Contestant Number:

Time:

Rank:

**ADVANCED COLLEGE ACCOUNTING**

**(115)**

# —Post-secondary—

REGIONAL – 2016

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

Short Answer (102 points)

**Production**

Problem 1: Financial Statements \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ( 75 points)

***TOTAL POINTS (217 pts)***

**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 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 to keep the accounting records for Professional Business Associates, which is 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’ accounting records, as well as for the company’s clients.

You will have 90 minutes to complete your work. The test consists of three sections; you may complete them in any order.

Your name and/or school name must not appear on any work you submit for grading. Write your contestant number in the upper right-hand corner of each page. Staple all pages in order before you turn in your test!

Round calculations to two decimal places unless instructed otherwise.

Use 360 days for calculating interest.

**Multiple Choice Questions**

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

1. The rules that govern accounting internationally are called
   1. Financial Accounting Standards
   2. Generally Accepted Accounting Principles
   3. Global Accounting Standards
   4. International Financial Reporting Standards
2. Amounts received from customers that are advance payments of goods or services are called
   1. Equity
   2. Unearned Revenues
   3. Revenues
   4. Accounts Receivable
3. An intangible asset
   1. Derives its value from the rights and privileges it provides the owner
   2. Is worthless because it has no physical substance
   3. Converted into a tangible asset during the operating cycle
   4. Cannot be classified on the balance sheet because it lacks physical substance
4. The equity of Jones Co. is $165,000 and the assets are $210,000. What are total liabilities?
   1. $55,000
   2. $375,000
   3. $210,000
   4. $45,000
5. Which of the following line items may appear on the income statement of a merchandiser but *not* of a service company?
   1. Salaries Expense
   2. Supplies Inventory
   3. Depreciation Expense
   4. None of the above
6. The term “inventory” for a manufacturer, refers to
   1. Raw materials that are used for production
   2. The cost of goods sold
   3. Equipment that is used in the production process
   4. Finished goods purchased and held for sale to customers
7. Which of following is a benefit provided by internal control?
   1. It ensures the financial statements are correct
   2. It helps to protect the company’s assets
   3. It ensures timely collection of Accounts Receivable
   4. It guarantees that a business makes a profit
8. Which of the following is *not* a characteristic of a plant asset?
   1. It is used in the operations of a business
   2. They hold their original value throughout their life
   3. It has a long useful life
   4. They are often depreciated
9. A formal written policy that identifies rules and standards that establish the ethical behavior a company expects from its employees is called
   1. Establishing a healthy workplace
   2. A Vision Statement
   3. A Code of Ethics
   4. An Ethical dilemma
10. Peterson Inc. owns a delivery truck. Which of the following costs associated with the truck will be treated as a capital improvement or betterment?
    1. Oil change and lubrication
    2. Installation of a new engine
    3. Installing a set of new age tires
    4. Touch up painting of the bumper
11. Which of the following should be included in the physical inventory of a company?
    1. Goods held on consignment to another company
    2. Goods in transit from another company that are shipped FOB shipping point
    3. Goods in transit from another company that are shipped FOB destination
    4. All of the above should be included
12. Which of the following accounting principles requires businesses to record amortization of a patent?
    1. The cost principle
    2. The matching principle
    3. The revenue recognition principle
    4. The going concern principle
13. Which of the following plant assets will *not* be depreciated?
    1. Land Improvements
    2. Equipment stored off site as a spare
    3. Both b and d
    4. Backup Equipment that is ready to use
14. When a partner invests assets other than cash in a new partnership, what value is recorded for the assets?
    1. Purchase price of the assets
    2. A value agreed upon by the partners
    3. Fair market value of the assets
    4. Replacement costs for the assets
15. The proceeds from a non-interest bearing note payable are
    1. The principal amount only
    2. The principal minus interest
    3. The interest amount only
    4. The principal plus interest
16. How is a bond discount listed on the Balance Sheet?
    1. It is subtracted from Bonds Payable
    2. It is added to Bonds Payable
    3. It is listed as a Current Liability
    4. It is not presented on the Balance Sheet
17. Authorized stock refers to the
    1. Shares of stock that are held by the stockholders
    2. Shares of stock that are sold for the highest price
    3. Total amount of stock shares that has not yet been sold
    4. Total amount of stock shares that can be sold by the corporation
18. Which of the following is an advantage of the corporate form of business?
    1. Low start-up costs
    2. Less degree of government regulation
    3. Separation of ownership and management
    4. Limited liability of stockholders
19. The Retained Earnings of a corporation is the
    1. Internally generated capital that is raised from profitable operations
    2. Externally generated capital that is contributed by shareholders
    3. Internally generated capital that is from the direct investment of employees
    4. Externally generated capital that is raised from banks and other creditors
20. The right to receive payment in the future from a current customer is called
    1. Accounts Payable
    2. Accounts Receivable
    3. Common Stock
    4. Prepaid Expense

**Short Answer**

**Part A: Use the data from the tables provided to prepare a Bank Reconciliation for Sea Bass Company.**

|  |  |
| --- | --- |
| The bank statement shows the following data: | |
| Balance, April 1 | $12,650 |
| NSF Check | 275 |
| Service Charge | 20 |
| Collection of Note Receivable | 412 |
| Balance, April 30 | 14,280 |

|  |
| --- |
| The cash balance per books on April 30 is $13,147. A review of the data reveals the following: |
| The NSF check was from Grouper Co., a customer. |
| The note collected by the bank was a $400, 3-month, 12% note. No interest had previously been accrued. |
| Outstanding checks at April 30 total $2,510. |
| Deposits in transit at April 30 total $1,674. |
| A check written to Blam Co. for $572 dated April 10 cleared the bank April 25. This check, which was a payment on account, was journalized for $752. |

|  |  |  |
| --- | --- | --- |
| **Sea Bass Company** | | |
| **Bank Reconciliation** | | |
| **April 30, 2016** | | |
| **BANK:** |  |  |
| Balance | |  |
| Add: |  |  |
|  |  |  |
|  |  |  |
| Less: |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Adjust Bank Balance, April 30, 2016** | |  |
|  |  |  |
| **BOOKS:** |  |  |
| Balance | |  |
| Add: |  |  |
|  |  |  |
|  |  |  |
| Less: |  |  |
|  |  |  |
|  |  |  |
| **Adjusted Book Balance, April 30, 2016** | |  |

**Part B: Prepare the appropriate journal entries for the bank reconciliation (3 points for each account, 3 points for each amount)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **General Journal** | | | | |
| **Date** | | **Account Title** | **Debit** | **Credit** |
| **2016** | |
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**Problem: Financial Statements**

**Use the following information excerpted from the Pinto Bean’s December 31, 2015 Adjusted Trial Balance to answer questions 1-15**

|  |  |
| --- | --- |
| Accounts Payable | $54,000 |
| Accounts Receivable | 94,000 |
| Accumulated Depreciation | 7,000 |
| Administrative Expenses | 102,000 |
| Bonds Payable | 60,000 |
| Buildings | 200,000 |
| Cash | 129,000 |
| Common Stock | 175,000 |
| Cost of Goods Sold | 622,000 |
| Discount on Bonds Payable | 6,000 |
| Income Tax Expense | 30,000 |
| Merchandise Inventory | 98,000 |
| Notes Payable (due in 20 months) | 24,000 |
| Prepaid Expenses | 8,000 |
| Retained Earnings, January 1, 2015 | 148,000 |
| Sales | 955,000 |
| Sales Returns | 16,000 |
| Selling Expenses | 133,000 |
| Supplies | 4,000 |
| Unearned Revenue | 19,000 |

1. What are Net Sales?

Net Sales \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What is Gross Profit?

Gross Profit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What are total Operating Expenses?

Operating Expenses \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What is Income Before Taxes?

Income Before Taxes \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What is Net Income?

Net Income \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What are total Current Assets

Current Assets \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What are total Assets

Total Assets \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What are total Current Liabilities?

Current Liabilities \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What are total Long-Term Liabilities?

Long-Term Liabilities \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What are total Stockholders’ Equity

Stockholders’ Equity \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What are Working Capital?

Working Capital \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What are the Current Ratio?

Current Ratio \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What are the Gross Profit (Gross Margin) Percentage?

Gross Profit Percentage \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What is the Debt to Assets Ratio?

Debt to Assets Ratio \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. What is the Debt-to-Equity Ratio?

Debt-to-Equity Ratio \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_