Contestant Number:

Time:

Rank:

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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*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 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: Assets = Liabilities + Owner’s Equity

b. To calculate Net Income

c. To calculate the ending balance in Owner’s Equity

d. To prove that Debits = 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 |  | 6,000 |
| Salaries Expense | 2,700 |  |
| Utilities Expense | 1,200 |  |
| Miscellaneous Expense | 100 |  |
| Totals | $ 27,000 | $ 27,000 |

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 |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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|  | **North East** | **South East** | **North West** | **South West** | **Total** |
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**Problem 2 (58 Points) -** Prepare the following selected journal entries for the ComptuCare 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** Page 201

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| Date | Description | Post  Ref | Debit | Credit |
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**General Journal** Page 202

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| Date | Description | Post  Ref | Debit | Credit |
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**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 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_