

ADVANCED COLLEGE ACCOUNTING —Post-secondary— (115) REGIONAL – 2018

Multiple Choice & Short Answer Section:

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

Short Answer _____ (52 points)

Production Portion:

Problem 1: Journal Entries _____ (30 points)

Problem 2: Closing Entries _____ (20 points)

Problem 3: Income Statement _____ (12 points)

TOTAL POINTS _____ (***144 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.

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:

Calculate all calculations to 4 decimals, then round to the nearest dollar or cent.

MULTIPLE CHOICE (30 points, 2 points each)

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

1. Expenses and revenue are recognized as they occur in a(n) _____.
 - a. Cash accounting system
 - b. Accrual accounting system
 - c. GAP driven system
 - d. All tax accounting systems

2. If \$3,000 is received in an advance payment of rent, it should be classified as a(n) _____.
 - a. Expense
 - b. Revenue
 - c. Liability
 - d. Contra Asset

3. An alternative way to write the accounting equation is _____.
 - a. Revenue – Expenses = Net Income (Loss)
 - b. Assets = Liabilities - Equity
 - c. Equity = Assets + Liabilities
 - d. Equity = Assets - Liabilities

4. GAAP stands for
 - a. Generally Acceptable Accounting Premises
 - b. Generally Accountable Asset Placement
 - c. Generally Accepted Asset Principles
 - d. None of the above

5. An adjusting entry always contains a(n) _____ and a(n) _____.
 - a. Expense, Revenue
 - b. Contra Asset, Expense
 - c. Balance Sheet account, Income Statement account
 - d. Liability, Expense

6. Straight-line depreciation expenses _____.
 - a. The same amount every full year
 - b. An increasing amount each year
 - c. Starts at a high amount and decreases every year
 - d. According to the usage of the asset each year

7. The three categories in a Statement of Cash Flows are _____.
 - a. Operating, Investigating, and Financing
 - b. Objective, Investing, and Financing
 - c. Operating, Investing, and Financing
 - d. Operational, Investing, and Fair Value

8. Revenue – Cost of Goods Sold = _____.
- Operating Expenses
 - Net Income
 - Net Loss
 - Gross Profit
9. Current assets – Current Liabilities = _____.
- Current Ratio
 - Current Net Worth
 - Working Capital
 - Current Equity
10. The formula Principal X Rate X Time = _____.
- Long Term Interest
 - Simple Interest
 - Nothing to me
 - Cost of Goods Sold
11. Manufacturing has three inventory accounts; they are _____.
- Materials, Work in Process, Finished Goods
 - Materials, Work to be Completed, Finished Goods
 - Materials, Work in Line, Finnish Goods
 - Current assets, Work in Process, Danish Goods
12. If a piece of machinery costs \$50,000, has no salvage value, and is expected to last 5 years or 21,000 hours, what is the depreciation taken under double declining balance if the machine was put into service on June 1 of the current year and was used 6,000 hours?
Round to the nearest dollar.
- \$12,500
 - \$14,280
 - \$20,000
 - \$11,667
13. *Using the information from Question 12 above*, how much depreciation would be taken if the units of productions method is used?
- \$12,500
 - \$14,286
 - \$20,000
 - \$11,667
14. A one year, 8% loan was authorized on February 2, 2016 for \$11,000. If the lien holder's fiscal year ends on June 30, how much interest expense would be accrued by the lien holder?
- \$366.67
 - \$806.67
 - \$293.33
 - None of the above

15. Which of the following are considered Cash & Cash Equivalents?
- Petty cash
 - Certificates of deposit
 - Undeposited funds
 - All of the above

Short Answer Questions

Short Answer #1 (8 points, 2 points each)

Benito Company purchased a one year liability insurance policy on April 1st of the current year for \$2,100 in cash and it was correctly recorded. Record the monthly adjustment below.

	JOURNAL		PAGE 11
DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
Month End			

Short Answer #2 (8 points, 2 points each)

Refer to Short Answer #1 above. If the entire amount of the liability insurance was recorded in an expense account, what would the year end adjustment be? Record the correcting entry below.

	JOURNAL		PAGE 12
DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
Year End			

Short Answer #3 (16 points, 2 points each)

Calculate the year end interest and principal payment for each scenario. Assume in each scenario the loan is not compounded and the payment is due at 12/31/17. *Round to the nearest cent.*

Term, Rate	Loan Amount	Date Issued	Year End Payment	Interest Paid	Principal Paid
10 year, 6%	\$50,000	01/31/2017	\$5,000.00		
6 month, 9%	\$6,000	06/30/2017	Due on 12/31		
20 year, 3.25%	\$110,000	03/31/2017	\$5,000.00		
15 year, 4.5%	\$75,000	09/01/2017	\$7,000.00		

Short Answer #4 (20 points, 2 points each)

Fill in the missing amounts from the T accounts below and calculate the ending balances. Net income for the year was \$41,230 and \$12,650 in dividends were declared and paid. Assume all purchases were on account, net purchases for inventory for the year were 186,535; COGS were 139,468; and payments made on account were 179,887.

Inventory	
68,146	

COGS	

Accounts Payable	
	13,942

Retained Earnings	
	85,450

Problem #3 (12 points, 2 points each)

Complete the following Income Statement with the missing amounts for the first year of operations for Skill Corporation.

Additional information: dividends declared and paid were \$30,400. Gross profit is 40%. 100,000 shares of common stock were outstanding throughout the year.

**SKILL CORPORATION
INCOME STATEMENT
DECEMBER 31, 2017**

Sales Revenue		400,000	
Sales Discounts	22,000		
Sales Returns	<u>11,500</u>		
Net Sales		_____	
 COGS		_____	
 Gross Profit		_____	
 Operating Expenses			
Salaries		_____	
Utilities	32,655		
Supplies	14,277		
Insurance	<u>8,345</u>		
Total Operating Expenses		<u>94,688</u>	
 Net Income (Loss)		=====	
 Earnings Per Share		=====	