Contestant Number:

Time:

Rank:

ADVANCED COLLEGE ACCOUNTING

(115)

# —Post-secondary—

REGIONAL – 2019

**Multiple Choice:**

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

**Problems:**

Problem 1: Depreciation (24 points)

Problem 2: Departmentalized Income State \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (41 points)

Problem 3: Journal Entries \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (40 points)

***TOTAL POINTS (145 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

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*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 ninety (90) minutes to complete your work. The test is divided into two parts. The multiple choice should be completed first, then the accounting problems may be completed in any order.

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

Assumptions to make when taking this assessment:

GAAP

Round to two decimal places unless otherwise instructed

Percents rounded to the tenth percent (Ex: 22.8%)

Perpetual Inventory

**MULTIPLE CHOICE**

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

1. The accounting system that recognizes revenue when cash is received and expenses when paid is called the \_\_\_\_\_\_
2. Accrual Basis.
3. Cash Basis.
4. Deferral Basis.
5. Prepaid Basis.
6. Which organization is responsible for enforcing accounting standards?
7. EITF (Emerging Issues Task Force)
8. FASB (Financial Accounting Standards Board)
9. AICPA (American Institute of Certified Public Accountants)
10. SEC (Securities and Exchange Commission)
11. The Going Concern Assumption supports the following \_\_\_\_\_\_
12. Recording assets at their historical costs.
13. Depreciating long-term assets.
14. Both a & b.
15. None of the above.
16. Which of the following represents permanent accounts?
17. Assets, Liabilities, Shareholders’ Equity
18. Assets, Liabilities, Shareholders’ Equity, Drawing, Revenue & Expenses
19. Drawing, Revenue & Expenses
20. Revenue & Expenses
21. Entries prepared each period to update accounts are called \_\_\_\_\_\_
22. Adjusting Entries.
23. Correcting Entries.
24. Reversing Entries.
25. Updating Entries.
26. Deferred or Unearned Revenues are first recorded when \_\_\_\_\_\_
27. The revenue is earned.
28. The cash is received.
29. The period is ended.
30. The invoice is prepared.
31. When using the Direct Write Off method, you will write off an accounts receivable to what account?
32. Allowance Account
33. Bad Debts Expense
34. Direct Write Off Account
35. None of the above
36. The entry to update supplies used of $1,200 would be:
37. Supplies 1,200

Supplies Used 1,200

1. Supplies 1,200

Supplies Expense 1,200

1. Supplies Expense 1,200

Cash 1,200

1. Supplies Expense 1,200

Supplies 1,200

1. On a Classified Balance Sheet what are the two categories of liabilities?
2. Contingent and Comprehensive
3. Contingent and Long Term
4. Current and Long-Term
5. Current and Comprehensive
6. Cash and Cash Equivalents on the Balance Sheet would include the following:
7. Cash on Hand
8. Cash in the Checking
9. Marketable Securities
10. All of the above
11. What is another name for the Balance Sheet?
12. Adjusted Trial Balance
13. Statement of Balance
14. Statement of Financial Position
15. Earnings Statement
16. Liquidity refers to \_\_\_\_\_\_
17. How soon an asset turns to cash or is used.
18. How soon a liability needs to be paid or earned.
19. Both a & b.
20. Neither a nor b.
21. Which from the following list of accounts may have a subsidiary ledger?
22. Accounts Receivable
23. Inventory
24. Property and Equipment
25. All of the following
26. LIFO (Last-In, First-Out) is an inventory method that will \_\_\_\_\_\_
27. In a period of rising prices will raise the cost of the ending inventory.
28. In a period of declining prices will lower the cost of ending inventory.
29. In a period of rising prices will raise the cost of the goods sold.
30. In a period of rising prices will lower the cost of goods sold.
31. The Unit of Measure or Monetary Unit Assumption in the United States says \_\_\_\_\_\_ .
32. We will measure our profit with revenues and expenses.
33. We will use dollars and cents to prepare our statements.
34. We will prepare our statement in monetary units.
35. We will measure our monetary units in our statements.
36. In which section of the balance sheet would land held-for-speculation be reported?
37. Current Assets
38. Property, Plant & Equipment
39. Investments
40. Other Assets
41. An intangible asset
42. Derives its value from the rights and privileges it provides the owner
43. Is worthless because it has no physical substance
44. Converted into a tangible asset during the operating cycle
45. Cannot be classified on the balance sheet because it lacks physical substance
46. A Departmental Income Statement may be divided into . . .
47. Regional sales territories.
48. Types of expenses.
49. Asset holdings.
50. Sales amounts.
51. The Income Summary account is used \_\_\_\_\_\_
52. When recording all journal entries.
53. When recording adjusting entries.
54. When recording correcting entries.
55. When recording closing entries.
56. Using the information below, what is the amount of increase or decrease to the capital account for the year?

|  |  |  |
| --- | --- | --- |
|  | Debit | Credit |
| Cash | $ 10,000 |  |
| Accounts Receivable | 2,500 |  |
| Supplies | 9,000 |  |
| Accounts Payable |  | $ 3,000 |
| J. D., Capital |  | 18,000 |
| J. D., Drawing | 1,500 |  |
| Fees Earned |  | 6,000 |
| Salaries Expense | 2,700 |  |
| Utilities Expense | 1,200 |  |
| Miscellaneous Expense | 100 |  |
| Totals | $ 27,000 | $ 27,000 |

1. $ 18,000
2. $ 6,000
3. $ 2,000
4. $ 500

**Problem 1 (24 Points)**

On April 1, 2019 Filagree Corporation purchased some equipment for $120,000. The equipment is expected to last 10 years or produce 100,000 units and have a residual value of $5,000. The first year 7,200 units were produced and 11,000 the second year. Calculate the December 31 depreciation for the **first two years** under each of the following methods. Round all answers to the nearest cent.

|  |  |  |
| --- | --- | --- |
|  | 2019 | 2020 |
| Straight Line |  |  |
| Units of Production |  |  |
| Double Declining Balance |  |  |
| Sum of the Years Digits |  |  |

**Problem 2 (41 Points)**

The following table shows the sales for each department in the Taratoni Department Store. All operating expenses are allocated to each department based on square footage. Use the information in the following table to prepare a Departmentalized Income Statement for the month of December 2019. Do not round until you have calculated the expense for the department.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Housewares | Children’s | Women’s | Men’s | Total |
| Sales | $ 42,000 | $ 186,000 | $ 344,000 | $ 28,000 | $ 600,000 |
| Square Footage | 1,500 | 2,000 | 4,000 | 500 | 8,000 |
|  |  |  |  |  |  |
| Expenses: |  |  |  |  |  |
| Cost of Goods Sold | 28,700 | 127,100 | 235,000 | 19,200 | $ 410,000 |
| Salaries Expense |  |  |  |  | 65,000 |
| Utilities Expense |  |  |  |  | 15,000 |
| Depreciation Expense |  |  |  |  | 3,000 |
| Miscellaneous Expense |  |  |  |  | 1,000 |
| Total Operating |  |  |  |  | $ 494,000 |

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| --- | --- | --- | --- | --- | --- |
|  | Housewares | Children’s | Women’s | Men’s | Total |
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**Problem 3 (40 Points)**

Prepare the following selected journal entries for the WashWear Corporation. Entries are recorded with the net method and perpetual inventory.

Jan. 15 Received an invoice dated Jan. 15 for $15,210 of merchandise with terms 2/10 net 30, FOB Shipping Point. A shipping charge of $210 was included in the invoice.

Jan. 21 Paid the invoice from Jan. 15.

Jan. 29 Recorded sales on account for the month of $210,500 with terms FOB Destination. The cost of the goods was $101,920.

Feb. 10 Received cash of $150,000 from customers on account.

Feb. 26 Wrote off an account of $500 deemed uncollectible. The company uses the Allowance Method.

Mar. 15 The Board of Directors declared $88,000 in cash dividends.

Apr. 15 The company paid the cash dividends.

Apr. 30 Recorded the depreciation of equipment for the month $1,500.

June 30 Took a physical inventory which amounted to $90,800. The Merchandise Inventory account has a balance of $92,500. Record the entry to adjust to the physical inventory balance.

**General Journal** Page 192

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Description | Debit | Credit |
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