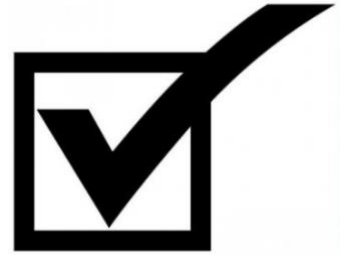




**BUSINESS
PROFESSIONALS
of AMERICA**
Giving Purpose to Potential



COLLEGE ACCOUNTING

(105)

REGIONAL 2023

CONCEPT KNOWLEDGE:

Matching (20 @ 2 points each) _____ (40 points)

APPLICATION KNOWLEDGE:

Short Answer _____ (45 points)

Problem 1: Journal Entries _____ (69 points)

Problem 2: Adjusting Entries _____ (64 points)

Problem 3: Financial Statements _____ (60 points)

TOTAL POINTS _____ ***(278 points)***

Test Time: 90 minutes

GENERAL GUIDELINES:

Failure to adhere to any of the following rules will result in disqualification:

1. Member must hand in this test booklet and all printouts if any. 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 (handwritten, photocopied, or keyed) are allowed in the testing area.
3. Electronic devices will be monitored according to ACT standards.

EXAM GUIDELINES:

You have been hired as a Financial Assistant and will be keeping the accounting records for Digital Solutions, located at 700 Morse Road, Suite 201, Columbus, Ohio 43214. Digital Solutions provides accounting and other financial services for clients. You will complete jobs for Digital Solutions' own accounting records, as well as for clients.

You will have 90 minutes to complete your work. The test is divided into two parts: concept knowledge and application knowledge.

Your name and/or school name should *not* appear on any work you submit for grading. Write your Member ID in the provided space. Staple all pages in order before you turn in your test.

Assumptions to make when taking this assessment:

- Round all calculations at the final step.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

Multiple Choice

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

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

Short Answer (3 Points Each)

1. Indicate the financial statement on which each of the following items appears. Use IS for Income Statement, RE for Statement of Retained Earnings, and BS for Balance Sheet

Financial Statement	Account
BS	Rent Payable
RE	Dividends
BS	Note Payable
BS	Unearned Revenue
IS	Service Revenue
IS	Interest Expense
IS	Utilities Expense
BS	Prepaid Insurance
BS	Supplies
BS	Accumulated Depreciation

2. The Accounts Payable account has a beginning balance of \$11,000 and the company purchased \$41,000 of supplies on account during the month. The ending balance was \$19,000.

How much did the company pay to creditors during the month?	\$33,000
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3. Following are transactions of Jonna Inc., a new company, during the month of January:

Issued 10,000 shares of common stock for \$15,000 cash
Purchased land for \$12,000, signing a note payable for the full amount
Purchase office equipment for \$1,200 cash
Received cash of \$14,000 for services provided to customers during the month
Purchased \$300 of office supplies on account
Paid employees \$10,000 for the first month's salaries

What was the total amount of Jonna's liabilities following these six transactions?	\$12,300
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4. Julian Co. has provided the following account balances:

Cash	\$38,800
Short-term investment	4,800
Accounts receivable	6,800
Supplies	52,000
Long-term notes receivable	2,800
Equipment	100,00
Factory building	188,000
Intangible assets	6,800
Accounts payable	29,200
Accrued liabilities payable	3,600
Short-term notes payable	15,600
Long-term notes payable	96,000
Common stock	188,000
Retained earnings	67,600

What is the company's current ratio?	2.12
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5. On July 1, 2022 Cregg Corp. signed a \$190,000, one-year, 5% note payable. The principal and interest will be paid on June 30, 2023.

How much interest expense should be reported on the income statement for the year ended December 31, 2022?	\$4,750
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6. Remington Company had the following income statement on December 31, 2022:

Remington Company		
Income Statement		
For the Year Ended Dec. 31, 2022		
Service Revenue		\$10,900
Expenses:		
Supplies Expense	\$3,300	
Maintenance and Repairs Expense	2,000	
Utilities Expense	<u>800</u>	
Total expenses		<u>6,100</u>
Net income		<u>\$4,800</u>

No dividends were paid during the year.

After all closing entries have been posted, what amount will be closed to Retained Earnings?	\$4,800
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Problem 1 (69 Points – 2 points for each account, 2 points for each amount, 5 points for net income; account titles may be slightly different)

Whitfield House Painting Company incurs the following transactions for September.

September 3	Painted houses in the current month for \$10,000 on account.
September 8	Purchased painting equipment for \$11,000 cash.
September 12	Purchased office supplies on account for \$1,500.
September 15	Paid employee salaries of \$2,200 for the current month.
September 19	Purchased advertising to appear in the current month for \$1,100 cash.
September 22	Paid office rent of \$3,400 for the current month.
September 26	Received \$5,000 from customers in (1) above.
September 30	Received cash of \$4,000 in advance from a customer who plans to have his house painted in the following month.

Prepare the journal entries for September.

	Debit Account	Debit Amount	Credit Account	Credit Amount
September 3	Accounts Receivable	\$10,000	Service Revenue	10,000
September 8	Equipment	11,000	Cash	11,000
September 12	Supplies	1,500	Accounts Payable	1,500
September 15	Salary Expense	2,200	Cash	2,200
September 19	Advertising Expense	1,100	Cash	1,100
September 22	Rent Expense	3,400	Cash	3,400
September 26	Cash	5,000	Accounts Receivable	5,000
September 30	Cash	4,000	Unearned Revenue	4,000

What is the net income for September?	\$3,300
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Problem 2 (64 Points – 2 points for each account, 2 points for each amount; account titles may be slightly different))

Prepare appropriate monthly adjusting entries for the year ended December 31, 2022.

1.	Riley has three employees who each earn \$120 per day. On December 31, four days' salaries have been earned but not paid.
2.	A customer paid Riley \$16,000 on December 1, 2022, for services to be rendered from December 1 through January 31, 2023. The receipt was credited to a liability account. Half of the services were rendered in December.
3.	Riley purchased equipment costing \$48,000 on January 1, 2020. Monthly depreciation is \$400.
4.	Riley provided services to a customer in 2022 at a fee of \$500. This fee has not yet been received or billed.
5.	Riley started the year with no supplies on hand. They purchased \$6,000 in supplies during the year and have \$1,500 on hand on December 31. Supplies were debited to an asset account when purchased.
6.	Riley paid \$15,000 for a three-year insurance policy on July 1, 2022, debiting an asset account at that time.
7.	Riley borrowed \$30,000 by signing a three-month, 6% interest, note payable on December 1, 2022.
8.	Riley purchased short-term investments on December 1, 2022. Interest of \$300 per month has been earned but not received prior to December 31.

	Debit Account	Debit Amount	Credit Account	Credit Amount
1.	Wage Expense	1,440	Wages Payable	1,440
2.	Unearned Revenue	8,000	Service Revenue	8,000
3.	Depreciation Expense	400	Accumulated Depreciation	400
4.	Accounts Receivable	500	Service Revenue	500
5.	Supplies Expense	4,500	Supplies	4,500
6.	Insurance Expense	417	Prepaid Insurance	417
7.	Interest Expense	150	Interest Payable	150
8.	Interest Receivable	300	Interest Revenue	300

Problem 3 (60 Points – 10 points for each answer)

The December 31, 2022 adjusted trial balance for Lyman Enterprises was as follows:

Account Title	Debits	Credits
Accounts payable		90,000
Accounts receivable	170,000	
Accumulated depreciation — equipment		260,000
Common stock		490,000
Cash	26,000	
Cost of goods sold	480,000	
Depreciation expense	60,000	
Equipment	700,000	
Interest expense	4,000	
Inventory	150,000	
Note payable (due in six months)		60,000
Rent expense	30,000	
Retained earnings		62,000
Salaries and wages payable		8,000
Sales revenue		770,000
Salaries expense	120,000	
TOTALS	<u>1,740,000</u>	<u>1,740,000</u>

Lyman's 2022 Gross Profit	\$290,000
Lyman's 2022 Operating Income	80,000
Lyman's 2022 net income (or loss)	76,000
Lyman's 12/31/22 total current assets	346,000
Lyman's 12/31/22 total current liabilities	158,000
Lyman's 12/31/22 total equity	628,000