**ADVANCED ACCOUNTING (S) - REGIONAL 2017 ANSWER KEY Page 1 of 7**

**ADVANCED ACCOUNTING (110)**

—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**—Liquidation of a Partnership (1 point each) (36 points)

**Job 3**—Balance Sheet Analysis (1 point each) (54 points)

***TOTAL POINTS*** \_\_\_\_\_\_\_\_ ***(256 points)***

**Judge/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 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—(20 @ 2 pts. each)**

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

**Short Answer**— *(each answer worth 3 points, 3 @ 18 = 54 pts.)*

1. **(A) NO**

**(B) $11,269.01**

***2. NOTE TO GRADER: If students have a negative number for the difference in 3***

***& 4, count as correct.***

**Quarter**

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

**Ending**

**Merchandise Inventory**

**Inventory (1) Difference**

**Inventory** 1 $62,000 $77,000 **$15,000 DR**

2 $77,000 $82,000 **$5,000 DR**

3 $82,000 $52,000 **$30,000 CR**

4 $52,000 $50,000 **$2,000 CR**

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3. **Gross Profit: $38,500**

**Net Income/Loss $23,425**

4. **LIFO $88.71**

**FIFO $94.49**

**Weighted Average $92.00**

5. **(a) Sept. 24**

**(b) $189.37**

**(c) $12,989.37**

**ADVANCED ACCOUNTING (S) - REGIONAL 2017 ANSWER KEY Page 5 of 7**

***Problems***

**Job 1—Classifying Accounts**—*(worth 1 point each)*

**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 **A DR BS**

Bankcard Fees Expense **E DR IS**

Capital Stock **SE CR SOSE, BS**

Cash **A DR BS**

Payroll Tax Expense **E DR IS**

Federal Corporate Income Tax Payable **L CR BS**

Prepaid Insurance **A DR BS**

Insurance Expense **E DR IS**

Purchases **CM DR IS**

Sales **R CR IS**

Store Equipment **A DR BS**

Purchases Discounts **CM CR IS**

Supplies **A DR BS**

Sales Returns & Allowances **R DR IS**

Sales Tax Payable **L CR BS**

Purchases Returns & Allowances **CM CR IS**

Retained Earnings **SE CR SOSE, BS**

Allowance for Uncollectible Accounts **A CR BS**

Dividends **SE DR SOSE**

Sales Discounts **R DR IS**

Accumulated Depreciation—Equipment **A CR BS**

Federal Corporate Income Tax Expense **E DR IS**

Merchandise Inventory **A DR IS, BS *or* just BS**

Treasury Stock **SE DR SOSE, BS**

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**Job 2—Liquidation of a Partnership—***(worth 1 point each, award* ***no points*** *for the date or doc)*

**General Journal**

**Date Description Doc Debit Credit**

Aug. 1 **Cash 3,000 Accum. Depr.—Equipment 800**

**Gain on Realization 800 Equipment 3,000** 1 **Cash 50 Loss on Realization 100**

**Supplies 150** 3 **Accounts Payable 300**

**Cash 300** 4 **Gain on Realization 800**

**S. Grumpy, Capital 400 B. Peters, Capital 400** 4 **S. Grumpy, Capital 50 B. Peters, Capital 50**

**Loss on Realization 100** 4 **S. Grumpy, Capital 6,400 B. Peters, Capital 5,350**

**Cash 11,750**

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**Job 3—Horizontal Analysis of a Comparative Balance Sheet** *(worth 1 point each)* Complete the sections of the comparative balance sheet and perform a horizontal analysis.

**NOTE TO GRADER:** Zero balances can be indicated by --, NA, or a zero.

**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 **$3,064 25.3** Accounts Receivable 10,404 8,220 **2,184 26.6** Merchandise Inventory 81,385 84,921 **(3,536) (4.2)** Supplies 1,839 1,587 **252 15.9** Prepaid Insurance 1,375 0 **1,375 --** Delivery Equipment 19,831 12,462 **7,369 59.1** Office Equipment 9,825 5,854 **3,971 67.8** Store Equipment 5,200 3,500 **1,700 48.6 Total Assets $145,038 $128,659 $16,379 12.7**

**LIABILITIES** Accounts Payable 13,850 22,433 **(8,583) (38.3)** Federal Corporate Inc. Tax Payable 155 140 **15 10.7** Employees' Federal Inc. Tax Payable 640 608 **32 5.3** Employees' State Inc. Tax Payable 80 72 **8 11.1** Social Security Tax Payable 248 241 **7 2.9** Medicare Tax Payable 58 56 **2 3.6** Federal Unemployment Tax Payable 18 17 **1 5.9** State Unemployment Tax Payable 115 103 **12 11.7** Sales Tax Payable 2,428 3,158 **(730) (23.1) Total Liabilities $17,592 $26,828 (9,236) (34.4)**

**STOCKHOLDERS' EQUITY** Capital Stock 75,000 75,000 **-- --** Retained Earnings 52,446 26,831 **25,615 95.5 Total Stockholders' Equity $127,446 $101,831 25,615 25.2 Total Liabilities & Stockholders' Equity $145,038 $128,659 $16,379 12.7**