

Member ID: _____

Time: _____

Rank: _____



Advanced Accounting (110)

REGIONAL 2025

Multiple Choice (20 @ 2 points each)	_____	(40 points)
Account Identification	_____	(30 points)
Short Answer	_____	(33 points)
Problem 1 – Inventory Costing	_____	(30 points)
Problem 2 – Uncollectible Accounts	_____	(44 points)
Problem 3 – Financial Analysis	_____	(48 points)
<i>TOTAL POINTS</i>	_____	<i>(225 points)</i>

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 (2 points each)

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

1. Using the allowance method, which entry will *decrease* the book value of Accounts Receivable?
 - A. Adjusting entry
 - B. Closing entry
 - C. Writing off the account
 - D. Reopening the account
2. Title to the goods passes to the buyer when the buyer receives the goods under _____.
 - A. FOB consignment
 - B. FOB rental
 - C. FOB destination
 - D. FOB shipping point
3. Expenses paid in one fiscal period but not reported as expenses until a later fiscal period are known as _____.
 - A. accrued expenses
 - B. postponed expenses
 - C. postpaid expenses
 - D. prepaid expenses
4. An entry that is the exact opposite of an adjustment is a(n) _____.
 - A. closing entry
 - B. adjusting entry
 - C. reversing entry
 - D. opening entry
5. Ashton Company recently spent \$10,000 to repaint its warehouse, which originally cost \$200,000. The painting is expected to last two years. What is the recorded cost of the warehouse after the painting is completed?
 - A. \$195,000
 - B. \$200,000
 - C. \$205,000
 - D. \$210,000
6. The decrease in the value of a plant asset because of the removal of a natural resource is _____.
 - A. depletion
 - B. depreciation
 - C. amortization
 - D. salvage value

7. Using the double-declining balance method, you *cannot* depreciate below an asset's ____.
 - A. cost
 - B. annual depreciation
 - C. market value
 - D. salvage value
8. What account is credited on the reversing entry for accrued interest expense?
 - A. Interest Expense
 - B. Interest Payable
 - C. Notes Payable
 - D. Income Summary
9. Goods that are given to a business to sell but for which title remains with the vendor are _____.
 - A. on consignment
 - B. purchased
 - C. rented
 - D. on sale
10. Cost of goods sold equals _____.
 - A. Net sales minus gross profit
 - B. Net sales minus operating expenses
 - C. Net purchases minus ending inventory
 - D. Net purchases plus ending inventory
11. What special journal is used when you purchase merchandise on account?
 - A. Sales
 - B. Purchases
 - C. Cash Receipts
 - D. Cash Payments
12. A company's average number of days for payment is 47. What is its accounts receivable turnover ratio, rounded to the nearest tenth?
 - A. 7.0
 - B. 7.7
 - C. 7.8
 - D. 8.0
13. All plant assets *except* _____ are depreciated.
 - A. building
 - B. land
 - C. truck
 - D. delivery equipment

14. A business that uses the same inventory costing method for all fiscal periods is applying the accounting concept _____.
A. Consistent Reporting
B. Adequate Disclosure
C. Accounting Period Cycle
D. Matching Expenses with Revenue
15. In a year of rising prices, the inventory method that gives the highest possible value for ending inventory is _____.
A. FIFO
B. Weighted average
C. LIFO
D. Gross Profit estimate
16. Expensing the cost of an asset over the asset's useful life is an application of the concept _____.
A. Going Concern
B. Historical Cost
C. Accounting Period Cycle
D. Matching Expenses with Revenue
17. The reversing entry for accrued interest earned includes _____.
A. a debit to Interest Income
B. a credit to Interest Income
C. a debit to Interest Expense
D. a credit to Interest Expense
18. The issuance of stock would be listed in the _____ section of the Cash Flows Statement.
A. investing activities
B. operating activities
C. financing activities
D. selling activities
19. Which of the following would be a current asset?
A. Truck
B. Unearned Rent
C. Prepaid Insurance
D. Land
20. Which statement would *not* be used for a sole proprietorship?
A. Balance Sheet
B. Distribution of Net Income Statement
C. Income Statement
D. Post-Closing Trial Balance

Account Identification – 30 points

For each account, identify the classification (Asset, Liability, Stockholders' Equity, Revenue, Cost of Merchandise, Expense), the Financial Statement(s) the account appears on (Income Statement, Statement of Stockholders' Equity, or Balance Sheet, put more than one where applicable), and the normal balance of the account.

Account	Classification (A, L, SE, R, CM, E)	Financial Statement (IS, SOSE, BS, None)	Normal Balance (Dr, Cr, None)
Petty Cash			
Prepaid Rent			
Income Tax Payable			
Sales Discount			
Preferred Stock			
Fees			
Insurance Expense			
Income Summary			
Retained Earnings			
Purchases			

Short Answer Problems – 3 points each – 33 points total

- Harris Lawns signs a 90-day, 4.5%, \$3,500 note on November 4, 2024. Give the adjusting entry on December 31, 2024.

Account Debited _____ Amount _____

Account Credited _____ Amount _____

- What is the interest incurred for 2025? _____
- What is the maturity date? _____

2. Sanford Restoration bought a piece of equipment on March 28, 2025, for \$6,400. The equipment is expected to last five years and have a salvage value of \$1,900. Sanford uses straight-line depreciation.
 - a. What is the depreciation expense for 2025? _____
 - b. What is the depreciation expense for 2026? _____
 - c. What is the book value of the equipment at the end of 2026? _____
 - d. If Sanford sells the equipment on July 2, 2027, for \$4,775, will they recognize a gain or a loss on the sale of the plant asset? _____
 - e. What is the amount of the gain or loss? _____

Problem 1 – Inventory Costing – 5 points each – 30 points total

The following information shows the beginning inventory and purchases made by McHale Mowers for model AT10 during 2025.

Beginning merchandise inventory – 10 mowers @ \$810 each
 Purchase on January 20 – 8 mowers @ \$840 each
 Purchase on March 14 – 12 units @ \$865 each
 Purchase on June 21 – 15 units @ \$905 each
 Purchase on October 5 – 8 units @ \$925 each
 Ending mowers on hand – 24 units

Find the ending inventory 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 \$85,750.

	FIFO	LIFO	Weighted Average
Ending Inventory	_____	_____	_____
Gross Profit	_____	_____	_____

Journalize the following entries using the allowance method of accounting for uncollectible.

Apr 17	Received a letter from bankruptcy court stating that Erin Graham's settlement included a 50% forgiveness of all her debt. Included in the letter was a check from Erin in the amount of \$240. The rest is to be written off.
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Dec. 31 At the end of the year, the aging of accounts receivable showed an estimated amount to be uncollected of \$1,456. Currently the Allowance for Uncollectible Accounts has a debit balance of \$240. Journalize the adjusting entry for Uncollectible Accounts Expense.

[illegible]

Problem 3 – Financial Analysis – 4 points each; 48 total points

Francis Inc. shows the following financial data at the end of 2025:

Cash - \$67,125	Sales - \$324,265
Net Accounts Receivable - \$18,461	Sales Discount - \$19,635
Merchandise Inventory - \$124,675	Cost of Merchandise Sold - \$143,680
Supplies - \$6,213	Operating Expenses - \$86,410
Net Equipment - \$78,952	Beginning Retained Earnings - \$60,573
Current Liabilities - \$68,948	Dividends - \$20,000
Capital Stock - \$125,000	Shares of stock outstanding – 60,000
	Current Stock Price - \$34.72
Federal Income Tax = \$7,500 + 25% of the amount of income before tax over \$50,000	

Find the following. Round percentages to the nearest 0.1%.

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_____