



**COLLEGE**

**ACCOUNTING**

(105)

**REGIONAL 2022**

**CONCEPT KNOWLEDGE:**

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

True/False (10 @ 2 points each) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (20 points)

**APPLICATION KNOWLEDGE:**

Short Answer \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (76 points)

Financial Statements \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (50 points)

Transaction Analysis \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (76 points)

***TOTAL POINTS*** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ***(262 points)***

**Test Time: 90 minutes**

**GENERAL GUIDELINES:**

*Failure to adhere to any of the following rules will result in disqualification:*

1. Member must hand in this test booklet and all printouts if any. 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 (handwritten, photocopied, or keyed) are allowed in the testing area.
3. Electronic devices will be monitored according to ACT standards.

**EXAM GUIDELINES:**

You have been hired as a Financial Assistant and will be keeping the accounting records for Digital Solutions, located at 700 Morse Road, Suite 201, Columbus, Ohio 43214. Digital Solutions provides accounting and other financial services for clients. You will complete jobs for Digital Solutions’ own accounting records, as well as for clients.

You will have 90 minutes to complete your work. The test is divided into two parts: concept knowledge and application knowledge.

Your name and/or school name should *not* appear on any work you submit for grading. Write your Member ID in the provided space. Staple all pages in order before you turn in your test.

Assumptions to make when taking this assessment:

* Round all calculations to two decimal places at the final step.
* Round all percentages to one decimal place.
* Use 360 days for interest calculations.

**Multiple Choice**

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

**True/False**

1. A
2. B
3. B
4. A
5. A
6. B
7. B
8. A
9. B
10. A

**Short Answer** *(Each answer worth 3 points except #8 and #9)*

1.On January 1, 2021, Jetson Black Corporation's retained earnings account had a balance of $1,570,000. During 2021 the company had revenues of $270,000 and expenses of $186,000. On December 31, the company’s retained earnings had a balance of $1,601,000. Determine the amount of dividends paid during 2021.

**$53,000**

2. If the beginning Cash account balance of The Leaky Faucet was $36,800, the ending balance was $20,400, and total cash received during the period was $88,000, what amount of cash was paid out during the period?

**$104,400**

3. Weston’s Appliance Center has 6 employees who are paid $24 per hour. At December 31, 2021, each of Weston’s employees had worked 18 hours which had not been paid or recorded. Prior to adjustments, the company’s trial balance showed $171,400 in the wages expense account. If Weston’s makes the appropriate adjusting entry, how much will be reported on the December 31, 2021 income statement as wage expense?

**$173,992**

4. Snacker Company received an advance payment of $72,000 for a consulting contract during the year. The balance in the Unearned Consulting Fees account at the beginning of the year was $8,000. At the end of the year, $4,000 was still unearned. How much will Snacker report as Consulting Revenue on its income statement for the year?

**$76,000**

5. Remift Corp. reported total stockholders’ equity of $870,000 on its Dec 31, 2020, balance sheet. The following information is available for the year ended Dec 31, 2021:

|  |  |
| --- | --- |
| Revenues | $1,260,000 |
| Expenses | $990,000 |
| Assets, on December 31, 2021 | $2,432,000 |

What are the total liabilities of the company on December 31, 2021?

**$1,292,000**

6. Drivet Inc. reported the following year-end amounts:

|  |  |
| --- | --- |
| Total Sales | $16,800 |
| Sales Discounts | 300 |
| Sales Returns | ? |
| Cost of Goods Sold | 10,500 |
| Gross Profit | 2,175 |

What is the company’s Sales Returns for the year?

**$3,825**

7. Wong’s purchased a new piece of equipment at a cost of $240,000 on January 1, 2022. The tractor has an estimated salvage value of $40,000 and an estimated life of 8 years.

a. How much depreciation expense will Wong’s report on December 31, 2022?

**$25,000**

b. What will Wong’s report as accumulated depreciation on December 31, 2022?

**$25,000**

c. How much depreciation expense will Wong’s report on December 31, 2025?

**$25,000**

d. What will Wong’s report as accumulated depreciation on December 31, 2025?

**$100,000**

e. How much depreciation expense will Wong’s report in total after 8 years?

**$200,000**

f. What will be the balance in accumulated depreciation after 8 years?

**$200,000**

8. For each account, indicate whether the account is permanent or temporary, what the normal balance is, and which financial statement(s) the account appears on.

***(Grader: Each box worth 1 point)***

|  |  |  |  |
| --- | --- | --- | --- |
|  | Permanent (P)/Temporary (T) | **Normal Balance**  Debit (D)/Credit (C) | **Financial Statement**  Income Statement (IS), Stockholders’ Equity (SHE), Balance Sheet (BS) |
| Cash | **P** | **D** | **BS** |
| Fees Earned | **T** | **C** | **IS** |
| Accounts Payable | **P** | **C** | **BS** |
| Dividends | **T** | **D** | **SHE** |
| Wages Expense | **T** | **D** | **IS** |
| Equipment | **P** | **D** | **BS** |
| Common Stock | **P** | **C** | **BS & SHE** |
| Advertising Expense | **T** | **D** | **IS** |
| Supplies | **P** | **D** | **BS** |
| Cost of Goods Sold | **T** | **D** | **IS** |

9. Place an X in the proper column.

***(Grader: Each box worth 1 point)***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Closed to  Income Summary |  | Closed to  Retained Earnings |  | Not  Closed |
| Sales Returns | **X** |  |  |  |  |
| Inventory |  |  |  |  | **X** |
| Accounts Receivable |  |  |  |  | **X** |
| Interest Revenue | **X** |  |  |  |  |
| Cost of Goods Sold | **X** |  |  |  |  |
| Cash Dividends |  |  | **X** |  |  |
| Income Summary |  |  | **X** |  |  |
| Common Stock |  |  |  |  | **X** |
| Bonds Payable |  |  |  |  | **X** |
| Petty Cash |  |  |  |  | **X** |

**Problem 1** *(50 Points – each answer worth 5 points)*

Use Griff’s adjusted trial balance to prepare the company’s income statement, statement of stockholders’ equity, and balance sheet. Assume the income tax rate is 25%.

|  |  |  |
| --- | --- | --- |
| GrIff  Adjusted Trial Balance  For Year Ending December 31, 2021 | | |
|  | Debit | Credit |
| Cash | $ 44,000 |  |
| Accounts receivable | 28,000 |  |
| Inventory | 18,000 |  |
| Equipment | 376,000 |  |
| Accumulated depreciation |  | $ 72,000 |
| Accounts Payable |  | 32,000 |
| Salaries Payable |  | 4,000 |
| Notes payable (due in 2028) |  | 60,000 |
| Common stock |  | 130,000 |
| Retained earnings |  |  |
| Sales |  | 326,000 |
| Sales Discounts | 23,000 |  |
| Cost of Goods Sold | 244,000 |  |
| Interest Expense | 12,000 |  |
| Rent expense | 44,000 |  |
| Salaries expense | 116,000 |  |
| Depreciation expense | 42,000 |  |

|  |  |
| --- | --- |
| Gross Profit | **$59,000** |
| Operating Income | **(143,000)** |
| Income Before Taxes | **(155,000)** |
| Net Income/(Loss) | **(155,000)** |
| Retained Earnings balance as of December 31, 2021 | **168,000** |
| Total Current Assets | **90,000** |
| Total Non-current Assets | **304,000** |
| Total Current Liabilities | **36,000** |
| Total Non-current Liabilities | **60,000** |
| Total Stockholders’ Equity | **298,000** |

**Problem 2** *(76 points – each shaded total worth 4 points)*

Complete the horizontal worksheet for the following transactions using the accounts below, and total the columns to prove the balance sheet as of December 31

1. Herman invested $7,500 cash on November 1st and received common stock in return.
2. On November 1, Pastime Inc. paid $3,100 to cover 4 months of rent.
3. On November 2, Pastime Inc. purchased equipment for $4,440. The equipment was paid for with a $2,500 cash down payment and the rest on a note payable. The equipment has an estimated useful life of 5 years (or 60 months).
4. On November 3, Pastime Inc. purchased $2,520 of office supplies on account.
5. Pastime Inc. billed customers $4,650 for services provided.
6. Pastime Inc. paid $1,500 towards the office supplies purchased on November 3
7. Pastime Inc. received payment of $4,200 from customers previously billed.
8. On December 31, record the adjustment for rent that was prepaid on November 1
9. On December 31, supplies on hand amounted to $820
10. On December 31, record the depreciation on the equipment
11. Unpaid wages at December 31 were $210
12. Dividends of $300 are declared.
13. Services performed for clients but not yet billed on December 31 were $380. The bill will be sent in early January and payment is expected within 30 days.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | ***Assets*** | | | | | | ***Liabilities*** | | | | ***Stockholders’ Equity*** | | | |
|  | Cash | Acc. Rec. | Office Supplies | Prepaid Rent | Equip. | Accum. Dep. | Acc. Pay. | Wages Pay | Div. Pay. | Note Pay. | Com. Stk. | Sales Rev. | Exp. | Div. |
| 1) | 7500 |  |  |  |  |  |  |  |  |  | 7500 |  |  |  |
| 2) | (3100) |  |  | 3100 |  |  |  |  |  |  |  |  |  |  |
| 3) | (2500) |  |  |  | 4440 |  |  |  |  | 1940 |  |  |  |  |
| 4) |  |  | 2520 |  |  |  | 2520 |  |  |  |  |  |  |  |
| 5) |  | 4650 |  |  |  |  |  |  |  |  |  | 4650 |  |  |
| 6) | (1500) |  |  |  |  |  | (1500) |  |  |  |  |  |  |  |
| 7) | 4200 | (4200) |  |  |  |  |  |  |  |  |  |  |  |  |
| 8) |  |  |  | (1550 |  |  |  |  |  |  |  |  | (1550) |  |
| 9) |  |  | (1700) |  |  |  |  |  |  |  |  |  | (1700) |  |
| 10) |  |  |  |  |  | (148) |  |  |  |  |  |  | (148) |  |
| 11) |  |  |  |  |  |  |  | 210 |  |  |  |  | (210) |  |
| 12) |  |  |  |  |  |  |  |  | 300 |  |  |  |  | (300) |
| 13) |  | 380 |  |  |  |  |  |  |  |  |  | 380 |  |  |
|  | 4600 | 830 | 820 | 1550 | 4440 | (148) | 1020 | 210 | 300 | 1940 | 7500 | 5030 | (3608) | (300) |
|  | 12,092 | | | | | | 3,470 | | | | 8,622 | | | |
|  | 12,092 | | | | | | 12,092 | | | | | | | |