

# ADVANCED ACCOUNTING (110)

—Secondary—

## REGIONAL – 2019

### Multiple Choice:

Multiple Choice (15 @ 2 points each) \_\_\_\_\_ (30 points)

Matching (10 @ 2 points each) \_\_\_\_\_ (20 points)

### Problems:

Problem 1: Territorial Income Statement \_\_\_\_\_ (39 points)

Problem 2: Journal Entries \_\_\_\_\_ (58 points)

Problem 3: Periodic Inventory \_\_\_\_\_ (18 points)

***TOTAL POINTS*** \_\_\_\_\_ ***(165 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

Property of Business Professionals of America.  
May be reproduced only for use in the Business Professionals of America  
*Workplace Skills Assessment Program* competition.

## **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 is divided into three parts. The multiple choice should be completed first; the matching and 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:

- Round all calculations to two decimals.
- Use 360 days for interest calculations.

**MULTIPLE CHOICE (2 points each)**

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

1. What is the purpose of a trial balance?
  - a. To maintain the accounting equation: Assets = Liabilities + Owner's Equity
  - b. To calculate Net Income
  - c. To calculate the ending balance in Owner's Equity
  - d. To prove that Debits = Credits
  
2. The Cost Principle tells us
  - a. cost will include sales tax only.
  - b. we will record assets at historical costs.
  - c. we will record assets at fair market value.
  - d. we will depreciate assets to reflect the decline in value.
  
3. Which of the following are inventory valuation methods?
  - a. Specific Identification, FIFO, Straight-Line, LIFO
  - b. FIFO, Straight-Line, LIFO, Average Cost
  - c. Specific Identification, FIFO, LIFO, Average Cost
  - d. FIFO, LIFO, Average Cost, Double-Declining
  
4. The entry to record a bad debt of \$510 under the Allowance Method would be \_\_\_\_\_
 

a.	Allowance for Bad Debts	\$ 510	
	Accounts Receivable		\$ 510
b.	Allowance for Bad Debts	510	
	Bad Debts Expense		510
c.	Bad Debts Expense	510	
	Accounts Receivable		510
d.	Bad Debts Expense	510	
	Allowance for Bad Debts		510
  
5. Periodic Inventory means that . . .
  - a. Cost of Goods Sold is calculated when goods are purchased.
  - b. Cost of Goods Sold is calculated when goods are sold.
  - c. Cost of Goods Sold is calculated at the end of the period.
  - d. Cost of Goods Sold is not calculated.
  
6. The Nerris Company purchased a piece of equipment for \$ 187,300 at the beginning of the year. The company estimated that the equipment will last for 10 years, produce 100,000 units, and have a salvage value of \$ 2,300. Calculate the units-of-production depreciation for the first year in which the company produced 22,000 units.
 

a. \$ 18,500	b. \$ 18,730
c. \$ 40,700	d. \$ 41,206

7. The Nerris Company purchased a piece of equipment for \$ 187,300 at the beginning of the year. The company estimated that the equipment will last for 10 years, produce 100,000 units, and have a salvage value of \$ 2,300. Calculate the straight-line depreciation for the first year in which the company produced 22,000 units.
- |    |           |    |           |
|----|-----------|----|-----------|
| a. | \$ 18,500 | b. | \$ 18,730 |
| c. | \$ 40,700 | d. | \$ 41,206 |
8. When calculating payroll, the Medicare rate is \_\_\_\_\_.
- |    |        |    |        |
|----|--------|----|--------|
| a. | 0.80%. | b. | 1.45%. |
| c. | 6.20%. | d. | 7.65%. |
9. The employer is responsible for which of the following payroll expenses?
- |    |                        |    |                              |
|----|------------------------|----|------------------------------|
| a. | Federal Income Tax     | b. | State Retirement Tax         |
| c. | State Unemployment Tax | d. | Federal and State Income Tax |
10. Adjusting entries are
- |    |                              |    |                            |
|----|------------------------------|----|----------------------------|
| a. | correcting entries.          | b. | only recorded at year-end. |
| c. | only recorded when incurred. | d. | updating entries.          |
11. A mortgage note payable requiring monthly payments would be listed in what section of the balance sheet?
- |    |  |
|----|--|
| a. | Current Liability                        |
| b. | Long-term Liability                      |
| c. | Both the Current and Long-term Liability |
| d. | None of the above                        |
12. Which statements are required by FASB?
- |    |   |
|----|---|
| a. | Income Statement, Statement of Owner's Equity, Balance Sheet, and Trial Balance           |
| b. | Income Statement, Adjusted Trial Balance, Balance Sheet, and Post-Closing Trial Balance   |
| c. | Income Statement, Statement of Owner's Equity, Balance Sheet, and Statement of Cash Flows |
| d. | Income Statement, Statement of Owner's Equity, Trial Balance, and Balance Sheet           |
13. To record a utility bill of \$1,200 to be paid next month, we would:
- |    |                   |          |          |
|----|-------------------|----------|----------|
| a. | Utility Expense   | \$ 1,200 |          |
|    | Cash              |          | \$ 1,200 |
| b. | Prepaid Utilities | 1,200    |          |
|    | Cash              |          | 1,200    |
| c. | Utility Expense   | 1,200    |          |
|    | Accounts Payable  |          | 1,200    |
| d. | Prepaid Utilities | 1,200    |          |
|    | Accounts Payable  |          | 1,200    |

14. All property, plant, and equipment will be depreciated except . . .
- |                       |              |
|-----------------------|--------------|
| a. Computers.         | b. Land.     |
| c. Intangible Assets. | d. Vehicles. |
15. Using the information below, what is the amount of net income?

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

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

**Matching.** Match the letter of the correct term with the statement below. (Not all terms will be used.)

- |  |   |
|--|---|
| A. Allowance                                   | J. Gains and Losses                         |
| B. Capital                                     | K. Goodwill                                 |
| C. Cash Short and Over                         | L. Net Income                               |
| D. Direct Write Off                            | M. Net Loss                                 |
| E. Discounted                                  | O. Payroll Register                         |
| F. Dishonored                                  | P. Patent                                   |
| G. Drawing                                     | R. Periodic                                 |
| H. Employee Earnings Record                    | S. Perpetual                                |
| I. Financial Accounting Standards Board (FASB) | T. Securities and Exchange Commission (SEC) |

- \_\_\_\_\_ 1. This agency has the responsibility for developing accounting principles.
- \_\_\_\_\_ 2. This agency has the power to enforce accounting principles.
- \_\_\_\_\_ 3. When revenues are less than the expenses for the period, the company has incurred this.
- \_\_\_\_\_ 4. In a sole proprietorship, the owner's share is reflected in the ending balance of which account?
- \_\_\_\_\_ 5. This method of accounting for bad debts, recognizes the expense for the write off in the year of the sale.
- \_\_\_\_\_ 6. When the maker of the note fails to make payment on the due date, the note is said to be \_\_\_\_\_.
- \_\_\_\_\_ 7. When a company pays above net worth for another company, the extra is debited to what account?
- \_\_\_\_\_ 8. A payroll record for each employee is called what?
- \_\_\_\_\_ 9. The inventory method that will allow management to better maintain optimum inventory levels.
- \_\_\_\_\_ 10. This account is used to record any overages or shortages in the daily cash deposits.













# ADVANCED ACCOUNTING

## (110)

—Secondary—

REGIONAL – 2019

**Multiple Choice:**

Multiple Choice (15 @ 2 points each) \_\_\_\_\_ (30 points)

Matching (10 @ 2 points each) \_\_\_\_\_ (20 points)

**Problems:**

Problem 1: Territorial Income Statement \_\_\_\_\_ (39 points)

Problem 2: Journal Entries \_\_\_\_\_ (58 points)

Problem 3: Periodic Inventory \_\_\_\_\_ (18 points)

***TOTAL POINTS*** \_\_\_\_\_ (*165 points*)

**Graders: Please double check and verify all scores and answer keys!**



### 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 is divided into three parts. The multiple choice should be completed first; the matching and 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:

- Round all calculations to two decimals.
- Use 360 days for interest calculations.

### Multiple Choice:

- |      |       |       |
|------|-------|-------|
| 1. D | 6. C  | 11. C |
| 2. B | 7. A  | 12. C |
| 3. C | 8. B  | 13. C |
| 4. A | 9. C  | 14. B |
| 5. C | 10. D | 15. C |

### Matching:

- |       |        |
|-------|--------|
| 1. I. | 6. F.  |
| 2. T. | 7. K.  |
| 3. M. | 8. H.  |
| 4. B. | 9. S.  |
| 5. A. | 10. C. |



**Problem 1 (39 Points)** - The Huntington Hocking Company had four sales territories throughout the United States. The sales for the territories are listed below. Total expenses are allocated based on the number of employees in each branch. Allocate the expenses and prepare an Income Statement for the year ended May 31, 2019.

**Graders - This is a working table, no points to be awarded**

	North East	South East	North West	South West	Total
Sales	\$ 1,200,000	\$ 800,000	\$ 900,000	\$ 1,100,000	\$ 4,000,000
Number of Employees	165	85	110	140	500
Expenses:					
Wages Expense	429,000	221,000	286,000	364,000	1,300,000
Utilities Expense	323,400	166,600	215,600	274,400	980,000
Repairs Expense	267,300	137,700	178,200	226,800	810,000
Depreciation Expense	72,600	37,400	48,400	61,600	220,000
Miscellaneous Expense	19,800	10,200	13,200	16,800	60,000

**Graders:** The heading is worth 3 points. Each bolded number in the income statement is worth 1 point for a total of 36 points. Total points are 39.

Huntington Hocking Company  
Income Statement  
For the Year Ended 5/31/19

} 3 Points

	North East	South East	North West	South West	Total
Sales	<u>\$ 1,200,000</u>	<u>\$ 800,000</u>	<u>\$ 900,000</u>	<u>\$ 1,100,000</u>	<u>\$ 4,000,000</u>
Expenses:					
Wages Expense	<u>429,000</u>	<u>221,000</u>	<u>286,000</u>	<u>364,000</u>	<u>1,300,000</u>
Utilities Expense	<u>323,400</u>	<u>166,600</u>	<u>215,600</u>	<u>274,400</u>	<u>980,000</u>
Repairs Expense	<u>267,300</u>	<u>137,700</u>	<u>178,200</u>	<u>226,800</u>	<u>810,000</u>
Depreciation Expense	<u>72,600</u>	<u>37,400</u>	<u>48,400</u>	<u>61,600</u>	<u>220,000</u>
Miscellaneous Expense	<u>19,800</u>	<u>10,200</u>	<u>13,200</u>	<u>16,800</u>	<u>60,000</u>
Total Expenses	<u>1,112,100</u>	<u>572,900</u>	<u>741,400</u>	<u>943,600</u>	<u>3,370,000</u>
Net Income	<u>\$ 87,900</u>	<u>\$ 227,100</u>	<u>\$ 158,600</u>	<u>\$ 156,400</u>	<u>\$ 630,000</u>



**Problem 2 (58 Points)** - Prepare the following selected journal entries for the ComptuCare Company for the month of June. The company uses the Direct Write Off method of handling bad debts and the Straight-Line method for depreciation.

**Graders:** Each line in the journal is worth 2 points, one point for the account, one point for the correct debit/credit. Total points are 58. Abbreviations and/or different account names are allowed – examples are shown.

**General Journal**

Date	Description	Post Ref	Debit	Credit
June 1	<b>Cash</b> (Cash in Bank)		<b>15,000</b>	
	<b>J. Comptu, Capital</b> (J.C. Cap, Cap)			<b>15,000</b>
June 2	<b>Van</b>		<b>86,000</b>	
	<b>Cash</b> (Cash in Bank)			<b>10,000</b>
	<b>Notes Payable</b> (Note Pay or N/P)			<b>76,000</b>
June 2	<b>Prepaid Insurance</b> (Prepaid Ins or Ppd Ins)		<b>1,200</b>	
	<b>Cash</b> (Cash in Bank)			<b>1,200</b>
June 8	<b>Supplies</b> (Supp)		<b>900</b>	
	<b>Accounts Payable</b> (Acct Pay, A/P)			<b>900</b>
June 10	<b>Accounts Receivable</b> (Acct Rec, A/R)		<b>25,000</b>	
	<b>Fees Earned</b> (Fees Revenue or Sales)			<b>25,000</b>
June 12	<b>Cash</b> (Cash in Bank)		<b>8,100</b>	
	<b>Fees Earned</b> (Fees Revenue or Sales)			<b>8,100</b>
June 15	<b>Vehicle Maintenance Expense</b>		<b>80</b>	
	<b>Cash</b> (Cash in Bank)			<b>80</b>
June 20	<b>Cash</b> (Cash in Bank)		<b>18,000</b>	
	<b>Accounts Receivable</b> (Acct Rec, A/R)			<b>18,000</b>
June 25	<b>Bad Debts Expense</b> (Bad Debts Exp, Uncollectible Accounts Exp)		<b>750</b>	
	<b>Accounts Receivable</b> (Acct Rec, A/R)			<b>750</b>
June 28	<b>Accounts Receivable</b> (Acct Rec, A/R)		<b>30,000</b>	
	<b>Fees Earned</b> (Fees Revenue, Sales)			<b>30,000</b>



	<u>Adjusting Entries</u> – this notation may or may not be included. Do not deduct points.			
June 30	<b>Insurance Expense</b> (Insur Exp or Ins Exp)		<b>100</b>	
	<b>Prepaid Insurance</b> (Prepaid Ins or Ppd Ins)			<b>100</b>
June 30	<b>Depreciation Expense – Van</b> (Depr Exp – Van)		<b>350</b>	
	<b>Accumulated Depreciation – Van</b> (Accum Depr – Van)			<b>350</b>
June 30	<b>Supplies Expense</b> (Supplies Exp or Supp Exp)		<b>690</b>	
	<b>Supplies</b> (Supp)			<b>690</b>
June 30	<b>Interest Expense</b> (Interest Exp or Int Exp)		<b>380</b>	
	<b>Interest Payable</b> (Interest Pay or Int Pay)			<b>380</b>

**Problem 3 (18 Points)** - The Kick Start Company is contemplating which inventory costing method to use. Calculate their ending inventory and cost of goods sold for: (Round each answer to the nearest cent).

1. FIFO (First In First Out)
2. LIFO (Last In First Out)
3. Average Cost

March	1	Beginning Inventory	200 @ \$10 per unit
	9	Purchased	2,500 @ \$11 per unit
	17	Purchased	4,000 @ \$12 per unit
	25	Purchased	5,000 @ \$14 per unit
	31	Ending Inventory	300

**Grader:** Each bolded answer is worth 3 points for a total of 18 points.

1.	FIFO	Ending Inventory	<u>\$ 4,200</u>
		Cost of Goods Sold	<u>\$ 143,300</u>
2.	LIFO	Ending Inventory	<u>\$ 3,100</u>
		Cost of Goods Sold	<u>\$ 144,400</u>
3.	Average Cost	Ending Inventory	<u>\$ 3,783 or \$ 3783.05 (due to rounding)</u>
		Cost of Goods Sold	<u>\$ 143,717 or \$ 143,717.95</u>