

COLLEGE ACCOUNTING (105) —Post-secondary— **REGIONAL – 2020**

Multiple Choice & Short Answer Section:

Multiple Choice (25 @ 2 points each) _____ (50 points)

Short Answer _____ (78 points)

Production Portion:

Problem 1: Journal Entries _____ (78 points)

Problem 2: Trial Balance _____ (59 points)

TOTAL POINTS _____ ***(265 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.

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.

Unless otherwise instructed, round all answers to 2 decimal places.

MULTIPLE CHOICE

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

- 1) With terms of sale 2/15, n/30, the 2 represents
 - a) The percentage of discount taken if paid within the discount period
 - b) The number of days within the discount period
 - c) The amount of the bill that must be paid after the discount
 - d) The dollar amount of discount taken if paid within the discount period

- 2) The payment of a dividend must be authorized by the
 - a) CEO
 - b) CFO
 - c) Shareholders
 - d) Board of Directors

- 3) Halpert Inc. buys its own common stock back. What account is debited?
 - a) Cash
 - b) Common Stock
 - c) Treasury Stock
 - d) Dividends

- 4) Equipment is damaged in a storm and must be discarded. The original cost was \$25,000 and the accumulated depreciation was \$13,000 to date. What will be recorded on the disposal?
 - a) Gain of \$12,000
 - b) Loss of \$12,000
 - c) Gain of \$13,000
 - d) Loss of \$25,000

- 5) Expenses paid for in one fiscal period but not reported as an expense until a later fiscal period are known as
 - a) Unearned Expenses
 - b) Prepaid Expenses
 - c) Cost of Goods Sold
 - d) Accrued Expenses

- 6) Which depreciation method expenses the same amount of depreciation each year?
 - a) Sum of Years Digits
 - b) Double-Declining Balance
 - c) Units-of-Production
 - d) Straight-Line

- 7) Issuing a bond is shown under what section of the Statement of Cash Flows?
- a) Operating
 - b) Investing
 - c) Financing
 - d) Non-Cash
- 8) What advantages do common shareholders have over preferred shareholders?
- a) Voting rights
 - b) Greater Return on Investment
 - c) First right to dividends
 - d) Management positions
- 9) Shipping terms where the title passes to the buyer when the goods are delivered is called
- a) FOB Shipping Point
 - b) FOB Delivery
 - c) FOB Consignment
 - d) FOB Destination
- 10) If prices are rising, which inventory method results in highest cost of goods sold?
- a) LIFO
 - b) FIFO
 - c) Weighted Average
 - d) Specific Identification
- 11) Which depreciation method records the most depreciation in the first year?
- a) Straight-Line
 - b) Units of Production
 - c) Double-Declining Balance
 - d) Sum of Years' Digits
- 12) The accounting concept stating that the amount paid for assets is the amount recorded in the accounting journals is the
- a) Materiality Concept
 - b) Going Concern Principle
 - c) Consistency Principle
 - d) Historical Cost Concept
- 13) Owners are not personally responsible for the debts of the business if the form of business organization is
- a) Sole Proprietorship
 - b) Partnership
 - c) Corporation
 - d) Non-profit organization

- 14) Posting a \$3,000 debit to an account with a \$5,500 credit balance results in a
- Debit balance of \$3,000
 - Debit balance of \$2,500
 - Credit balance of \$3,000
 - Credit balance of \$2,500
- 15) The net income or net loss from the income statement is first transferred to the
- Income Statement
 - Statement of Owners' Equity
 - Balance Sheet
 - Statement of Cash Flows
- 16) Which of the following are temporary accounts?
- Assets, Dividends, Expenses
 - Revenues, Common Stock, Liabilities
 - Assets, Liabilities, Common Stock
 - Revenues, Expenses, Dividends
- 17) Entries prepared to update accounts at the end of each period are called
- Adjusting Entries
 - Correcting Entries
 - Closing Entries
 - Reversing Entries
- 18) Which of the following is an example of the consistency principle?
- Using the LIFO inventory method every year
 - Assuming that the company will continue in business for the foreseeable future
 - Reporting assets at the amount paid for them
 - Reporting inventory at the lower-of-cost-or-market
- 19) Current assets should be listed in what order?
- Order of magnitude
 - Order of importance
 - Order of solvency
 - Order of liquidity
- 20) Which of the following accounts may have a subsidiary ledger?
- Supplies
 - Inventory
 - Bonds
 - Accounts Payable

- 21) Which two accounting elements does the matching principle attempt to match?
- a) Debits & credits
 - b) Assets & liabilities
 - c) Revenues & expenses
 - d) Expenses and assets
- 22) Which of the following is a correct form of the accounting equation?
- a) $\text{Assets} + \text{Liabilities} = \text{Equity}$
 - b) $\text{Assets} + \text{Equity} = \text{Liabilities}$
 - c) $\text{Assets} = \text{Liabilities} - \text{Equity}$
 - d) $\text{Assets} - \text{Liabilities} = \text{Equity}$
- 23) Which of the following accounts will appear on the Post-Closing Trial Balance?
- a) Service Revenue
 - b) Depreciation Expense
 - c) Dividends
 - d) Unearned Revenue
- 24) Under accrual accounting, when is revenue recognized in the company's accounting records?
- a) When it is earned
 - b) When the cash is received
 - c) When the customer signs the contract
 - d) When the invoice is deemed past due
- 25) The Office Supplies account had a balance of \$200 at the beginning of the quarter. During the quarter, and additions \$1,500 of supplies were purchased. A physical inventory count at the end of the quarter indicated that \$300 of supplies were still on hand. How much should the adjusting entry be for to update the supplies account at the end of the quarter?
- a) \$1,500
 - b) \$1,400
 - c) \$300
 - d) \$200

Short Answer (78 points)

Match the definition with the term listed below.

1. _____ The owners of a corporation
2. _____ The equity earned by profitable operations that is not distributed to stockholders
3. _____ Resources used in order to generate revenue
4. _____ An example of a contra-asset
5. _____ The financial statement that lists the firm’s assets, liabilities, and stockholders’ equity
6. _____ Resources owned by the firm that are expected to provide a future economic benefit
7. _____ The accounting rules in the United States
8. _____ Debts owed by the corporation
9. _____ The process of allocating the cost of a plant asset over its useful life
10. _____ The organization that creates the accounting rules in the US
11. _____ Should be recognized when it is earned
12. _____ The financial statement that reports the profit of a business

A. Stockholders	B. Depreciation
C. GAAP	D. Balance Sheet
E. Dividends	F. Accumulated Depreciation
G. Assets	H. FASB
I. Liabilities	J. Common Stock
K. Income Statement	L. Revenue
M. Comprehensive Income	N. Treasury Stock
O. Expenses	P. Retained Earnings

For each account name below, indicate its classification, its normal balance side, and on which financial statement the account appears. Use the appropriate abbreviations for your answers.

Classifications	Normal Balances	Financial Statement
A = Asset L = Liability OE = Owner's Equity R = Revenue E = Expense	D = Debit C = Credit	IS = Income Statement BS = Balance Sheet

Account Name	Classification	Normal Balance	Financial Statement
Accounts Receivable			
Accounts Payable			
Fees Earned			
Equipment			
Rent Expense			
Depreciation Expense			
Common stock			
Retained Earnings			
Unearned Revenue			
Cost of Goods Sold			

Michael Scott Paper Co. purchased equipment on January 2, 2019 for \$16,000. The equipment is expected to remain in service for four years. At the end of the equipment's useful life, Michael Scott estimates that its residual value will be \$1,200.

Prepare a schedule of depreciation for each year using the straight-line method. Complete all shaded areas of the table below. Round to the nearest whole number.

Year	Depreciation Expense	Accumulated Depreciation	Net Book Value
2019			
2020			
2021			
2022			

Problem 1 (78 Points)

The current general ledger of the Dunder Mifflin Academy contains the following information:

Cash	\$18,000	Accumulated Depreciation	2,800
Accounts Receivable	800	Accounts Payable	\$1,200
Supplies	100	Notes Payable	9,400
Equipment	7,500	Common Stock	11,000
		Retained Earnings	2,000
	<u>\$26,400</u>		<u>\$26,400</u>

The following transactions occurred during the first quarter. Prepare the appropriate journal entries (use the question number as the date).

1. Prepaid rent for 5 months, \$1,500
2. Borrowed \$2,500 and signed a promissory note payable due in six months.
3. Billed students for January tutoring fees, \$5,000
4. Purchased supplies on account, \$350
5. Paid salaries of \$5,000
6. Paid \$300 owed on account
7. Collected \$4,000 from students on account
8. Purchased additional equipment for \$5,000 cash.
9. Recorded depreciation on the equipment, \$200
10. Three months of rent expired
11. Accrued unpaid salaries at the end of the quarter, \$2,500
12. Unused supplies at the end of the quarter are \$75

Problem 2 (59 Points)

Using the data from Problem 1 for Dunder Mifflin Academy, complete the Trial Balance.

Dunder Mifflin Academy		
Trial Balance		
March 31, 20XX		

How much profit did Dunder Mifflin earn in the first quarter? _____