Contestant Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **ADVANCED ACCOUNTING (S) – REGIONAL 2017 Page 1 of 10** Time: \_\_\_\_\_\_\_\_\_ Rank: \_\_\_\_\_\_\_\_\_ **ADVANCED ACCOUNTING (115)** —Secondary—

**REGIONAL – 2017**

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

Short Answers (18 @ 3 points each) \_\_\_\_\_\_\_\_ (54 points)

Problems:

Job 1—Classifying Accounts (1 point each) *(*72 points) Job 2—Liquidating a Partnership (36 points) Job 3—Horizontal Analysis/BS (1 point each) (54 points)

***TOTAL POINTS*** \_\_\_\_\_\_\_\_ ***(256 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 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 at each step.

Use 365 days for calculating interest.

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**Multiple Choice (2 points each)** Identify the letter of the choice that best completes the statement or answers the question.

1. Cost of merchandise sold equals

a. net sales minus gross profit b. net sales minus operating expenses c. beginning inventory plus net purchases minus ending inventory d. beginning inventory minus net purchases plus ending inventory

2. The depreciation method that does *not* use the salvage value in calculating annual depreciation is the

a. straight-line method b. double-declining balance method c. sum-of-the-years digits method d. units of production method

3. Which of the following inventory systems maintains a constant, up-to-date record of

merchandise on hand?

a. first-in, first out system b. last-in, first-out system c. periodic inventory system. d. perpetual inventory system.

4. In periods of rising prices, which inventory method will result in a *lower* gross profit?

a. FIFO b. LIFO c. weighted average d. income average

5. Which type of accounts are *closed* at the end of a fiscal period?

a. capital accounts b. all permanent accounts c. all contra accounts d. all temporary accounts

6. Recording depreciation expense on a plant asset is an application of what GAAP concept?

a. going concern b. business entity c. consistent reporting d. matching expenses with revenue

7. All long-term assets *except* are depreciated.

a. building b. land c. truck d. office furniture

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8. The amount paid on the maturity date of a note is the

a. principal b. interest c. maturity value d. accrual

9. John invests $50,800 cash and a truck with a market value of $16,400 into a partnership. Lynn invests $42,000 cash and office equipment with a market value of $8,500. What is the credit to Lynn’s capital account?

a. $ 8,500 b. $42,000 c. $50,500 d. $57,200

10. The balance of accounts receivable less the allowance for uncollectible accounts is the formula

for calculating

a. uncollectible accounts expense b. book value of accounts receivable c. the contra account balance to accounts receivable d. total collections of previously written-off accounts

11. Some examples of long-term assets are

a. supplies, truck, and delivery equipment b. supplies, prepaid insurance, and building c. cash, delivery truck, and equipment d. office equipment, land, and delivery truck

12. If a long-term asset costs $5,000, has accumulated depreciation of $4,200, and is sold for $700,

the gain or loss on disposal is

a. $100 gain b. $100 loss c. $700 gain d. $700 loss

13. A periodic inventory normally is taken

a. at the end of every month b. quarterly c. at the end of a fiscal period d. only when a stock shortage is suspected

14. Interest on a promissory note is stated as

a. the total of the principal plus interest b. a percentage of the principal c. a number of cents on the dollar d. a given amount of money

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15. The adjusting entry for accrued interest expense is

a. debit Income Summary; credit Interest Expense b. debit Interest Expense; credit Income Summary c. debit Interest Income; credit Interest Receivable d. debit Interest Expense; credit Interest Payable

16. Maturity value for a note is calculated as

a. principal plus interest equals maturity value b. principal times interest equals maturity value c. principal times interest rate equals maturity value d. principal plus interest rate equals maturity value

17. To close the expense and cost accounts at the end of the fiscal period,

a. debit the expense and cost accounts; credit income summary b. debit the expense accounts; credit the capital accounts c. debit Income Summary; credit the expense and cost accounts d. debit Income Summary; credit the capital accounts

18. A company has net sales of $350,000, gross profit of $275,000, and total operating expenses of

$155,000. What is the component percentage of net income?

a. 34.2% b. 34.3% c. 78.5% d. 78.6%

19. To record the declaring of a dividend,

a. debit Dividends Expense; credit Dividends Payable b. debit Dividends; credit Cash c. debit Dividends; credit Dividends Payable d. debit Retained Earnings; credit Dividends Payable

20. When noncash assets are liquidated and the amount received exceeds the book value of the asset

liquidated, there is a

a. net income b. net loss c. gain on the realization d. loss on the realization

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**Short Answer (3 points each)**

1. The Balloon Company had the following transactions that affected Accounts Receivable during the

month of August.

• A customer paid $386.42 on account.

• A customer purchased $2,236.86 of merchandise on account.

• Another customer paid $4,120.75 on account.

On August 1 the balance of Accounts Receivable was $13,899.32. On August 31, the balance was computed to be $11,734.82.

(a) Is the balance correct? (a)

(b) If not, what should the balance be? (b)

2. Based on the following table, calculate the difference between beginning and ending inventory.

Indicate whether you would debit or credit Merchandise Inventory when making the adjusting entry at the end of the fiscal period.

**Quarter**

**(2) DR or CR to Beginning**

**Ending**

**Merchandise Inventory**

**Inventory (1) Difference**

**Inventory**

1 $62,000 $77,000

2 $77,000 $82,000

3 $82,000 $52,000

4 $52,000 $50,000

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3. Moments, Inc. has employed you to prepare their financial statements. Using the data listed

below, calculate gross profit on sales and net income or net loss.

Net Sales = $75,000

Cost of Merchandise Sold = $36,500

Operating Expenses = $15,075

Gross Profit

Net Income/Loss

4. Based on the data below, calculate the cost of ending inventory using LIFO, FIFO, and Weighted

Average. The company had 23 scarves left in inventory.

Beginning Inventory 11 scarves @ $3.81 each February 15 16 scarves @ $3.90 each April 3 12 scarves @ $3.98 each May 18 10 scarves @ $4.04 each July 5 18 scarves @ $4.07 each September 16 12 scarves @ $4.11 each November 6 8 scarves @ $4.12 each

LIFO FIFO Weighted Average

5. On August 10, your company borrowed $12,800 from the People’s Bank by issuing a 45-day,

12% note payable. People’s Bank uses exact interest.

(a) When is the note due? (a)

(b) How much interest will your company pay? (b)

(c) What is the maturity value of the note? (c)

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***Problems***

**Job 1—Classifying Accounts (1 point each)** For each account listed below, state its classification *(asset, liability, stockholder’s equity, revenue, cost of merchandise, expense),* whether it has a normal debit or credit balance, and what financial statement *(Income sSatement, Statement of Stockholders’ Equity, or Balance Sheet)* it will appear on *(can be more than one).* Use codes provided above the columns. The first one is done as an example.

**ACCOUNT CLASSIFICATION** (A, L, SE, R, CM, E)

**NORMAL BALANCE** (DR or CR)

**FINANCIAL STATEMENT** (IS, SOSE, BS) Accounts Payable **L CR BS**

Accounts Receivable

Bankcard Fees Expense

Capital Stock

Cash

Payroll Tax Expense

Federal Corporate Income Tax Payable

Prepaid Insurance

Insurance Expense

Purchases

Sales

Store Equipment

Purchases Discounts

Supplies

Sales Returns & Allowances

Sales Tax Payable

Purchases Returns & Allowances

Retained Earnings

Allowance for Uncollectible Accounts

Dividends

Sales Discounts

Accumulated Depreciation—Equipment

Federal Corporate Income Tax Expense

Merchandise Inventory

Treasury Stock

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**Job 2—Liquidation of a Partnership (1 point each) Journalize** the following related to liquidating a partnership. Use the general journal provided for all transactions.

S. Grumpy and B. Peters agreed to liquidate their partnership on August 31 of the current year. On that date, after financial statements were prepared and closing entries were posted, the general ledger accounts had the following balances.

Cash $9,000 Supplies 150 Office Equipment 3,000 Accum. Depreciation—Office Equipment 800 Accounts Payable 300 S. Grumpy, Capital 6,050 B. Peters, Capital 5,000

**Transactions**

Aug. 1 Received cash from the sale of office equipment, $3,000.

1 Received cash from the sale of supplies, $50. 3 Paid cash to all creditors for amounts owed. 4 Recorded distribution of gain on realization equally to the partners. 4 Recorded distribution of loss on realization equally to the partners. 4 Distributed the remaining cash to partners.

**General Journal**

**Date Description Doc Debit Credit**

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**Job 3—Horizontal Analysis of a Comparative Balance Sheet (1 point each)** Complete the sections of the comparative balance sheet, perform a horizontal analysis, and calculate the requested ratios below the statement. Round percentages to one decimal place.

**Sassy Clothing Comparative Balance Sheet For Years Ended December 31, 2014 and 2015**

**Increase /Decrease Current Year-2015**

**Previous Year-2014 Dollars Percent**

**ASSETS** Cash 15,179 12,115 Accounts Receivable 10,404 8,220 Merchandise Inventory 81,385 84,921 Supplies 1,839 1,587 Prepaid Insurance 1,375 0 Delivery Equipment 19,831 12,462 Office Equipment 9,825 5,854 Store Equipment 5,200 3,500 **Total Assets $ $**

**LIABILITIES** Accounts Payable 13,850 22,433 Federal Corporate Inc. Tax Payable 155 140 Employees' Federal Inc. Tax Payable 640 608 Employees' State Inc. Tax Payable 80 72 Social Security Tax Payable 248 241 Medicare Tax Payable 58 56 Federal Unemployment Tax Payable 18 17 State Unemployment Tax Payable 115 103 Sales Tax Payable 2,428 3,158 **Total Liabilities $ $**

**STOCKHOLDERS' EQUITY** Capital Stock 75,000 75,000 Retained Earnings 52,446 26,831 **Total Stockholders' Equity $ $ Total Liabilities & Stockholders' Equity $ $**