

ADVANCED ACCOUNTING (110)

—Secondary—

REGIONAL – 2019

Multiple Choice:

Multiple Choice (15 @ 2 points each) _____ (30 points)

Matching (10 @ 2 points each) _____ (20 points)

Problems:

Problem 1: Territorial Income Statement _____ (39 points)

Problem 2: Journal Entries _____ (58 points)

Problem 3: Periodic Inventory _____ (18 points)

TOTAL POINTS _____ ***(165 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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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 is divided into three parts. The multiple choice should be completed first; the matching and 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:

- Round all calculations to two decimals.
- 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. What is the purpose of a trial balance?
 - a. To maintain the accounting equation: $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$
 - b. To calculate Net Income
 - c. To calculate the ending balance in Owner's Equity
 - d. To prove that $\text{Debits} = \text{Credits}$
2. The Cost Principle tells us
 - a. cost will include sales tax only.
 - b. we will record assets at historical costs.
 - c. we will record assets at fair market value.
 - d. we will depreciate assets to reflect the decline in value.
3. Which of the following are inventory valuation methods?
 - a. Specific Identification, FIFO, Straight-Line, LIFO
 - b. FIFO, Straight-Line, LIFO, Average Cost
 - c. Specific Identification, FIFO, LIFO, Average Cost
 - d. FIFO, LIFO, Average Cost, Double-Declining
4. The entry to record a bad debt of \$510 under the Allowance Method would be _____

a.	Allowance for Bad Debts	\$ 510	
	Accounts Receivable		\$ 510
b.	Allowance for Bad Debts	510	
	Bad Debts Expense		510
c.	Bad Debts Expense	510	
	Accounts Receivable		510
d.	Bad Debts Expense	510	
	Allowance for Bad Debts		510
5. Periodic Inventory means that . . .
 - a. Cost of Goods Sold is calculated when goods are purchased.
 - b. Cost of Goods Sold is calculated when goods are sold.
 - c. Cost of Goods Sold is calculated at the end of the period.
 - d. Cost of Goods Sold is not calculated.
6. The Nerris Company purchased a piece of equipment for \$ 187,300 at the beginning of the year. The company estimated that the equipment will last for 10 years, produce 100,000 units, and have a salvage value of \$ 2,300. Calculate the units-of-production depreciation for the first year in which the company produced 22,000 units.

a.	\$ 18,500	b.	\$ 18,730
c.	\$ 40,700	d.	\$ 41,206

7. The Nerris Company purchased a piece of equipment for \$ 187,300 at the beginning of the year. The company estimated that the equipment will last for 10 years, produce 100,000 units, and have a salvage value of \$ 2,300. Calculate the straight-line depreciation for the first year in which the company produced 22,000 units.
 - a. \$ 18,500
 - b. \$ 18,730
 - c. \$ 40,700
 - d. \$ 41,206

8. When calculating payroll, the Medicare rate is _____.
 - a. 0.80%.
 - b. 1.45%.
 - c. 6.20%.
 - d. 7.65%.

9. The employer is responsible for which of the following payroll expenses?
 - a. Federal Income Tax
 - b. State Retirement Tax
 - c. State Unemployment Tax
 - d. Federal and State Income Tax

10. Adjusting entries are
 - a. correcting entries.
 - b. only recorded at year-end.
 - c. only recorded when incurred.
 - d. updating entries.

11. A mortgage note payable requiring monthly payments would be listed in what section of the balance sheet?
 - a. Current Liability
 - b. Long-term Liability
 - c. Both the Current and Long-term Liability
 - d. None of the above

12. Which statements are required by FASB?
 - a. Income Statement, Statement of Owner's Equity, Balance Sheet, and Trial Balance
 - b. Income Statement, Adjusted Trial Balance, Balance Sheet, and Post-Closing Trial Balance
 - c. Income Statement, Statement of Owner's Equity, Balance Sheet, and Statement of Cash Flows
 - d. Income Statement, Statement of Owner's Equity, Trial Balance, and Balance Sheet

13. To record a utility bill of \$1,200 to be paid next month, we would:

a. Utility Expense	\$ 1,200	
Cash		\$ 1,200
b. Prepaid Utilities	1,200	
Cash		1,200
c. Utility Expense	1,200	
Accounts Payable		1,200
d. Prepaid Utilities	1,200	
Accounts Payable		1,200

14. All property, plant, and equipment will be depreciated except . . .
- | | |
|-----------------------|--------------|
| a. Computers. | b. Land. |
| c. Intangible Assets. | d. Vehicles. |
15. Using the information below, what is the amount of net income?

	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		<u>6,000</u>
Salaries Expense	2,700	
Utilities Expense	1,200	
Miscellaneous Expense	<u>100</u>	
Totals	<u>\$ 27,000</u>	<u>\$ 27,000</u>

- | | |
|--------------|-------------|
| a. \$ 18,000 | b. \$ 6,000 |
| c. \$ 2,000 | d. \$ 500 |

Matching. Match the letter of the correct term with the statement below. (Not all terms will be used.)

- | | |
|--|---|
| A. Allowance | J. Gains and Losses |
| B. Capital | K. Goodwill |
| C. Cash Short and Over | L. Net Income |
| D. Direct Write Off | M. Net Loss |
| E. Discounted | O. Payroll Register |
| F. Dishonored | P. Patent |
| G. Drawing | R. Periodic |
| H. Employee Earnings Record | S. Perpetual |
| I. Financial Accounting Standards Board (FASB) | T. Securities and Exchange Commission (SEC) |

- _____ 1. This agency has the responsibility for developing accounting principles.
- _____ 2. This agency has the power to enforce accounting principles.
- _____ 3. When revenues are less than the expenses for the period, the company has incurred this.
- _____ 4. In a sole proprietorship, the owner's share is reflected in the ending balance of which account?
- _____ 5. This method of accounting for bad debts, recognizes the expense for the write off in the year of the sale.
- _____ 6. When the maker of the note fails to make payment on the due date, the note is said to be _____.
- _____ 7. When a company pays above net worth for another company, the extra is debited to what account?
- _____ 8. A payroll record for each employee is called what?
- _____ 9. The inventory method that will allow management to better maintain optimum inventory levels.
- _____ 10. This account is used to record any overages or shortages in the daily cash deposits.

Problem 1 (39 Points) - The Huntington Hocking Company had four sales territories throughout the United States. The sales for the territories are listed below. Total expenses are allocated based on the number of employees in each branch. Allocate the expenses and prepare an Income Statement.

	North East	South East	North West	South West	Total
Sales	\$ 1,200,000	\$ 800,000	\$ 900,000	\$ 1,100,000	\$ 4,000,000
Number of Employees	165	85	110	140	500
Expenses:					
Wages Expense					1,300,000
Utilities Expense					980,000
Repairs Expense					810,000
Depreciation Expense					220,000
Miscellaneous Expense					60,000

[illegible]

Problem 2 (58 Points) - Prepare the following selected journal entries for the CompuCare Company for the month of June. Please do not leave a blank space between entries. The company uses the Direct Write Off method of handling bad debts and the Straight-Line method for depreciation.

- | | | |
|------|----|--|
| June | 1 | Received a cash investment from the owner, Justin Comptu of \$ 15,000. |
| June | 2 | Purchased a van for \$ 86,000, paying \$ 10,000 in cash and signing a 6 month note at 6% for the remainder. The van is estimated to last for 10 years with a \$ 6,000 salvage value. |
| June | 2 | Purchased a one-year insurance policy for \$1,200. |
| June | 8 | Purchased supplies on account of \$900. |
| June | 10 | Performed \$ 25,000 of services on account. |
| June | 12 | Received cash of \$ 8,100 for services provided. |
| June | 15 | Paid \$80 for fuel for the van charging the Vehicle Maintenance Expense account. |
| June | 20 | Received \$18,000 from customers on account. |
| June | 25 | Wrote off an account of \$ 750 which was deemed uncollectible. |
| June | 28 | Performed \$ 30,000 of services on account. |
| June | 30 | Record the adjusting entries for the following:

a. Insurance expired for the month
b. Depreciation on the van.
c. Supplies has an ending balance of \$210.
d. Accrued interest owed on the note above. |

General Journal

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[illegible]

General Journal

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[illegible]

Problem 3 (18 Points) - The Kick Start Company is contemplating which inventory costing method to use. Calculate their ending inventory and cost of goods sold for: (Round each answer to the nearest cent).

1. FIFO (First In First Out)
2. LIFO (Last In First Out)
3. Average Cost

March	1	Beginning Inventory	200 @ \$10 per unit
	9	Purchased	2,500 @ \$11 per unit
	17	Purchased	4,000 @ \$12 per unit
	25	Purchased	5,000 @ \$14 per unit
	31	Ending Inventory	300

1.	FIFO	Ending Inventory	_____
		Cost of Goods Sold	_____

2.	LIFO	Ending Inventory	_____
		Cost of Goods Sold	_____

3.	Average Cost	Ending Inventory	_____
		Cost of Goods Sold	_____