check, C; memorandum, M.

**Transactions**

- May 21. Wrote a check for \$100.00 to establish a petty cash fund. C61.
24. Issued a \$110.00 check for repairs. C62.
26. Bought supplies for \$20.00 cash. C63.
27. The bank notified Ryan’s Copies that a check from Dick’s Deli had been dishonored. The check was for \$50.00. In addition, the bank is charging a fee of \$20.00 for a total of \$70.00. M22.
28. Issued a \$15.00 check for a miscellaneous expense. C64.
31. Wrote a check to David Ryan for his personal use, \$200.00. C65.
31. Replenished the petty cash fund by writing a check for \$55.00: supplies, \$45.00; miscellaneous expense, \$10.00. C66.

| JOURNAL |               |          |            |         |        |              | PAGE  |        |    |
|---------|---------------|----------|------------|---------|--------|--------------|-------|--------|----|
| DATE    | ACCOUNT TITLE | DOC. NO. | POST. REF. | GENERAL |        | SALES CREDIT | CASH  |        |    |
|         |               |          |            | DEBIT   | CREDIT |              | DEBIT | CREDIT |    |
| 1       |               |          |            |         |        |              |       |        | 1  |
| 2       |               |          |            |         |        |              |       |        | 2  |
| 3       |               |          |            |         |        |              |       |        | 3  |
| 4       |               |          |            |         |        |              |       |        | 4  |
| 5       |               |          |            |         |        |              |       |        | 5  |
| 6       |               |          |            |         |        |              |       |        | 6  |
| 7       |               |          |            |         |        |              |       |        | 7  |
| 8       |               |          |            |         |        |              |       |        | 8  |
| 9       |               |          |            |         |        |              |       |        | 9  |
| 10      |               |          |            |         |        |              |       |        | 10 |
| 11      |               |          |            |         |        |              |       |        | 11 |
| 12      |               |          |            |         |        |              |       |        | 12 |
| 13      |               |          |            |         |        |              |       |        | 13 |
| 14      |               |          |            |         |        |              |       |        | 14 |
| 15      |               |          |            |         |        |              |       |        | 15 |
| 16      |               |          |            |         |        |              |       |        | 16 |
| 17      |               |          |            |         |        |              |       |        | 17 |
| 18      |               |          |            |         |        |              |       |        | 18 |
| 19      |               |          |            |         |        |              |       |        | 19 |
| 20      |               |          |            |         |        |              |       |        | 20 |
| 21      |               |          |            |         |        |              |       |        | 21 |
| 22      |               |          |            |         |        |              |       |        | 22 |
| 23      |               |          |            |         |        |              |       |        | 23 |
| 24      |               |          |            |         |        |              |       |        | 24 |
| 25      |               |          |            |         |        |              |       |        | 25 |

2. On May 31 of the current year, Ryan’s Copies received a bank statement dated May 30. Prepare a bank statement reconciliation. Use May 31 of the current year as the date. The following information is obtained from the May 30 bank statement and from the records of the business.

|  |            |
|--|------------|
| Bank statement balance                 | \$1,685.00 |
| Bank service charge                    | 25.00      |
| Outstanding deposit, May 31            | 430.00     |
| Outstanding checks, Nos. 65 and 66     |            |
| Checkbook balance on Check Stub No. 67 | \$1,885.00 |

3. Continue using the journal and journalize the following transaction.

**Transaction:**

May 31. Received bank statement showing May bank service charge, \$25.00. M23.

**RECONCILIATION OF BANK STATEMENT**

DATE \_\_\_\_\_

|                                 |        |
|---------------------------------|--------|
| Balance on Check Stub No. _____ |        |
| <b>DEDUCT BANK CHARGES:</b>     |        |
| Description                     | Amount |
|                                 |        |
|                                 |        |
|                                 |        |
|                                 |        |
| Total bank charges              | _____  |
| Adjusted Check Stub Balance     | _____  |

|                                   |        |           |        |
|-----------------------------------|--------|-----------|--------|
| Balance on Bank Statement         |        |           |        |
| <b>ADD OUTSTANDING DEPOSITS:</b>  |        |           |        |
| Date                              | Amount |           |        |
|                                   |        |           |        |
|                                   |        |           |        |
| Total outstanding deposits        | _____  |           |        |
| <b>SUBTOTAL</b>                   |        |           |        |
| <b>DEDUCT OUTSTANDING CHECKS:</b> |        |           |        |
| Check No.                         | Amount | Check No. | Amount |
|                                   |        |           |        |
|                                   |        |           |        |
|                                   |        |           |        |
|                                   |        |           |        |
| Total outstanding checks          | _____  |           |        |
| Adjusted Bank Balance             | _____  |           |        |

**Job 2—Preparing Financial Statements**

The following information is obtained from the work sheet of Ryan’s Copies for the month ended May 31 of the current year.

|                                 |          |
|---------------------------------|----------|
| Cash                            | 8,320.00 |
| Petty Cash                      | 325.00   |
| Accounts Receivable-Dick’s Deli | 175.00   |
| Supplies                        | 600.00   |
| Prepaid Insurance               | 120.00   |
| David Ryan, Capital             | 7,860.00 |
| David Ryan, Drawing             | 1,600.00 |
| Sales                           | 5,600.00 |
| Miscellaneous Expense           | 500.00   |
| Rent Expense                    | 500.00   |
| Repair Expense                  | 260.00   |
| Supplies Expense                | 500.00   |
| Utilities Expense               | 1,600.00 |







# FUNDAMENTAL ACCOUNTING (01)

## KEY

### Regional—2005

|  |                             |
|--|-----------------------------|
| Multiple Choice Questions ( <i>30 @ 5 pts. each</i> )          | _____ (150 points)          |
| Definitions—Matching ( <i>10 @ 5 pts. each</i> )               | _____ ( 50 points)          |
| <b>Production Portion</b>                                      |                             |
| Job 1—Classification of Accounts ( <i>15 @ 3 points each</i> ) | _____ (45 points)           |
| Job 2—Journalizing Transactions<br>and Bank Reconciliation     | _____ (62 points)           |
| Job 3—Balance Sheet  | _____ (30 points)           |
| Job 4—Income Statement   | _____ (25 points)           |
| <b>TOTAL POINTS</b>  | _____ ( <b>362 points</b> ) |

---

**Graders:**

Double-check and verify all scores!

Property of Business Professionals of America.  
May be reproduced only for use in the Business Professionals of America  
*Workplace Skills Assessment Program* regional competition.



## GENERAL INSTRUCTIONS

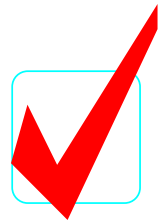
You have been hired to keep accounting records for Professional Business Associates located at 5454 Cleveland Avenue, Columbus, OH 43231. This information is to be used for all jobs when needed.

You will have 90 minutes to complete your work. The test is divided into two parts. The objective questions and the definitions should be completed first, and then the accounting problems may be completed in any order. The production portion of the test will be graded based on your completed work. In the event of a tie, the amount of time spent working on the test will be considered and the completeness of your work will be reviewed.

Your name and/or school name should **NOT** appear on any work you submit for grading. **Write your contestant number in the upper right-hand corner of each page. Staple all pages in order before you turn in your test.**

Good Luck!

**FUNDAMENTAL ACCOUNTING  
REGIONAL 2005  
KEY  
PAGE 3 of 8**



1. D
2. D
3. C
4. C
5. B
6. A
7. B
8. A
9. B
10. B
11. A
12. B
13. B
14. B
15. D
16. A
17. B
18. A
19. C
20. D
21. D
22. E
23. B
24. A
25. B
26. B
27. B
28. A
29. B
30. D



**FUNDAMENTAL ACCOUNTING  
REGIONAL 2005  
KEY  
PAGE 4 of 8**



| Terms               |    |
|---------------------|----|
| Balance Sheet       | 2  |
| Expenses            | 3  |
| Income Statement    | 4  |
| Net Income          | 6  |
| Transaction         | 8  |
| Source Document     | 7  |
| Service Companies   | 10 |
| Assets              | 9  |
| Accounting Equation | 1  |
| Liabilities         | 5  |

***Graders: 5 pts. each***

A = Asset

L = Liabilities

OE = Owner's Equity

R = Revenue

E = Expenses

***Graders: 3 pts. each***

- L 1. Accounts Payable—Payless Printing Co.
- OE 2. Jennifer Whitman, Capital
- A 3. Cash in checking account
- R 4. Fees received
- A 5. Office Equipment
- R 6. Sales



- E 7. Rent paid
- A 8. Supplies
- OE 9. Jennifer Whitman, Drawing
- E 10. Electric bill
- A 11. Insurance premiums paid in advance
- E 12. Radio promotion
- A 13. Furniture
- R 14. Commissions earned
- A 15. Microcomputer

**Job 1—Journalizing Transactions and Reconciling a Bank Statement**

*Graders: 1 pt.  
for each entry  
in each column*

Listed below are the general ledger accounts for Ryan’s Copies.

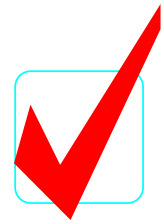
|                             |                           |                       |
|-----------------------------|---------------------------|-----------------------|
| 110 Cash                    | 140 Prepaid Insurance     | 535 Repair Expense    |
| 115 Petty Cash              | 320 David Ryan, Drawing   | 540 Supplies Expense  |
| 120 Accts. Rec.-Dick’s Deli | 520 Miscellaneous Expense | 550 Utilities Expense |
| 130 Supplies                | 530 Rent Expense          |                       |

**Instructions:**

1. Journalize the following transactions completed during May of the current year. Use page 12 of journal. Source documents are abbreviated as follows: check,C; memorandum, M.

**Transactions**

- May 21. Wrote a check for \$100.00 to establish a petty cash fund. C61.
- 24. Issued a \$110.00 check for repairs. C62.
- 26. Bought supplies for \$20.00 cash. C63.
- 27. The bank notified Ryan’s Copies that a check from Dick’s Deli had been dishonored. The check was for \$50.00. In addition, the bank is charging a fee of \$20.00 for a total of \$70.00. M22.
- 28. Issued a \$15.00 check for a miscellaneous expense. C64.
- 31. Wrote a check to David Ryan for his personal use, \$200.00. C65.
- 31. Replenished the petty cash fund by writing a check for \$55.00: supplies, \$45.00; miscellaneous expense, \$10.00. C66.



| DATE |        | ACCOUNT TITLE                    | DOC. NO. | POST. REF. | GENERAL |        | SALES CREDIT | CASH  |        |
|------|--------|----------------------------------|----------|------------|---------|--------|--------------|-------|--------|
|      |        |                                  |          |            | DEBIT   | CREDIT |              | DEBIT | CREDIT |
| 1    | May 21 | Petty Cash                       | C61      |            | 100.00  |        |              |       | 100.00 |
| 2    | 24     | Repair Expense                   | C62      |            | 110.00  |        |              |       | 110.00 |
| 3    | 26     | Supplies                         | C63      |            | 20.00   |        |              |       | 20.00  |
| 4    | 27     | Accounts Receivable--Dick's Deli | M22      |            | 70.00   |        |              |       | 70.00  |
| 5    | 28     | Miscellaneous Expense            | C65      |            | 15.00   |        |              |       | 15.00  |
| 6    | 31     | David Ryan, Drawing              | C64      |            | 200.00  |        |              |       | 200.00 |
| 7    | 31     | Supplies                         | C66      |            | 45.00   |        |              |       | 55.00  |
| 8    |        | Miscellaneous Expense            |          |            | 10.00   |        |              |       |        |
| 9    | 31     | Miscellaneous Expense            | M23      |            | 25.00   |        |              |       | 25.00  |
| 10   |        |                                  |          |            |         |        |              |       |        |
| 11   |        |                                  |          |            |         |        |              |       |        |
| 12   |        |                                  |          |            |         |        |              |       |        |

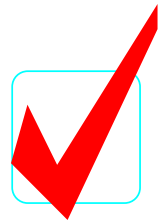
2. On May 31 of the current year, Ryan's Copies received a bank statement dated May 30. Prepare a bank statement reconciliation. Use May 31 of the current year as the date. The following information is obtained from the May 30 bank statement and from the records of the business.

|  |            |
|--|------------|
| Bank statement balance                 | \$1,685.00 |
| Bank service charge                    | 25.00      |
| Outstanding deposit, May 31            | 430.00     |
| Outstanding checks, Nos. 65 and 66     |            |
| Checkbook balance on Check Stub No. 67 | \$1,885.00 |

3. Continue using the journal and journalize the following transaction.

**Transaction:**

May 31. Received bank statement showing May bank service charge, \$25.00. M23.



|                                    |                 |
|------------------------------------|-----------------|
| Balance on Check Stub No. _____ 67 | <u>1,885.00</u> |
| <b>DEDUCT BANK CHARGES:</b>        |                 |
| Description                        | Amount          |
| Service Charge                     | 25.00           |
|                                    |                 |
|                                    |                 |
| Total bank charges                 | <u>25.00</u>    |
| Adjusted Check Stub Balance        | <u>1,860.00</u> |

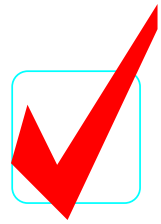
|                                   |                 |           |                 |
|-----------------------------------|-----------------|-----------|-----------------|
| Balance on Bank Statement         | <u>1,685.00</u> |           |                 |
| <b>ADD OUTSTANDING DEPOSITS:</b>  |                 |           |                 |
| Date                              | Amount          |           |                 |
| 5/31/2004                         | 430.00          |           |                 |
|                                   |                 |           |                 |
| Total outstanding deposits        | <u>430.00</u>   |           |                 |
| <b>SUBTOTAL</b>                   | <u>2,115.00</u> |           |                 |
| <b>DEDUCT OUTSTANDING CHECKS:</b> |                 |           |                 |
| Check No.                         | Amount          | Check No. | Amount          |
| 65                                | 200.00          | 66        | 55.00           |
|                                   |                 |           |                 |
|                                   |                 |           |                 |
|                                   |                 |           |                 |
| Total outstanding checks          |                 |           | <u>255.00</u>   |
| Adjusted Bank Balance             |                 |           | <u>1,860.00</u> |

**Job 2—Preparing Financial Statements**

The following information is obtained from the work sheet of Ryan’s Copies for the month ended May 31 of the current year.

|                                 |          |
|---------------------------------|----------|
| Cash                            | 8,320.00 |
| Petty Cash                      | 325.00   |
| Accounts Receivable-Dick’s Deli | 175.00   |
| Supplies                        | 600.00   |
| Prepaid Insurance               | 120.00   |
| David Ryan, Capital             | 7,860.00 |
| David Ryan, Drawing             | 1,600.00 |
| Sales                           | 5,600.00 |
| Miscellaneous Expense           | 500.00   |
| Rent Expense                    | 500.00   |
| Repair Expense                  | 260.00   |
| Supplies Expense                | 500.00   |
| Utilities Expense               | 1,600.00 |

*Graders: 1 pt. for each entry in each column. 3 pts. for heading; and 1 pt. for correct rulings*



Instructions:

1. Prepare an income statement for the month ended May 31 of the current year.

Ryan's Copies  
Income Statement  
For Month Ended May 31, 2005

|                       |          |          |
|-----------------------|----------|----------|
| Revenue:              |          |          |
| Sales                 |          | 5,600.00 |
| Expenses:             |          |          |
| Miscellaneous Expense | 500.00   |          |
| Rent Expense          | 500.00   |          |
| Repair Expense        | 260.00   |          |
| Supplies Expense      | 500.00   |          |
| Utilities Expense     | 1,600.00 |          |
| Total Expenses        |          | 3,360.00 |
| Net Income            |          | 2,240.00 |
|                       |          |          |

2. Prepare a balance sheet for May 31 of the current year.

Ryan's Copies  
Balance Sheet  
May 31, 2005

| Assets                   |          | Liabilities                              |          |
|--------------------------|----------|--|----------|
| Cash                     | 8,320.00 | Accounts Payable--Summervilles' Supplies | 440.00   |
| Petty Cash               | 325.00   | Accounts Payable--Turner Company         | 600.00   |
| Accts. Rec.--Dick's Deli | 175.00   | Total Liabilities                        | 1,040.00 |
| Supplies                 | 600.00   | Owner's Equity                           |          |
| Prepaid Insurance        | 120.00   | David Ryan, Capital                      | 8,500.00 |
| Total Assets             | 9,540.00 | Total Liabilities and Owner's Equity     | 9,540.00 |
|                          |          |  |          |

*Graders: 1 pt. for each entry in each column. 3 pts. for heading; and 1 pt. for correct rulings*