

FINANCIAL ANALYST TEAM (150)

REGIONAL—2015

PRELIMINARY POINTS _____(160)

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 five (5) minutes orientation

No more than 90 minutes testing time

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Workplace Skills Assessment Program competition.

Sally Reginald, owner of the R Social Media Agency, has decided to apply for a business loan to purchase updated, state-of-the-art technology for her business. She has asked your team of analysts to construct an income statement and balance sheet based on the October 31, 2014, documentation listed below to support the finance section of her loan application. She also would like a report that summarizes her company's position and includes ratio calculations as listed in the instructions below.

Accounts payable	2500
Accounts receivable	400
Accumulated depreciation – office equipment	40
Advertising expense	1500
Cash	14800
Depreciation expense	40
Insurance expense	100
Interest expense	50
Interest payable	50
Notes payable	4000
Office equipment	5000
Prepaid insurance	750
Rent expense	900
Salaries expense	6000
Salaries payable	3000
Sales	12000
Sally Reginald, Capital (from Owner's Equity Statement, dated October 31, 2014)	12360
Supplies	1000

Instructions:

1. Construct an income statement, for month ended October 31, 2014.
2. Calculate component percentages based on revenue for total expenses and net income.
3. Construct a balance sheet, dated October 31, 2014.
4. Calculate these ratios, rounding your answers to two decimal places:
 - a. Current Ratio
 - b. Working Capital
 - c. Return on Assets (September 30, 2014, assets equaled \$18,650)
5. Prepare a written report summarizing your findings, conclusions, and recommendations, followed by the financial statements for the company and the calculated ratios for the company. The report must follow the report format located in the *BPA Style & Reference Manual*. All financial statements and ratios need to be included at the end of the report.
6. Make sure your report answers these questions:
 - a. Has this company sufficient capital to update its technology? What makes you believe this to be true or false?
 - b. What actions, if any, should Sally Reginald do to strengthen her business position financially?
 - c. Are there additional financial statements or ratio calculations which would help in answering the above questions? If so, what are they and how would they help?
7. Place each team member's contestant number in the footer on any documentation given to the judges.
8. No changes should take place to your work after testing time ends.