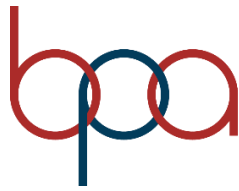


Contestant Number: _____

Time: _____

Rank: _____



**BUSINESS
PROFESSIONALS**
of **AMERICA**
Giving Purpose to Potential

ADVANCED ACCOUNTING

(110)

REGIONAL 2021

CONCEPT KNOWLEDGE:

Matching (10 @ 2 points each) _____ (20 points)

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

APPLICATION KNOWLEDGE:

Short Answer _____ (42 points)

Problem 1: Depreciation _____ (32 points)

Problem 2: Inventory Costing _____ (27 points)

Problem 3: Multistep Income Statement _____ (26 points)

TOTAL POINTS _____ ***(187 points)***

Test Time: 90 minutes

GENERAL GUIDELINES:

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

1. Contestant 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 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 at the final step.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

I. Matching – 20 points (2 points each)

Match the following balance sheet classifications with the accounts listed below.

- A. Current Assets
- B. Property Plant and Equipment
- C. Other Long-Term Assets
- D. Current Liabilities
- E. Long-Term Liabilities
- F. Stockholders' Equity
- G. Does not appear on the Balance Sheet

- _____ 1. Accounts Receivable
- _____ 2. Equipment
- _____ 3. Advertising Expense
- _____ 4. Prepaid Rent
- _____ 5. Bonds Payable
- _____ 6. Accounts Payable
- _____ 7. Apple Common Stock purchased as an investment
- _____ 8. Paid-in-Capital in Excess of Par
- _____ 9. Cost of Goods Sold
- _____ 10. Retained Earnings

II. Multiple Choice – 40 points (2 points each)

- _____ 1. The organization that sets all accounting standard in the United States is the _____.
- A. American Institute of Certified Public Accountants
 - B. Securities and Exchange Commission
 - C. Internal Revenue Service
 - D. Financial Accounting Standard Board
- _____ 2. Which of the following entries is an example of an accrual?
- A. Insurance Expense 100
 Prepaid Insurance 100
 - B. Salaries Expense 100
 Salaries Payable 100
 - C. Unearned Rent Revenue 100
 Rent Revenue 100
 - D. Depreciation Expense 100
 Depreciation Payable 100

- _____ 3. Which of the following is *not* a temporary account?
- A. Rent Expense
 - B. Interest Expense
 - C. Allowance for Uncollectible Accounts
 - D. Gain on Sale of Equipment
- _____ 4. Which of the following special journals would be used to record the sale of merchandise on account?
- A. Cash Receipts journal
 - B. Sales Journal
 - C. Purchases Journal
 - D. Inventory Journal
- _____ 5. Which of the special journals would be used to record the purchase of merchandise inventory with cash?
- A. Purchases Journal
 - B. Inventory Journal
 - C. Cash Payments Journal
 - D. General Journal
- _____ 6. Adjusting entries are made at the end of the fiscal year of a company due to which of the following accounting principles?
- A. Historic Cost
 - B. Business Entity
 - C. Matching Principle
 - D. Materiality
- _____ 7. Which of the following is *not* a financial statement required today?
- A. Balance Sheet
 - B. Income Statement
 - C. Statement of Cash Flow
 - D. All are required
- _____ 8. The Accounts Receivable Subsidiary Ledger gets most of its postings from which of the following journals?
- A. Sales Journal and Cash Payments Journal
 - B. Purchases Journal and Cash Payments Journal
 - C. Cash Receipts Journal and Sales Journal
 - D. Purchases Journal and Sales Journal

- _____ 9. When merchandise is sold FOB Destination, the sales account is credited when _____.
A. cash is received from the customer
B. a promise to pay for the merchandise by a customer (A/R) and or cash is accepted by the selling company and the merchandise is picked up by a shipping company at the company's location for delivery to the customer
C. a promise to pay for the merchandise by the customer (A/R) or cash is accepted by the selling company and the shipping company delivers to the customer
D. a promise to pay for the merchandise by a customer (A/R) and or cash is accepted by the selling company
- _____ 10. Which of the following accounts would *not* be used in a service business?
A. Cost of Goods Sold
B. Salary Expense
C. Depreciation Expense
D. Advertising Expense
- _____ 11. The allocation of the cost of natural resources (oil, minerals etc.) is called _____.
A. Amortization
B. Depletion
C. Depreciation
D. Appreciation
- _____ 12. If equipment with a cost of \$25,000 and accumulated depreciation of \$11,000 is sold for \$20,000, which of the following will be recorded?
A. Loss of \$5,000
B. Gain of \$6,000
C. Gain of \$9,000
D. Loss of \$15,000
- _____ 13. Which of the following is *not* a feature of a corporation?
A. The right to vote (one share one vote).
B. Corporations are legal entities.
C. Limited Liability.
D. Stockholders receive the par value of their stock when corporation is liquidated.
- _____ 14. If a company borrows \$100,000 for 6 months at a 6 percent annual rate from the bank, what is the maturity value of the note?
A. \$103,000
B. \$100,000
C. \$106,000
D. \$3,000

- _____ 15. When writing off an account as uncollectible, what effect will be shown on the Balance Sheet to the net book value of Accounts Receivable?
- A. Decrease to net Accounts Receivable
 - B. Increase to net Accounts Receivable
 - C. Increase to Uncollectible Accounts Expense
 - D. No effect to net Accounts Receivable
- _____ 16. Certified Public Accountants have the legal authority to audit a company's financial statements and render an opinion on those statements. The goal of the opinion is to tell readers _____.
- A. the statements are free of fraud
 - B. the statements are presented fairly in accordance with Generally Accepted Accounting Principles
 - C. the financial statement is accurate and reflect the true value of the company
 - D. the financial statements are accurate and in their opinion the company is in good financial condition and a safe investment
- _____ 17. Which liability below does *not* have an offsetting debit to an expense when it is credited?
- A. Sales Tax Payable
 - B. Wages Payable
 - C. FUTA Payable
 - D. Interest Payable
- _____ 18. Which of the following liabilities is *not* withheld from an employee's wages?
- A. Federal Income Tax Payable
 - B. FICA Payable
 - C. SUTA Payable
 - D. Health Insurance Payable
- _____ 19. Par Value of common stock represents which of the following?
- A. Minimum price the stock can be sold for when it is first sold to the public.
 - B. Price the stock must be sold for when it is first sold to the public.
 - C. Guaranteed amount that the stockholder will be paid in the event the corporation is liquidated.
 - D. Minimum amount a dividend (per share) that must be paid to stockholder.

- _____ 20. In a partnership, what does the term unlimited liability refer to?
- A. Partnerships are required to pay all its liabilities.
 - B. Creditors of a partnership can take the personal assets of the partners to pay liabilities of the partnership if the partnership can't pay its liabilities.
 - C. The partnership can borrow as much money as lenders are willing to loan.
 - D. Partners can borrow money from the partnership for their personal use.

III. Short-Answer Problems (42 Points)

1. Assuming that ACME Company has a December 31 fiscal year end, make the adjusting entries for the following situations. **(12 points total)**

A. The balance in the Prepaid Advertising account is \$3,000 at the end of 2020. During 2020 the company has used \$1,700 of the advertising. (4 points)

DR	_____	\$	_____
	CR		\$
	_____		_____

B. On November 1, 2020, ACME received \$12,000 from a customer to rent a piece of their equipment for 1 year. The entry to record the receipt of the cash on November 1, 2020, is listed below. The company assumes \$1,000 of the rent is earned each month. Make the adjusting entry needed on December 31. (4 points)

Nov 1, 2020	Cash	12,000	
	Unearned Rent Revenue		12,000
	DR	_____	\$
	CR	_____	\$

C. On September 1, 2020, ACME borrowed \$10,000 for six months at 7% interest from Farmers State Bank. Make the adjusting entry on December 31. (4 points)

DR	_____	\$	_____
	CR		\$
	_____		_____

2. On December 31, 2020, Keeney Co. has a balance of \$22,000 in Accounts Receivable and a credit balance of \$500 in its Allowance for Uncollectible Accounts. Keeney, after reviewing all its Accounts Receivables, estimates that \$800 of the receivables are *not* collectible. (10 points)

A. Make the necessary adjusting entry – (4 points)

DR _____ \$ _____
 CR _____ \$ _____

B. Show how Accounts Receivable and the Allowance account would be reported on Keeney’s Balance Sheet for December 31, 2020 – (6 points)

_____ \$ _____
 _____ \$ _____
 _____ \$ _____

3. Assume that Booker Corporation’s employees’ weekly wages during March of 2020 were \$60,000. Also assume the following tax rates. No other items are deducted from the employees’ wages. (8 points total)

Federal Income Tax Withholding rate	12%
State Income Tax Withholding rate	5%
FICA Rate	7.65%
FUTA Tax Rate	0.6%
SUTA Tax Rate	5.4%

A. What is the net amount the employees will receive from their \$60,000 gross pay? (4 points)

Total Net Pay _____

B. How much will Booker Corporation owe each government entity for this week’s payroll? Do *not* include the employees’ portion, only Booker’s. (4 points)

Owe to State Government _____

Owe to Federal Government _____

4. (12 points) - Larry, Mo, and Curley formed a partnership on January 1, 2020. Larry put in \$50,000, Mo put in \$30,000 and Curley put in \$20,000. During 2020 the partnership had income of \$80,000. The partners agreed to divide the profits on a 3:4:1 basis (Larry, Mo, Curley respectively). During the year, Larry withdrew \$10,000, Mo withdrew \$25,000, and Curley withdrew \$15,000. Given this information, answer the questions below.

A. How much income will each of the partners receive?

Larry _____ Mo _____ Curley _____

B. What will be the ending balances in each partner's account after the profit is allocated?

Larry _____ Mo _____ Curley _____

Problem 1: Depreciation (32 Points)

On January 1, 2020, Juju Corporation purchased a \$97,000 piece of equipment that is expected to produce 200,000 machine parts over its 5-year life. The equipment has a \$5,000 salvage value. Calculate the depreciation using the straight-line method, the double-declining balance method and the units of production method for the first two years of the life of the asset. Assume that in 2020 the machine produced 25,000 units and in 2021 it produced 45,000 units.

A. (18 points) - Calculate the Depreciation	<u>2020</u>	<u>2021</u>
a. Straight-line	_____	_____
b. Double-Declining Balance	_____	_____
c. Units of Production	_____	_____

B. (4 points) - Make the adjusting entry to record depreciation on December 31, 2020 if Straight-Line Depreciation is used.

Date	Account Title	Debit	Credit

C. (2 points) - What is the book value of the equipment on December 31, 2020, if Straight-Line is used? _____

D. (2 points) - What is the book value of the equipment on December 31, 2021, if Double-Declining Balance is used? _____

E. (6 points) - Show below how the equipment would be reported on the December 31, 2020, Balance Sheet if Units-of-Productions was used.

	\$ _____
	\$ _____
	\$ _____

Problem 2: Inventory Costing Methods (27 points)

Acme Corporation uses the periodic inventory system and had sales of \$270,000 during 2020. The beginning inventory and purchases during the year are described below. Acme had 200 units in stock at the end of 2020. Calculate the cost of the 200 units in ending inventory using LIFO, FIFO and Weighted Average method. Once you have determined the ending inventory, calculate the Cost of Goods Sold and Gross Profit for each method.

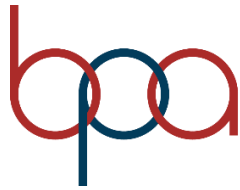
Beginning Merchandise Inventory	150 Units @ \$230.00
Purchased on February 15	180 Units @ \$235.00
Purchased on July 30	240 Units @ \$240.00
Purchased on Nov 15	160 Units @ \$236.75

	<u>LIFO</u>	<u>FIFO</u>	<u>Weighted Average</u>
Cost of Ending Inventory	_____	_____	_____
Cost of Goods Sold	_____	_____	_____
Gross Profit (Margin)	_____	_____	_____

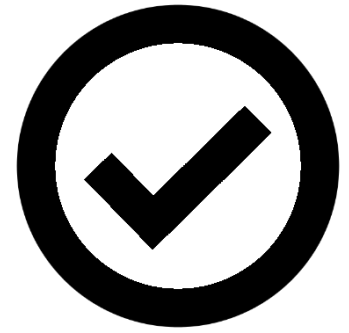
Problem 3: Income Statement (26 Points)

The following accounts and balances are from the Banner Corporation as of December 31, 2020, the end of its fiscal year. Using the appropriate accounts, prepare an Income Statement for Banner Corp. on December 31, 2020 (including the appropriate heading) in the space below.

Cash.....	\$300,000	Sales.....	\$4,100,000
General Expenses.....	950,000	Accounts Payable.....	1,000,000
Accumulated Depreciation	5,000,000	Cost of Goods Sold.....	1,500,000
Retained Earnings	15,000,000	Dividends Paid	100,000
Loss on Sale of Equipment.....	100,000	Selling Expenses.....	600,000
Land.....	900,000		



**BUSINESS
PROFESSIONALS**
of **AMERICA**
Giving Purpose to Potential



ADVANCED ACCOUNTING

(110)

REGIONAL 2021

CONCEPT KNOWLEDGE:

Matching (10 @ 2 points each) _____ (20 points)
Multiple Choice (20 @ 2 points each) _____ (40 points)

APPLICATION KNOWLEDGE:

Short Answer _____ (42 points)
Problem 1: Depreciation _____ (32 points)
Problem 2: Inventory Costing Method _____ (27 points)
Problem 3: Income Statement _____ (26 points)

TOTAL POINTS _____ ***(187 points)***

Test Time: 90 minutes

GENERAL GUIDELINES:

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

1. Contestant 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 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 at the final step.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

Matching: 2 points each = 20 points

1. A
2. B
3. G
4. A
5. E
6. D
7. C
8. F
9. G
10. F

Multiple Choice: 2 points each = 40 points

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

Short-Answer Problems: (42 Points)

1. (12 Points) – 1 point for each correct account debited and credited, and 1 points each correct amount. For account names, please accept similar answers as correct. Different textbooks call the same account by a different name.

4 pts A. DR - Advertising Expense \$1,700
CR - Prepaid Advertising \$1,700

4 pts B. DR - Unearned Rent Revenue \$2,000
CR - Rent Revenue \$2,000

4 pts C. DR - Interest Expense \$233.33
CR - Interest Payable \$233.33

Note to grader – also accept \$235.28 as correct.

2. (10 Points) – 1 point for each correct account, 1 point for each correct amount. Please allow similar account names as correct.

4 pts A. DR - Uncollectible Accounts Expense \$300
CR - Allowance for Uncollectible Accounts \$300

6 pts B. Accounts Receivable \$22,000
 Less: Allowance for Uncollectible Accounts 800
 Net Accounts Receivable \$21,200

3 (8 Points) – 4 points for A, 2 points each for answers in B

4 pts A. Net Pay \$45,210

4 pts B. Owed to State Government \$ 3,240
 Owed to Federal Government \$ 4,950

4. (12 points) - 2 for each answer

6 pts A. Net income split - Larry \$30,000 Mo \$40,000 Curley \$10,000

6 pts B. Account balances - Larry \$70,000 Mo \$45,000 Curley \$15,000

Problem 1: Depreciation (32 Points)**A. (18 points, 3 points each)**

	<u>2020</u>	<u>2021</u>
a. Straight-line	<u>\$18,400</u>	<u>\$18,400</u>
b. Double-Declining Balance	<u>\$38,800</u>	<u>\$23,280</u>
c. Units of Production	<u>\$11,500</u>	<u>\$20,700</u>

B. (4 points, 1 for each account and amount) - Note to Grader: Allow similar account names as correct, including adding equipment or something similar after each account name.

DR Depreciation Expense	\$18,400	
CR Accumulated Depreciation		\$18,400

C. (2 points)

Straight-Line Book Value 2020	<u>\$78,600</u>
-------------------------------	-----------------

D. (2 points)

Double-Declining Balance Book Value 2021	<u>\$34,920</u>
--	-----------------

E. (6 points, 1 point for each account and amount) – Note to Graders: Please allow similar formats and account names as correct, as long as all information is shown.

Equipment	<u>\$97,000</u>
Less: Accumulated Depreciation	<u>\$11,500</u>
Net Book Value Equipment	<u>\$85,500</u>

Problem 2: Inventory Costing Method (27 Points – 3 points each)

	<u>LIFO</u>	<u>FIFO</u>	<u>Weighted Average</u>
Cost of Ending Inventory	<u>\$46,250</u>	<u>\$47,480</u>	<u>\$47,200</u>
Cost of Goods Sold	<u>\$126,030</u>	<u>\$124,800</u>	<u>\$125,080</u>
Gross Profit (Margin)	<u>\$143,970</u>	<u>\$145,200</u>	<u>\$144,920</u>

Problem 3: Income Statement (26 Points)**Notes to Graders:**

- Points will be 3 for the heading (1 for each line, in the correct order), 1 point for each account name shown below, and 1 point for each amount shown below, unless otherwise stated.
- The format can be different, as long as contestant has the necessary items, and in the correct order. If the order is *not* correct, do not give the points for that item.
- Headings (Revenue, Expenses, etc.) might be added throughout the Income Statement, but will *not* be counted for or against any contestant's score.
- Additional items shown (Cash, Retained Earnings, Accumulated Depr, Land, Accounts Payable, Dividends) should be counted as minus one point for each. These were given in the problem, but should not appear on the Income Statement.

Banner Corporation**Income Statement****For the Year Ended December 31, 2020**

Sales		\$4,100,000
Cost of Goods Sold		<u>1,500,000</u>
Gross Profit (Margin)		\$2,600,000 (2 points for amount)
General Expenses	\$950,000	
Selling Expense	<u>600,000</u>	
Total Expenses		<u>1,550,000</u>
Operating Income		\$1,050,000
Loss of Sale of Equipment		<u>100,000</u>
Net Income		\$ 950,000 (5 points for amount)