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)***

**Graders: Please double check and verify all**

**scores and answer keys!**

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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 and short answer questions should be completed first, and 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

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

Perpetual Inventory

**Multiple Choice:**

1. B 11. C

2. D 12. C

3. C 13. D

4. A 14. C

5. A 15. B

6. B 16. C

7. B 17. A

8. D 18. A

9. C 19. D

10. D 20. D

**Problem 1 (24 Points)**

On April 1 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.

**Grader** – Each bolded number is worth 3 points each for a total of 24 points.

|  |  |  |
| --- | --- | --- |
|  | 2019 | 2020 |
| Straight Line | **8,625** | **11,500** |
| Units of Production | **8,280** | **12,650** |
| Double Declining Balance | **18,000** | **20,400** |
| Sum of the Years Digits | **15,681.82** | **18,818.18** |

**Problem 2 (41 Points)**

The following table shows the sales for each department in the Taratoni Department Store. Total 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.

**Grader** – Each bolded number is worth two points each and one point for the heading.

**\_\_\_Tartoni Department Store\_\_\_\_**

**\_Departmentalized Income Statement\_ Total 1 point**

**\_For the month ended December 31, 2019**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Housewares | Children’s | Women’s | Men’s | Total |
| Sales | $ 42,000 | $ 186,000 | $ 344,000 | $ 28,000 | $ 600,000 |
| Cost of Goods Sold | 28,700 | 127,100 | 235,000 | 19,200 | 410,000 |
| Gross Profit | 13,300.00 | 58,900.00 | 109,000.00 | 8,800.00 | 190,000.00 |
| Operating Expenses: |  |  |  |  |  |
| Salaries Expense | **12,187.50** | **16,250.00** | **32,500.00** | **4,062.50** | 65,000.00 |
| Utilities Expense | **2,812.50** | **3,750.00** | **7,500.00** | **937.50** | 15,000.00 |
| Depreciation Expense | **562.50** | **750.00** | **1,500.00** | **187.50** | 3,000.00 |
| Miscellaneous Exp | **187.50** | **250.00** | **500.00** | **62.50** | 1,000.00 |
| Total Oper Exp | 15,750.00 | 21,000.00 | 42,000.00 | 5,250.00 | 84,000.00 |
| Net Income | **$( 2,450.00)** | **$ 37,900.00** | **$ 67,000.00** | **$ 3,550.00** | 106,000.00 |
|  |  |  |  |  |  |

**Problem 3 (40 Points)**

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

**Grader** – Two points for each line (or row) in the journal; one point for each correct account and one point for each correct account.

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.

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|  |  |  |  |
| --- | --- | --- | --- |
| Date | Description | Debit | Credit |
| Jan. 15 | **Merchandise Inventory** | **14,910** |  |
|  | **Accounts Payable** |  | **14,910** |
| Jan. 21 | **Accounts Payable** | **14,910** |  |
|  | **Cash** |  | **14,910** |
| Jan. 29 | **Accounts Receivable** | **210,500** |  |
|  | **Sales** |  | **210,500** |
|  | **Cost of Goods Sold** | **101,920** |  |
|  | **Merchandise Inventory** |  | **101,920** |
| Feb. 10 | **Cash** | **150,000** |  |
|  | **Accounts Receivable** |  | **150,000** |
| Feb. 26 | **Allow for Doubtful Acct** | **500** |  |
|  | **Accounts Receivable** |  | **500** |
| Mar. 15 | **Cash Dividends** | **88,000** |  |
|  | **Cash Dividends Payable** |  | **88,000** |
| Apr. 15 | **Cash Dividends Payable** | **88,000** |  |
|  | **Cash** |  | **88,000** |
| Apr. 30 | **Depreciation Expense – Equipment** | **1,500** |  |
|  | **Accumulated Depr – Equipment** |  | **1,500** |
| Jun. 30 | **Cost of Goods Sold** | **1,700** |  |
|  | **Merchandise Inventory** |  | **1,700** |
|  |  |  |  |