

ADVANCED COLLEGE ACCOUNTING (115)

—Post-secondary—

REGIONAL – 2019

Multiple Choice:

Multiple Choice (20 @ 2 points each) _____ (40 points)

Problems:

Problem 1: Depreciation _____ (24 points)

Problem 2: Departmentalized Income State _____ (41 points)

Problem 3: Journal Entries _____ (40 points)

TOTAL POINTS _____ ***(145 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 should be completed first, 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:

GAAP

Round to two decimal places unless otherwise instructed

Percents rounded to the tenth percent (Ex: 22.8%)

Perpetual Inventory

MULTIPLE CHOICE

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

1. The accounting system that recognizes revenue when cash is received and expenses when paid is called the _____
 - a. Accrual Basis.
 - b. Cash Basis.
 - c. Deferral Basis.
 - d. Prepaid Basis.

2. Which organization is responsible for enforcing accounting standards?
 - a. EITF (Emerging Issues Task Force)
 - b. FASB (Financial Accounting Standards Board)
 - c. AICPA (American Institute of Certified Public Accountants)
 - d. SEC (Securities and Exchange Commission)

3. The Going Concern Assumption supports the following _____
 - a. Recording assets at their historical costs.
 - b. Depreciating long-term assets.
 - c. Both a & b.
 - d. None of the above.

4. Which of the following represents permanent accounts?
 - a. Assets, Liabilities, Shareholders' Equity
 - b. Assets, Liabilities, Shareholders' Equity, Drawing, Revenue & Expenses
 - c. Drawing, Revenue & Expenses
 - d. Revenue & Expenses

5. Entries prepared each period to update accounts are called _____
 - a. Adjusting Entries.
 - b. Correcting Entries.
 - c. Reversing Entries.
 - d. Updating Entries.

6. Deferred or Unearned Revenues are first recorded when _____
 - a. The revenue is earned.
 - b. The cash is received.
 - c. The period is ended.
 - d. The invoice is prepared.

7. When using the Direct Write Off method, you will write off an accounts receivable to what account?
 - a. Allowance Account
 - b. Bad Debts Expense
 - c. Direct Write Off Account
 - d. None of the above

8. The entry to update supplies used of \$1,200 would be:
- | | | | |
|----|------------------|-------|-------|
| a. | Supplies | 1,200 | |
| | Supplies Used | | 1,200 |
| b. | Supplies | 1,200 | |
| | Supplies Expense | | 1,200 |
| c. | Supplies Expense | 1,200 | |
| | Cash | | 1,200 |
| d. | Supplies Expense | 1,200 | |
| | Supplies | | 1,200 |
9. On a Classified Balance Sheet what are the two categories of liabilities?
- Contingent and Comprehensive
 - Contingent and Long Term
 - Current and Long-Term
 - Current and Comprehensive
10. Cash and Cash Equivalents on the Balance Sheet would include the following:
- Cash on Hand
 - Cash in the Checking
 - Marketable Securities
 - All of the above
11. What is another name for the Balance Sheet?
- Adjusted Trial Balance
 - Statement of Balance
 - Statement of Financial Position
 - Earnings Statement
12. Liquidity refers to _____
- How soon an asset turns to cash or is used.
 - How soon a liability needs to be paid or earned.
 - Both a & b.
 - Neither a nor b.
13. Which from the following list of accounts may have a subsidiary ledger?
- Accounts Receivable
 - Inventory
 - Property and Equipment
 - All of the following

14. LIFO (Last-In, First-Out) is an inventory method that will _____
- In a period of rising prices will raise the cost of the ending inventory.
 - In a period of declining prices will lower the cost of ending inventory.
 - In a period of rising prices will raise the cost of the goods sold.
 - In a period of rising prices will lower the cost of goods sold.
15. The Unit of Measure or Monetary Unit Assumption in the United States says _____ .
- We will measure our profit with revenues and expenses.
 - We will use dollars and cents to prepare our statements.
 - We will prepare our statement in monetary units.
 - We will measure our monetary units in our statements.
16. In which section of the balance sheet would land held-for-speculation be reported?
- Current Assets
 - Property, Plant & Equipment
 - Investments
 - Other Assets
17. An intangible asset
- Derives its value from the rights and privileges it provides the owner
 - Is worthless because it has no physical substance
 - Converted into a tangible asset during the operating cycle
 - Cannot be classified on the balance sheet because it lacks physical substance
18. A Departmental Income Statement may be divided into . . .
- Regional sales territories.
 - Types of expenses.
 - Asset holdings.
 - Sales amounts.
19. The Income Summary account is used _____
- When recording all journal entries.
 - When recording adjusting entries.
 - When recording correcting entries.
 - When recording closing entries.

20. Using the information below, what is the amount of increase or decrease to the capital account for the year?

	Debit	Credit
Cash	\$ 10,000	
Accounts Receivable	2,500	
Supplies	9,000	
Accounts Payable		\$ 3,000
J. D., Capital		18,000
J. D., Drawing	1,500	
Fees Earned		<u>6,000</u>
Salaries Expense	2,700	
Utilities Expense	1,200	
Miscellaneous Expense	<u>100</u>	
Totals	<u>\$ 27,000</u>	<u>\$ 27,000</u>

- a. \$ 18,000
- b. \$ 6,000
- c. \$ 2,000
- d. \$ 500

Problem 1 (24 Points)

On April 1, 2019 Filagree Corporation purchased some equipment for \$120,000. The equipment is expected to last 10 years or produce 100,000 units and have a residual value of \$5,000. The first year 7,200 units were produced and 11,000 the second year. Calculate the December 31 depreciation for the first two years under each of the following methods. Round all answers to the nearest cent.

	2019	2020
Straight Line		
Units of Production		
Double Declining Balance		
Sum of the Years Digits		

Problem 3 (40 Points)

Prepare the following selected journal entries for the WashWear Corporation. Entries are recorded with the net method and perpetual inventory.

- Jan. 15 Received an invoice dated Jan. 15 for \$15,210 of merchandise with terms 2/10 net 30, FOB Shipping Point. A shipping charge of \$210 was included in the invoice.
- Jan. 21 Paid the invoice from Jan. 15.
- Jan. 29 Recorded sales on account for the month of \$210,500 with terms FOB Destination. The cost of the goods was \$101,920.
- Feb. 10 Received cash of \$150,000 from customers on account.
- Feb. 26 Wrote off an account of \$500 deemed uncollectible. The company uses the Allowance Method.
- Mar. 15 The Board of Directors declared \$88,000 in cash dividends.
- Apr. 15 The company paid the cash dividends.
- Apr. 30 Recorded the depreciation of equipment for the month \$1,500.
- June 30 Took a physical inventory which amounted to \$90,800. The Merchandise Inventory account has a balance of \$92,500. Record the entry to adjust to the physical inventory balance.

