



ADVANCED ACCOUNTING (110)

—Secondary— REGIONAL – 2018

Multiple Choice (20 @ 2 points each)	_____ (40 points)
Short Answer	_____ (55 points)
Problem 1 – Inventory Costing	_____ (30 points)
Problem 2 – Inventory Costing	_____ (22 points)
Problem 3 – Financial Analysis	_____ (60 points)
<i>TOTAL POINTS</i>	_____ (207 points)

**Graders: Please double check and verify all
scores and answer keys!**

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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.

You will have ninety (90) minutes to complete your work. The test consists of multiple 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—(20 @ 2 pts. each)

1.	A	11.	C
2.	C	12.	C
3.	D	13.	B
4.	C	14.	A
5.	B	15.	A
6.	A	16.	D
7.	D	17.	A
8.	A	18.	C
9.	A	19.	C
10.	A	20.	B

Short Answer Problems

1. Each answer worth 1 point. (33 points total) **Note to Grader – If students spell out answers, or if they put D or C as Normal Balance, count as correct.

Account	Classification (A, L, SE, R, CM, E)	Financial Statement (IS, SOSE, BS, None)	Normal Balance (Dr, Cr, None)
Petty Cash	A	BS	DR
Prepaid Rent	A	BS	DR
Income Tax Payable	L	BS	CR
Sales Discount	R	IS	DR
Preferred Stock	SE	BS AND SOSE	CR
Fees	R	IS	CR
Time Draft Receivable	A	BS	DR
Insurance Expense	E	IS	DR
Income Summary	SE	N	N
Retained Earnings	SE	BS AND SOSE	CR
Purchases	CN	IS	DR



2. (2 points each)

Account Debited Interest Expense Amount \$24.94

Account Credited Interest Payable Amount \$24.94

a. \$24.94 b. February 2, 2019

3. (2 points each)

a. \$675

b. \$900

c. \$4,825

d. Gain

e. \$400

Problem 1 – Inventory Costing (5 points each; 30 points total)

	FIFO	LIFO	Weighted Average
Ending Inventory	<u>\$20,745</u>	<u>\$18,560</u>	<u>\$19,632</u>
Gross Profit	<u>\$63,140</u>	<u>\$60,955</u>	<u>\$62,028</u>



Problem 2 – Allowance Method of Uncollectibles (1 point per account and per amount; 22 points total)

****Notes to Grader - Allowance for Uncollectible Accounts might be called Allowance for Doubtful Accounts, or something similar. Accounts Receivable could be written as A/R. Accept as correct. Entry on April 17th could be done as two separate entries (DR Cash, CR A/R – Erin Gordy for 240 – Then DR Allowance for UA, CR A/R – Erin Gordy for 240) Accept as correct**

DATE	ACCOUNT	DEBIT	CREDIT
Jan 14	Allowance for Uncollectible Accounts	752	
	Accounts Receivable / Keith Pritchard		752
Apr 17	Cash	240	
	Allowance for Uncollectible Accounts	240	
	Accounts Receivable / Erin Gordy		480
Sept 25	Accounts Receivable / Keith Pritchard	300	
	Allowance for Uncollectible Accounts		300
Sept 25	Cash	300	
	Accounts Receivable / Keith Pritchard		300
Dec 31	Uncollectible Accounts Expense (or Bad Debts)	1,696	
	Allowance for Uncollectible Accounts		1,696

Problem 3 – Financial Analysis (5 points each; 60 points total)

Net Income after Tax	<u>\$60,905</u>	Working Capital	<u>\$147,526</u>
Ending Retained Earnings	<u>\$101,478</u>	Current Ratio	<u>3.1 or 3.14</u>
Gross Profit Percentage	<u>52.8%</u>	Debt Ratio	<u>23.3%</u>
Return on Sales	<u>20.0% or 24.5%</u>	Debt to Equity Ratio	<u>30.4%</u>
Return on Assets	<u>20.6%</u>	EPS	<u>\$1.02</u>
Return on Equity	<u>26.9%</u>	P/E Ratio	<u>34.0 or 34.04</u>