

ADVANCED ACCOUNTING (110)

—Secondary—

REGIONAL – 2017

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

Short Answers (18 @ 3 points each) _____ (54 points)

Problems:

Job 1—Classifying Accounts (1 point each) _____ (72 points)

Job 2—Liquidating a Partnership _____ (36 points)

Job 3—Horizontal Analysis/BS (1 point each) _____ (54 points)

TOTAL POINTS _____ (256 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 consists of multiple sections; you may complete them in any order.

Your name and/or school name must *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.

Round calculations to two decimal places at each step.

Use 365 days for calculating interest.

Multiple Choice (2 points each)

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

1. Cost of merchandise sold equals
 - a. net sales minus gross profit
 - b. net sales minus operating expenses
 - c. beginning inventory plus net purchases minus ending inventory
 - d. beginning inventory minus net purchases plus ending inventory

2. The depreciation method that does *not* use the salvage value in calculating annual depreciation is the
 - a. straight-line method
 - b. double-declining balance method
 - c. sum-of-the-years digits method
 - d. units of production method

3. Which of the following inventory systems maintains a constant, up-to-date record of merchandise on hand?
 - a. first-in, first out system
 - b. last-in, first-out system
 - c. periodic inventory system.
 - d. perpetual inventory system.

4. In periods of rising prices, which inventory method will result in a *lower* gross profit?
 - a. FIFO
 - b. LIFO
 - c. weighted average
 - d. income average

5. Which type of accounts are *closed* at the end of a fiscal period?
 - a. capital accounts
 - b. all permanent accounts
 - c. all contra accounts
 - d. all temporary accounts

6. Recording depreciation expense on a plant asset is an application of what GAAP concept?
 - a. going concern
 - b. business entity
 - c. consistent reporting
 - d. matching expenses with revenue

7. All long-term assets *except* _____ are depreciated.
 - a. building
 - b. land
 - c. truck
 - d. office furniture

8. The amount paid on the maturity date of a note is the
 - a. principal
 - b. interest
 - c. maturity value
 - d. accrual

9. John invests \$50,800 cash and a truck with a market value of \$16,400 into a partnership. Lynn invests \$42,000 cash and office equipment with a market value of \$8,500. What is the credit to Lynn's capital account?
 - a. \$ 8,500
 - b. \$42,000
 - c. \$50,500
 - d. \$57,200

10. The balance of accounts receivable less the allowance for uncollectible accounts is the formula for calculating
 - a. uncollectible accounts expense
 - b. book value of accounts receivable
 - c. the contra account balance to accounts receivable
 - d. total collections of previously written-off accounts

11. Some examples of long-term assets are
 - a. supplies, truck, and delivery equipment
 - b. supplies, prepaid insurance, and building
 - c. cash, delivery truck, and equipment
 - d. office equipment, land, and delivery truck

12. If a long-term asset costs \$5,000, has accumulated depreciation of \$4,200, and is sold for \$700, the gain or loss on disposal is
 - a. \$100 gain
 - b. \$100 loss
 - c. \$700 gain
 - d. \$700 loss

13. A periodic inventory normally is taken
 - a. at the end of every month
 - b. quarterly
 - c. at the end of a fiscal period
 - d. only when a stock shortage is suspected

14. Interest on a promissory note is stated as
 - a. the total of the principal plus interest
 - b. a percentage of the principal
 - c. a number of cents on the dollar
 - d. a given amount of money

15. The adjusting entry for accrued interest expense is
 - a. debit Income Summary; credit Interest Expense
 - b. debit Interest Expense; credit Income Summary
 - c. debit Interest Income; credit Interest Receivable
 - d. debit Interest Expense; credit Interest Payable

16. Maturity value for a note is calculated as
 - a. principal plus interest equals maturity value
 - b. principal times interest equals maturity value
 - c. principal times interest rate equals maturity value
 - d. principal plus interest rate equals maturity value

17. To close the expense and cost accounts at the end of the fiscal period,
 - a. debit the expense and cost accounts; credit income summary
 - b. debit the expense accounts; credit the capital accounts
 - c. debit Income Summary; credit the expense and cost accounts
 - d. debit Income Summary; credit the capital accounts

18. A company has net sales of \$350,000, gross profit of \$275,000, and total operating expenses of \$155,000. What is the component percentage of net income?
 - a. 34.2%
 - b. 34.3%
 - c. 78.5%
 - d. 78.6%

19. To record the declaring of a dividend,
 - a. debit Dividends Expense; credit Dividends Payable
 - b. debit Dividends; credit Cash
 - c. debit Dividends; credit Dividends Payable
 - d. debit Retained Earnings; credit Dividends Payable

20. When noncash assets are liquidated and the amount received exceeds the book value of the asset liquidated, there is a
 - a. net income
 - b. net loss
 - c. gain on the realization
 - d. loss on the realization

Short Answer (3 points each)

1. The Balloon Company had the following transactions that affected Accounts Receivable during the month of August.

- A customer paid \$386.42 on account.
- A customer purchased \$2,236.86 of merchandise on account.
- Another customer paid \$4,120.75 on account.

On August 1 the balance of Accounts Receivable was \$13,899.32. On August 31, the balance was computed to be \$11,734.82.

(a) Is the balance correct? (a) _____

(b) If not, what should the balance be? (b) _____

2. Based on the following table, calculate the difference between beginning and ending inventory. Indicate whether you would debit or credit Merchandise Inventory when making the adjusting entry at the end of the fiscal period.

Quarter	Beginning Inventory	Ending Inventory	(1) Difference	(2) DR or CR to Merchandise Inventory
1	\$62,000	\$77,000		
2	\$77,000	\$82,000		
3	\$82,000	\$52,000		
4	\$52,000	\$50,000		

3. Moments, Inc. has employed you to prepare their financial statements. Using the data listed below, calculate gross profit on sales and net income or net loss.

Net Sales = \$75,000

Cost of Merchandise Sold = \$36,500

Operating Expenses = \$15,075

Gross Profit _____

Net Income/Loss _____

4. Based on the data below, calculate the cost of ending inventory using LIFO, FIFO, and Weighted Average. The company had 23 scarves left in inventory.

Beginning Inventory	11 scarves	@	\$3.81 each
February 15	16 scarves	@	\$3.90 each
April 3	12 scarves	@	\$3.98 each
May 18	10 scarves	@	\$4.04 each
July 5	18 scarves	@	\$4.07 each
September 16	12 scarves	@	\$4.11 each
November 6	8 scarves	@	\$4.12 each

LIFO _____

FIFO _____

Weighted Average _____

5. On August 10, your company borrowed \$12,800 from the People’s Bank by issuing a 45-day, 12% note payable. People’s Bank uses exact interest.

(a) When is the note due? (a) _____

(b) How much interest will your company pay? (b) _____

(c) What is the maturity value of the note? (c) _____

Problems

Job 1—Classifying Accounts (1 point each)

For each account listed below, state its classification (*asset, liability, stockholder's equity, revenue, cost of merchandise, expense*), whether it has a normal debit or credit balance, and what financial statement (*Income Statement, Statement of Stockholders' Equity, or Balance Sheet*) it will appear on (*can be more than one*).

Use codes provided above the columns. The first one is done as an example.

ACCOUNT	CLASSIFICATION (A, L, SE, R, CM, E)	NORMAL BALANCE (DR or CR)	FINANCIAL STATEMENT (IS, SOSE, BS)
Accounts Payable	L	CR	BS
Accounts Receivable			
Bankcard Fees Expense			
Capital Stock			
Cash			
Payroll Tax Expense			
Federal Corporate Income Tax Payable			
Prepaid Insurance			
Insurance Expense			
Purchases			
Sales			
Store Equipment			
Purchases Discounts			
Supplies			
Sales Returns & Allowances			
Sales Tax Payable			
Purchases Returns & Allowances			
Retained Earnings			
Allowance for Uncollectible Accounts			
Dividends			
Sales Discounts			
Accumulated Depreciation—Equipment			
Federal Corporate Income Tax Expense			
Merchandise Inventory			
Treasury Stock			

Job 3—Horizontal Analysis of a Comparative Balance Sheet (1 point each)

Complete the sections of the comparative balance sheet, perform a horizontal analysis, and calculate the requested ratios below the statement. Round percentages to one decimal place.

Sassy Clothing						
Comparative Balance Sheet						
For Years Ended December 31, 2014 and 2015						
					Increase /Decrease	
			Current Year-2015	Previous Year-2014	Dollars	Percent
ASSETS						
Cash			15,179	12,115		
Accounts Receivable			10,404	8,220		
Merchandise Inventory			81,385	84,921		
Supplies			1,839	1,587		
Prepaid Insurance			1,375	0		
Delivery Equipment			19,831	12,462		
Office Equipment			9,825	5,854		
Store Equipment			5,200	3,500		
Total Assets			\$	\$		
LIABILITIES						
Accounts Payable			13,850	22,433		
Federal Corporate Inc. Tax Payable			155	140		
Employees' Federal Inc. Tax Payable			640	608		
Employees' State Inc. Tax Payable			80	72		
Social Security Tax Payable			248	241		
Medicare Tax Payable			58	56		
Federal Unemployment Tax Payable			18	17		
State Unemployment Tax Payable			115	103		
Sales Tax Payable			2,428	3,158		
Total Liabilities			\$	\$		
STOCKHOLDERS' EQUITY						
Capital Stock			75,000	75,000		
Retained Earnings			52,446	26,831		
Total Stockholders' Equity			\$	\$		
Total Liabilities & Stockholders' Equity			\$	\$		



ADVANCED ACCOUNTING (110)

—Secondary— REGIONAL – 2017

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

Short Answers (18 @ 3 points each) _____ (54 points.)

Problems:

Job 1—Classifying Accounts (1 point. each) _____ (72 points)

Job 2—Liquidation of a Partnership (1 point each) _____ (36 points)

Job 3—Balance Sheet Analysis (1 point each) _____ (54 points)

TOTAL POINTS _____ (256 points)

**Judge/Graders: Please double check and verify all
scores and answer keys!**

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 consists of multiple sections; you may complete them in any order.

Your name and/or school name must *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.

Round calculations to two decimal places at each step.

Use 365 days for calculating interest.



Multiple Choice—(20 @ 2 pts. each)

1.	C	11.	D
2.	B	12.	B
3.	D	13.	C
4.	B	14.	B
5.	D	15.	D
6.	D	16.	A
7.	B	17.	C
8.	C	18.	B
9.	C	19.	C
10.	B	20.	C

Short Answer— (each answer worth 3 points, 3 @ 18 = 54 pts.)

- (A) **NO**

(B) **\$11,269.01**
- NOTE TO GRADER: If students have a negative number for the difference in 3 & 4, count as correct.***

Quarter	Beginning Inventory	Ending Inventory	(1) Difference	(2) DR or CR to Merchandise Inventory
1	\$62,000	\$77,000	\$15,000	DR
2	\$77,000	\$82,000	\$5,000	DR
3	\$82,000	\$52,000	\$30,000	CR
4	\$52,000	\$50,000	\$2,000	CR



3. Gross Profit: \$38,500

Net Income/Loss \$23,425

4. LIFO \$88.71

FIFO \$94.49

Weighted Average \$92.00

5. (a) Sept. 24

(b) \$189.37

(c) \$12,989.37



Problems

Job 1—Classifying Accounts—(worth 1 point each)

ACCOUNT	CLASSIFICATION (A, L, SE, R, CM, E)	NORMAL BALANCE (DR or CR)	FINANCIAL STATEMENT (IS, SOSE, BS)
Accounts Payable	L	CR	BS
Accounts Receivable	A	DR	BS
Bankcard Fees Expense	E	DR	IS
Capital Stock	SE	CR	SOSE, BS
Cash	A	DR	BS
Payroll Tax Expense	E	DR	IS
Federal Corporate Income Tax Payable	L	CR	BS
Prepaid Insurance	A	DR	BS
Insurance Expense	E	DR	IS
Purchases	CM	DR	IS
Sales	R	CR	IS
Store Equipment	A	DR	BS
Purchases Discounts	CM	CR	IS
Supplies	A	DR	BS
Sales Returns & Allowances	R	DR	IS
Sales Tax Payable	L	CR	BS
Purchases Returns & Allowances	CM	CR	IS
Retained Earnings	SE	CR	SOSE, BS
Allowance for Uncollectible Accounts	A	CR	BS
Dividends	SE	DR	SOSE
Sales Discounts	R	DR	IS
Accumulated Depreciation—Equipment	A	CR	BS
Federal Corporate Income Tax Expense	E	DR	IS
Merchandise Inventory	A	DR	IS, BS <i>or</i> just BS
Treasury Stock	SE	DR	SOSE, BS



Job 2—Liquidation of a Partnership—(worth 1 point each, award *no points* for the date or doc)

General Journal

Date	Description	Doc	Debit	Credit
Aug. 1	Cash		3,000	
	Accum. Depr.—Equipment		800	
	Gain on Realization			800
	Equipment			3,000
1	Cash		50	
	Loss on Realization		100	
	Supplies			150
3	Accounts Payable		300	
	Cash			300
4	Gain on Realization		800	
	S. Grumpy, Capital			400
	B. Peters, Capital			400
4	S. Grumpy, Capital		50	
	B. Peters, Capital		50	
	Loss on Realization			100
4	S. Grumpy, Capital		6,400	
	B. Peters, Capital		5,350	
	Cash			11,750



Job 3—Horizontal Analysis of a Comparative Balance Sheet (worth 1 point each)

Complete the sections of the comparative balance sheet and perform a horizontal analysis.

NOTE TO GRADER: Zero balances can be indicated by --, NA, or a zero.

Sassy Clothing						
Comparative Balance Sheet						
For Years Ended December 31, 2014 and 2015						
				Increase /Decrease		
		Current Year-2015	Previous Year-2014	Dollars	Percent	
ASSETS						
Cash		15,179	12,115	\$3,064	25.3	
Accounts Receivable		10,404	8,220	2,184	26.6	
Merchandise Inventory		81,385	84,921	(3,536)	(4.2)	
Supplies		1,839	1,587	252	15.9	
Prepaid Insurance		1,375	0	1,375	--	
Delivery Equipment		19,831	12,462	7,369	59.1	
Office Equipment		9,825	5,854	3,971	67.8	
Store Equipment		5,200	3,500	1,700	48.6	
Total Assets		\$145,038	\$128,659	\$16,379	12.7	
LIABILITIES						
Accounts Payable		13,850	22,433	(8,583)	(38.3)	
Federal Corporate Inc. Tax Payable		155	140	15	10.7	
Employees' Federal Inc. Tax Payable		640	608	32	5.3	
Employees' State Inc. Tax Payable		80	72	8	11.1	
Social Security Tax Payable		248	241	7	2.9	
Medicare Tax Payable		58	56	2	3.6	
Federal Unemployment Tax Payable		18	17	1	5.9	
State Unemployment Tax Payable		115	103	12	11.7	
Sales Tax Payable		2,428	3,158	(730)	(23.1)	
Total Liabilities		\$17,592	\$26,828	(9,236)	(34.4)	
STOCKHOLDERS' EQUITY						
Capital Stock		75,000	75,000	--	--	
Retained Earnings		52,446	26,831	25,615	95.5	
Total Stockholders' Equity		\$127,446	\$101,831	25,615	25.2	
Total Liabilities & Stockholders' Equity		\$145,038	\$128,659	\$16,379	12.7	