

Contestant Number: _____

Time: _____

Rank: _____



Advanced Accounting

(110)

Regional 2024

CONCEPT KNOWLEDGE:

Multiple Choice (25 @ 2 points each) _____ (50 points)

APPLICATION KNOWLEDGE:

Short Answer (23 @ 3 points each) _____ (69 points)

Job 1: Inventory Costing _____ (45 points)

Job 2: Aging of Accounts Receivable _____ (36 points)

Job 3: Financial Analysis _____ (48 points)

TOTAL POINTS _____ ***(248 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 to two decimals at the final step.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

Multiple Choice

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

1. In which of the following does title to the goods pass to the buyer when the buyer receives the goods?
 - A. FOB destination
 - B. FOB consignment
 - C. FOB LIFO
 - D. FOB shipping point
2. Expenses paid in one fiscal period but not reported as expenses until a later period are known as _____ expenses.
 - A. Accrued
 - B. Postpaid
 - C. Postponed
 - D. Prepaid
3. Sales minus Cost of Goods Sold = _____.
 - A. Operating Income
 - B. Net Income
 - C. Gross Profit
 - D. Net Profit
4. What section of the Cash Flows Statement would show the payment of a dividend?
 - A. Operating activities
 - B. Investing activities
 - C. Financing activities
 - D. Selling activities
5. Which of the following represents a current liability?
 - A. Long-term Notes Payable
 - B. Notes Receivable
 - C. Prepaid Insurance
 - D. Unearned Rent
6. All plant assets are depreciated except _____.
 - A. Furniture
 - B. Land
 - C. Building
 - D. Vehicles
7. What does the P/E ratio of a corporation's stock represent?
 - A. The earnings represented by each share of stock.
 - B. The number of times the stock's market price is trading over it's EPS.
 - C. The dividends declared per share of stock.
 - D. The market value of the corporation on the stock market.

8. Which of the following line items would appear on the income statement of a merchandising business but not of a service business?
 - A. Salaries Expense
 - B. Supplies Inventory
 - C. Retained Earnings
 - D. Cost of Goods Sold
9. Which of the following liabilities is withheld from an employee's wages?
 - A. Federal Income Tax Payable
 - B. Sales Tax Payable
 - C. FUTA Payable
 - D. SUTA Payable
10. Under the straight-line method, what happens to annual depreciation as the asset ages, ignoring any partial year?
 - A. Depreciation increases each year.
 - B. Depreciation decreases each year.
 - C. Depreciation increases the 1st half of its life, then decreases the last half.
 - D. Depreciation stays the same each year.
11. Paying cash up front for a three-month rental agreement will result in a debit to what account?
 - A. Rental Revenue
 - B. Rent Expense
 - C. Prepaid Rent
 - D. Unearned Rent
12. The accrual basis of accounting is represented by _____.
 - A. Recording revenue when earned and expenses when incurred.
 - B. Recording revenue and expenses when cash exchanges hands.
 - C. Recording revenue and expenses at the end of the month
 - D. Recording adjusting entries based upon the cash flows of the period.
13. Which special journal would be used to record the purchase of merchandise for cash?
 - A. Purchases journal
 - B. Sales journal
 - C. Cash Receipts journal
 - D. Cash Payments journal
14. What accounting principal is represented by a company using straight-line depreciation each year?
 - A. Going Concern
 - B. Matching Expenses with Revenue
 - C. Consistent Reporting
 - D. Business Entity

15. Using the allowance method, which entry will decrease the book value of Accounts Receivable?
- A. Adjusting entry.
 - B. Writing off the account.
 - C. Reopening the account.
 - D. Closing entry.
16. Decreasing the value of a natural resource as it is removed from its original source is known as _____.
- A. depreciation
 - B. amortization
 - C. reduction
 - D. depletion
17. What financial statement would not be used for a sole proprietorship?
- A. Cash Flows Statement
 - B. Income Statement
 - C. Balance Sheet
 - D. Distribution of Net Income Statement
18. A company's average number of days for payment is 49. What is the accounts receivable turnover ratio, rounded to the nearest tenth?
- A. 7.0
 - B. 7.4
 - C. 7.5
 - D. 8.0
19. Which of the following is a current asset?
- A. Furniture
 - B. Prepaid Rent
 - C. Current portion owed on a long-term note
 - D. Retained Earnings
20. What account has a normal debit balance?
- A. Dividends Payable
 - B. Treasury Stock
 - C. Purchases Discount
 - D. Paid-in Capital in Excess
21. What account would appear on the Balance Sheet?
- A. Goodwill
 - B. Rent Expense
 - C. Sales
 - D. Purchases Returns

22. What account has a normal credit balance?
- A. Dividends
 - B. Prepaid Advertising
 - C. Accumulated Depreciation
 - D. Unearned Fees
23. What account is a contra account?
- A. Unearned Rent
 - B. Prepaid Insurance
 - C. Treasury Stock
 - D. Additional Paid-in Capital
24. What account is shown on the Income Statement?
- A. Depreciation Expense
 - B. Mortgage Payable
 - C. Capital Stock Preferred
 - D. Dividends
25. What account does not show on any financial statements?
- A. Paid-in Capital in Excess
 - B. Patent
 - C. Income Summary
 - D. Depreciation Expense

Short Answer Problems – 69 Total points; 3 points each

1. Amelia, Jose, and Victor began a partnership on January 1st, 2023. Amelia invested \$40,000 cash, Jose invested \$20,000 cash and equipment with a market value of \$15,000, and Victor invested \$20,000, plus supplies worth \$5,000. The partnership agreement states that net income/loss will be split based upon the original investments made. During 2023, the business showed a net income of \$50,000. Throughout the year Amelia had withdrawals of \$17,000, Jose \$15,000, and Victor \$11,000. Each partner invested an additional \$5,000 late in the year to improve the business's cash position. Answer the following questions.

- A. What is the amount credited to Jose's capital account for his investment?
- B. What is the amount credited to Victor's capital account for his investment?
- C. How much of the net income will be credited to Amelia? _____
- D. What is the ending capital for each partner?

Amelia _____

Jose _____

Victor _____

2. Valley Landscaping Inc. signed a 90-day, 7.4%, \$4,200 note on October 21st, 2023.

- A. Give the adjusting entry on December 31, 2023. (2 points each)

Account Debited _____ Amount _____

Account Credited _____ Amount _____

- B. What is the interest income for 2024? _____

- C. What is the maturity date? _____

3. Sodar Inc. bought a piece of equipment on September 25th, 2023. The company uses straight-line depreciation. The equipment has a cost of \$8,600, will last five years, and has a salvage value of \$1,100.

- A. What is the depreciation expense for 2023? _____

- B. What is the depreciation expense for 2024? _____

C. What is the book value of the equipment on the 2025 end of year Balance Sheet?

D. If the company sold the equipment for \$3,400 on July 2nd, 2026, would it recognize a gain or loss, and what amount would it recognize?

Gain or loss? _____

Amount? _____

E. If instead the company didn't sell the asset until July 2nd, 2030, and it received \$1,300 for it, what is the gain or loss?

Gain or loss? _____

Amount? _____

4. Use the accounting equation to find the following answers.

A. Total Liabilities - \$56,900; Total Stockholder's Equity - \$129,460; Total Plant Assets - \$49,520

Current Assets = _____

B. Total Assets - \$567,800; Total Liabilities - \$117,490; Capital Stock - \$250,000; Retained Earnings before closing entries - \$150,750; Dividends - \$20,000

Net Income = _____

C. Total Assets - \$385,600; Capital Stock, \$10 par value - 20,000 shares issued at \$12 per share; Retained Earnings - \$95,600

Total Liabilities = _____

D. Total Current Assets - \$241,680; Total Plant Assets - \$62,800; Total Stockholders Equity - \$210,500; Total Current Liabilities - \$81,480

Long-Term Notes Payable (only long-term liability) = _____

Problem 1 – Inventory Costing (45 points)

The following information for Golf is Life Inc. shows the 2023 beginning inventory, as well as the purchases made throughout the year for golf drivers.

Beginning merchandise inventory – 40 drivers @ \$310 each

Purchase on February 20th – 20 drivers @ \$330 each

Purchase on April 2nd – 30 drivers @ \$360 each

Purchase on June 28th – 35 drivers @ \$375 each

Purchase on August 16th – 25 drivers @ \$355 each

Purchase on October 10th – 20 drivers @ \$340 each

Ending drivers on hand – 55 drivers

Find the ending inventory, cost of goods sold, and gross profit using FIFO, LIFO, and Weighted-average costing methods (round the weighted average cost per unit to the nearest whole dollar).

Assume Net Sales of \$82,400 (5 points each; 45 points total)

	FIFO	LIFO	Weighted Average
Ending Inventory	_____	_____	_____
Cost of Goods Sold	_____	_____	_____
Gross Profit	_____	_____	_____

Problem 2 – Aging of Accounts Receivable - (36 points)

The following information is taken from the accounts receivable records of Vaquez Supplies as of December 31, 2023. Vazquez Supplies uses the Allowance method to account for its uncollectible accounts. Percentages represent the historical percentage of uncollectible accounts identified by the aging of accounts.

Complete the aging table below by filling in the Totals and Uncollectible Amount rows. (1 point each)

Customer	Account Balance	Not Yet Due	1-30 days past due	31-60 days past due	61-90 days past due	> 90 days past due
Vincent Gambini	410.15		410.15			
Vivian Ward	141.50			141.50		
Hans Gruber	1,356.75	920.00		436.75		
Axel Foley	85.30	85.30				
John Bender	589.20				589.20	
Mia Wallace	365.24	155.24	210.00			
Clarice Starling	274.20					274.20
Totals						
Percentages		0.1%	0.5%	1.25%	6.5%	50.0%
Uncollectible Amount						

Find each of the following (4 points each)

Total Accounts Receivable Balance _____

Total Amount of Estimated Uncollectible _____

The current balance of Allowance for Uncollectible Accounts shows a debit of \$31.65. Record the appropriate adjusting entry for Uncollectible Accounts Expense below:

Account Debited _____ Amount _____

Account Credited _____ Amount _____

Problem 3 – Financial Analysis (48 points)

Forest Corporation shows the following data at the end of 2023. All balances, other than Retained Earnings, are final balances.

Cash - \$127,625

Net Accounts Receivable - \$71,631

Merchandise Inventory - \$230,715

Supplies - \$10,213

Net Plant Assets - \$243,749

Current Liabilities - \$180,938

Capital Stock - \$225,000

Current Stock Price - \$41.90

Sales - \$610,760

Sales Discount - \$29,910

Cost of Goods Sold - \$165,680

Operating Expenses - \$91,325

Federal Income Tax - \$75,960

Beginning Retained Earnings - \$80,110

Dividends – \$50,000

Shares of stock outstanding – 75,000

Find the following. Round percentages to the nearest 0.1% (4 points each):

Net Income after Tax _____

Working Capital_____

Ending Retained Earnings_____

Current Ratio_____

Gross Profit Percentage_____

Debt Ratio_____

Return on Sales_____

Debt-to-Equity Ratio_____

Return on Assets_____

EPS_____

Return on Equity_____

P/E Ratio_____