

ADVANCED COLLEGE ACCOUNTING (115)

—Post-secondary—

REGIONAL – 2017

Multiple Choice, Matching, & Short Answer Section:

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

Matching (8 @ 2 points each) _____ (16 points)

Short Answer: Income Statement (11 @ 2 points each) _____ (22 points)

Production Portion:

Job 1: Allowance for Doubtful Accounts (6 @ 2 points each) _____ (12 points)

Job 2: Aging of Accounts Receivable (9 @ 2 points each) _____ (18 points)

Job 3: Perpetual LIFO (46 @ 1 point each) _____ (46 points)

Job 4: Vertical Analysis (16 @ 2 points each) _____ (32 points)

TOTAL POINTS _____ (176 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.

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

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

1. The rules that govern accounting in the United States are
 - a. Financial Accounting Standards
 - b. Generally Accepted Accounting Principles
 - c. Global Accounting Standards
 - d. International Financial Reporting Standards

2. Amounts paid to vendors as advanced payments for goods or services are called _____.
 - a. equity
 - b. prepaid expenses
 - c. expenses
 - d. accounts payable

3. An example of an intangible asset is _____.
 - a. truck used for deliveries
 - b. commercial building
 - c. customer list
 - d. manufacturing machinery

4. The equity of Jones Co. is \$117,000 and the assets are \$185,000. What are total liabilities?
 - a. \$14,000
 - b. \$185,000
 - c. \$302,000
 - d. \$68,000

5. A service company will usually *not* carry?
 - a. Salaries Expense
 - b. Inventory
 - c. Depreciation Expense
 - d. None of the above

6. How many “inventory” accounts are present for a manufacturer
 - a. 2
 - b. 1
 - c. 3
 - d. 0

7. Which of the following are *acceptable* methods for estimating the allowance for bad debt account?
 - a. Income statement approach, using net sales
 - b. Balance sheet approach, using an analysis of accounts receivable
 - c. Accounts receivable aging report
 - d. All are acceptable

8. Which is an example of an accelerated method of depreciation?
 - a. Double declining balance
 - b. Straight-line
 - c. Sum of the years digits
 - d. Both a and c

9. The theory that all items for expenses and revenues should be recognized in the period in which they occurred is referred to as the _____.
 - a. Matching Concept
 - b. Recognition Theory of Accounting
 - c. Ethical Code of Accountancy
 - d. SEC Code of Accuracy

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?
 - a. oil change and lubrication
 - b. installing a lift gate
 - c. replacing a worn serpentine belt
 - d. changing the transmission fluid

11. Which of the following should *not* be included in the physical inventory of a company?
 - a. Goods out on consignment to a retail establishment
 - b. Goods in transit from another company that are shipped FOB shipping point
 - c. Goods in transit from another company that are shipped FOB destination
 - d. All of the above should be included

12. If a corporation has common stock with a par value of \$2, 1,000,000 authorized, and 30% outstanding; what is the monetary value in the Common Stock account?
 - a. \$2,000,0000
 - b. \$1,400,000
 - c. \$300,000
 - d. \$600,000

13. How is the intangible asset of Goodwill assessed each year?
 - a. Take the value and amortize according to life span
 - b. It has to be tested for impairment each year
 - c. If impairment is suspected, then Goodwill is analyzed for impairment
 - d. It is depreciated on a straight-line basis

14. Partner A contributes \$40,000 cash, \$20,000 book value fixed asset (assessed at \$25,000), and Inventory of \$42,000 (of which \$8,000 is obsolete and deemed worthless) to a partnership where Partner B contributes \$66,000 in cash. How much equity will be recorded for Partner A?
 - a. \$102,000
 - b. \$107,000
 - c. \$99,000
 - d. \$94,000

15. If a \$12,000, 6-month note payable is discounted at 14%, how much are the proceeds in the transaction?
- a. \$12,000
 - b. \$11,600
 - c. \$12,840
 - d. \$11,160

Part 1: Matching (8 @ 2 points each)

From the lettered list at the bottom of the page, match the definition with the term listed below.

- 1. ___ An example of a short-term liability
- 2. ___ An example of an intangible asset
- 3. ___ An example of a contra-asset
- 4. ___ Subtracted from Net Sales to derive gross profit
- 5. ___ An example of an extraordinary item
- 6. ___ A tax commonly collected for the state by retailers
- 7. ___ An example of an inventory account
- 8. ___ Part of stockholder's equity

- A. A fire that destroys a warehouse
- B. Cost of Goods Sold
- C. Construction in Progress
- D. Patent
- E. Accumulated Depreciation
- F. 90-day note payable
- G. Paid in Capital in Excess of Par
- H. Sales Tax

Part 1: Income Statement Completion (11 @ 2 Points Each):

Fill in the missing amounts: Complete the following Income Statement with the information presented below.

Revenues:

Sales (net)	_____	
Cost of Goods Sold	_____	
Gross Profit		_____

Operating Expenses:

Salaries Expense	_____	
Rent Expense	_____	
Utilities Expense	_____	
Depreciation Expense	_____	
Total Operating Expenses		_____

Net Income before income tax:

Income Tax Expense (30%)		_____
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Net Income

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Additional Information:

- Gross sales are \$872,354
- Gross Profit is 45%
- Total Operating Expenses are \$335,000
 - Salaries are 50% of operating expenses
 - Rent expense is 1/4 of salaries expenses
 - Utilities are twice as much as rent expense
 - Depreciation is half as much as Utilities expense
- Sales discounts are \$11,154

Job #1 (6 @ 2 points each) Allowance for Doubtful Accounts

Calculate the amounts below and give the journal entry required for adjustment. See the information below.

On December 31, 2015, the Accounts Receivable account has a balance of \$562,000; Allowance for Doubtful Accounts had a beginning balance of 33,120 on January 1, 2015. Accounts written off amounted to 33,560 and accounts reinstated was 2,140. The net sales for the year total \$2,870,000. An analysis of receivables indicates the uncollectible receivables are estimated to be \$32,500.

Determine

(a) The amount of bad debt expense recognized using A/R method:

(b) The net realizable value of accounts receivable:

(c) The adjusting journal entry

(c)			

Job #2 (9 @ 2 points each) Allowance for Doubtful Accounts

Complete the calculation of the Aging of Receivables table below. Calculate to the nearest cent.

Age Interval:	A/R Balance:	Est. Uncollectible Accts	
		Percentage:	Amount:
Not past due:	700,000	3.50%	
1-30 days past due:	46,000	5.00%	
31-60 days past due:	20,500	10.00%	
61-90 days past due:	14,640	20.00%	
91-180 days past due:	4,105	30.00%	
181-365 days past due:	2,100	50.00%	
Over 365 days past due:	<u>1,245</u>	95.00%	
Total:		XXX	

Job #4 (16 @ 2 points each)

Calculate the Income Statement and calculate the vertical analysis percentages for A-1 Corporation. Display the calculations to 2 decimals whether the numbers are zeros or not.

Example XX.XX% or 50.00%

**A-1 Corporation
 Income Statement
 For Year Ended December 31, 2015**

		Vertical Analysis %
Sales (net)	324,000	_____
Cost of Goods Sold	186,000	_____
Gross Profit	_____	_____
Operating Expenses:		
Salaries Expense	62,000	_____
Rent Expense	24,000	_____
Utilities Expense	13,500	_____
Depreciation Expense	10,600	_____
Total Operating Expenses	_____	_____
Income Before Income Taxes	_____	_____
Income Tax Expense (40%)	_____	_____
Net Income (Loss)	_____	_____