

# ADVANCED COLLEGE ACCOUNTING —Post-Secondary— (115) REGIONAL – 2020

## 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. The principle that requires expenses and revenue recognized in the period they occur is the \_\_\_\_\_.
  - a. Matching concept
  - b. Accounting concept
  - c. Revenue recognition concept
  - d. Tax accounting concept
  
2. If \$1,410 is received in an advance payment of a magazine subscription, it should be classified as a(n)
  - a. Expense
  - b. Revenue
  - c. Liability
  - d. Contra Asset
  
3. Net income equals
  - a. Revenue + Expenses
  - b. Assets + Revenue
  - c. Revenue - Expenses
  - d. Equity – Revenue + Expenses
  
4. GAAP stands for
  - a. Generally Acceptable Accounting Premises
  - b. Generally Accountable Asset Placement
  - c. Generally Accepted Asset Principles
  - d. Generally Accepted Accounting Principles
  
5. Straight-line depreciation for a 5 year, \$6,000 property, with no salvage value, put in service on February 1, 2019 would expense how much in 2020?
  - a. \$1,100
  - b. \$600
  - c. \$1,200
  - d. None of the above
  
6. The Operating, Investing, and Financing are sections of the?
  - a. Income Statement
  - b. Statement of Cash Flows
  - c. Cash Budget
  - d. Statement of Retained Earnings

7. The Gross Profit formula can be expressed?
  - a. Revenues – Operating Expenses
  - b. Revenues – all Expenses
  - c. Revenues – Cost of Goods Sold
  - d. Revenues + Cost of Goods Sold
  
8. Current assets divided by Current Liabilities =?
  - a. Current Ratio
  - b. Current Net Worth
  - c. Working Capital
  - d. Current Equity
  
9. The formula for simple interest =?
  - a. Rate x Time x Cost
  - b. Rate x Time x 1
  - c. Ratio x Time x Principle
  - d. Rate x Time x Principle
  
10. Manufacturing accounting has two cost categories for each period, they are?
  - a. Finished Good and Administrative Costs
  - b. Product and Period Costs
  - c. Cost of Goods Sold and Selling Costs
  - d. Cost of an Egg Salad Sandwich and the price of a Mountain Dew
  
11. If a piece of machinery costs \$50,000, has no salvage value, and is expected to last 5 years or 20,000 hours, what is the depreciation taken under double declining balance if the machine was put into service on April 1 of the current year and was used 7,800 hours? **Round to the nearest dollar.**
  - a. \$15,000
  - b. \$10,000
  - c. \$20,000
  - d. \$5,000
  
12. *Using the information from Question 12 above*, how much depreciation would be taken if the units of productions method is used?
  - a. \$18,500
  - b. \$19,200
  - c. \$20,000
  - d. \$19,500
  
13. A one year, 8% loan was authorized on February 2, 2019 for \$11,000. If the lien holder's fiscal year ends on Dec 31, how much interest expense would be accrued by the lien holder?
  - a. \$366.67
  - b. \$806.67
  - c. \$293.33
  - d. None of the above

14. Which of the following are considered Cash & Cash Equivalents?
  - a. Petty cash
  - b. Certificates of deposit
  - c. T-bills maturing in less than 90 days
  - d. All of the above
  
15. The beginning balance of supplies is \$860, \$2,680 supplies were purchased during the period, and the ending balance in the supplies account is \$905. What is the adjustment needed at the end of the period?
  - a. Debit cash for \$2,680, Credit supplies for \$2,680
  - b. Debit Supplies Expense for \$2,680, Credit Supplies for \$2,680
  - c. Debit Supplies Expense for \$905, Credit Supplies for \$905
  - d. Debit Supplies Expense for \$2,635, Credit Supplies for \$2,635

**Short Answer Questions**

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

Benito Company purchased a one year liability insurance policy on May 1<sup>st</sup> of the current year for \$1,800 in cash and it was correctly recorded. Record the monthly adjustment below.

	<b>JOURNAL</b>		<b>PAGE 11</b>
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.

	<b>JOURNAL</b>		<b>PAGE 12</b>
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 12/31/19. *Round to the nearest cent.*

Term, Rate	Loan Amount	Date Issued	Year End Payment	Interest Paid	Principal Paid
10 year, 6%	\$50,000	03/31/2019	\$5,000.00		
6 month, 7%	\$6,000	06/30/2019	Due on 12/31		
20 year, 3.5%	\$110,000	03/31/2019	\$5,000.00		
15 year, 4.75%	\$75,000	10/01/2019	\$8,000.00		

**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 \$54,700 and \$13,550 in dividends were declared and paid. Assume all purchases were on account, net purchases for inventory for the year were 172,865; COGS were 147,422; and payments made on account were 179,887.

Inventory	
68,146	

COGS	

Accounts Payable	
	13,942

Retained Earnings	
	85,450







ADVANCED COLLEGE ACCOUNTING (PS) – REGIONAL 2020  
REGIONAL TEST

**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 \$21,060. Gross profit is 55%. 78,000 shares of common stock were outstanding throughout the year. *Round all calculations to the nearest dollar.*

**SKILL CORPORATION  
INCOME STATEMENT  
DECEMBER 31, 2019**

Sales Revenue		516,000
Sales Discounts	32,485	
Sales Returns	<u>14,500</u>	
Net Sales		_____
COGS		_____
Gross Profit		_____
Operating Expenses		
Salaries		_____
Utilities	47,552	
Supplies	11,644	
Insurance	<u>8,738</u>	
Total Operating Expenses		<u>225,547</u>
Net Income (Loss)		_____
Earnings Per Share (Round to the nearest cent)		_____