

Advanced Accounting (02)

Regional — 2009

Multiple Choice (15 @ 3 points each) _____ (45 pts.)

Short Answer (10 @ 3 points each) _____ (30 pts.)

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

Production Portion

Problem 1: Payroll _____ (27 pts.)

Problem 2: Processes _____ (20 pts.)

TOTAL POINTS _____ **(142)**

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 90 minutes testing time

No more than ten (10) minutes wrap-up

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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 objective questions and the short answer and matching questions should be completed first, and then the accounting problems may be completed in any order. The production portion of the test will be graded based on your completed work. In the event of a tie, the amount of time spent working on the test will be considered and the completeness of your work will be reviewed.

Your name and/or school name should NOT appear on any work you submit for grading. Write your contestant number in the upper right-hand corner of each page. Staple all pages in order before you turn in your test!

Round each problem to two decimal places unless instructed otherwise.

Use 360 days for calculating interest.

Good Luck!

Multiple Choice Questions:

Choose the best answer for each of the following questions and record them on the Scantron form provided.

1. Credit that is allowed for part of the purchase price of merchandise that is not returned but results in a decrease in the amount owed to the creditor is called
 - a. Purchase Return
 - b. Purchase Allowance
 - c. Sales Return
 - d. Sales Allowance

2. Total shares of ownership in a corporation
 - a. Capital Stock
 - b. Preferred Stock
 - c. General Stock
 - d. Owner's Stock

3. A company purchases office equipment for \$1,300.00 having a 3-year useful life and a \$100.00 estimated salvage value. Using the straight-line method of depreciation, calculate the depreciation expense in year 2 of the asset's useful life.
 - a. \$250.00
 - b. \$300.00
 - c. \$400.00
 - d. \$433.33

4. The entry to journalize the Uncollectible Accounts Expense adjusting entry is
 - a. Debit Uncollectible Accounts Expense; Credit Accounts Receivable
 - b. Debit Allowance for Uncollectible Accounts; Credit Uncollectible Accounts Expense
 - c. Debit Allowance for Uncollectible Accounts; Credit Accounts Receivable
 - d. Debit Uncollectible Accounts Expense; Credit Allowance for Uncollectible Accounts

5. Plant assets would include the following
 - a. Prepaid Insurance, Computer Equipment, Office Supplies
 - b. Cash, Store Supplies, Furniture and Fixtures
 - c. Computer Equipment, Display Cases, Delivery Equipment
 - d. All of the above are plant assets

6. If a plant asset costs \$1,200, has accumulated depreciation of \$1,000, and is sold for \$400, the gain or loss on disposal is
 - a. \$200 gain
 - b. \$200 loss
 - c. \$1,000 gain
 - d. \$1,000 loss

7. A periodic inventory must be taken
 - a. At the end of every month
 - b. Quarterly
 - c. At the end of a fiscal period
 - d. Only when theft is suspected

8. When the LIFO inventory method is used, cost of merchandise sold is valued at
 - a. The average price
 - b. The most recent price
 - c. The earliest price
 - d. The lowest price

9. When the FIFO inventory method is used, cost of merchandise sold is valued at
 - a. The average price
 - b. The most recent price
 - c. The earliest price
 - d. The lowest price

10. When a customer dishonors a note, the customer's account receivable is
 - a. Written off
 - b. Debited for the amount of the note plus interest
 - c. Credited for the amount of the note plus interest
 - d. Debited for the amount of the note

11. The value of ending inventory using the FIFO method for merchandise that has a beginning inventory of 20 units @ \$5.00 each, purchases during the year of 10 units @ \$6.00 each, and ending inventory of 12 units is
 - a. \$60.00
 - b. \$62.00
 - c. \$70.00
 - d. \$72.00

12. The value of ending inventory using the LIFO method for merchandise that has a beginning inventory of 20 units @ \$5.00 each, purchases during the year of 10 units @ \$6.00 each, and ending inventory of 12 units is
 - a. \$60.00
 - b. \$62.00
 - c. \$70.00
 - d. \$72.00

13. The value of ending inventory using the Weighted Average method for inventory of total purchases of \$1,000.00 for 100 units and ending inventory of 12 units is
 - a. \$ 60.00
 - b. \$ 62.00
 - c. \$ 70.00
 - d. \$ 120.00

14. Grading and administering the CPA examination is the responsibility of the
 - a. ABA
 - b. AICPA
 - c. FBI
 - d. Department of Revenue

15. Recording revenue at the time goods or services are sold is an application of the account concept
 - a. Realization of Revenue
 - b. Adequate Disclosure
 - c. Consistent Reporting
 - d. Historical Cost

Short Answer:

1. Your bank statement shows a balance of \$21,360.40, which includes a service charge of \$8.40, and a bank credit card fee of \$385.60. Your checkbook indicates a deposit not recorded by the bank of \$2,040.80 and two checks that total \$1155.20 that have not yet been cashed by the bank. What is the adjusted bank statement balance?

\$ _____

2. On September 15 your company paid cash on account to Vivian's Clothing. The original invoice was \$800.00, you previously recorded a debit memorandum for \$50.00, and you are allowed a 2 % discount. How much was the check you sent in payment of this bill?

\$ _____

3. On July 1, 2006 your company purchased Office Equipment for \$4,400.00. It was estimated that the useful life would be 4 years and the estimated salvage value would be \$800.00. What was the Book Value of the Office Equipment on January 1, 2008? (Use the Straight Line Method of Depreciation)

\$ _____

4. Use the following information to calculate the value of periodic ending inventory using the LIFO method:

Beginning Inventory January 1	12 units @ \$10.00
First Purchase	20 units @ \$11.00
Second Purchase	25 units @ \$12.00
Third Purchase	15 units @ \$15.00
Ending Inventory December 31	22 units

Value of inventory December 31 \$ _____

5. Use the following information to calculate the value of periodic ending inventory using the FIFO method:

Beginning Inventory January 1	12 units @ \$10.00
First Purchase	20 units @ \$11.00
Second Purchase	25 units @ \$12.00
Third Purchase	15 units @ \$15.00
Ending Inventory December 31	22 units

Value of inventory December 31 \$ _____

6. Use the following information to calculate the value of periodic ending inventory using the Weighted Average method:

Beginning Inventory January 1	12 units @ \$10.00
First Purchase	20 units @ \$11.00
Second Purchase	25 units @ \$12.00
Third Purchase	15 units @ \$15.00
Ending Inventory December 31	22 units

Value of inventory December 31 \$ _____

7. On March 5 of the current year, you signed a 180 day note for \$700.00 @ 14% interest. Calculate the maturity date of the note and the amount of interest.

Date: _____ Interest: _____

8. On March 16 you signed a 120 day note for \$1,500 @ 10% interests. Calculate the maturity date of the note and the maturity value of the note.

Maturity Date: _____ Maturity Value: _____

9. Your company Balance Sheet on December 31 shows the following information. Calculate the amount of Working Capital.

Total Current Assets	\$100,330.00
Total Plant Assets	\$ 40,420.00
Total Current Liabilities	\$ 35,594.00
Total Stockholders' Equity	\$105,156.00

Working Capital \$ _____

10. Polly earns \$15.00 per hour for all hours worked up to 40 each week. She earns 1.5 times her hourly rate for all hours worked in excess of 40 hours. She is paid bi-weekly. If Polly works 45 hours one week and 42 hours the next week, what are her total biweekly earnings?

Biweekly Earnings \$_____

Matching Accounting Terminology:

1. _____ A merchandise inventory determined by counting, weighing, or measuring items of merchandise on hand.
2. _____ A merchandise inventory determined by keeping a continuous record of increases, decreases, and balance on hand.
3. _____ The interest earned on money loaned.
4. _____ The person or business to whom the amount of a note is payable.
5. _____ The original amount of a note.
6. _____ A note that is not paid when it is due.
7. _____ Land and anything attached to the land.
8. _____ The amount of total current assets minus the amount of total current liabilities.
9. _____ Goods or services that are shipped out of a seller's home country to a foreign country.
10. _____ Goods or services that are bought from a foreign country and brought into a buyer's home country.

- A. Exports
- B. Periodic Inventory
- C. Interest Expense
- D. Payee of a Note
- E. Maturity Value of a Note
- F. Perpetual Inventory
- G. Imports
- H. Dishonored Note
- I. Interest Income
- J. Real Property
- K. Working Capital
- L. Personal Property
- M. Maker of a Note
- N. Principal of a Note

Problem #2

Ziron Inc. is considering using a new process that would increase the productivity of their manufacturing process. Fixed costs are \$22,000. The new process would reduce variable costs by \$2.00 per unit, but increase the monthly fixed costs by \$4,000. Calculate the projected net income assuming 4,000 units are sold.

	Alternative 1 Current Process			Alternative 2 Proposed Process		
	Per Unit	Units Sold	Total	Per Unit	Units Sold	Total
Net Sales	30.00	_____	_____	_____	_____	_____
Variable Costs	19.50	_____	_____	_____	_____	_____
Contribution Margin	_____	_____	_____	_____	_____	_____
Fixed Costs			_____			_____
Net Income or(Loss)			_____			_____



ADVANCED ACCOUNTING (02)

KEY

Regional– 2009

Multiple Choice (15 @ 3 points each)	_____	(45 pts.)
Short Answer (10 @ 3 points each)	_____	(30 pts.)
Matching (10 @ 2 points each)	_____	(20 pts.)
Production Portion		
Problem 1: Payroll	_____	(27 pts.)
Problem 2: Processes	_____	(20 pts.)
TOTAL POINTS	_____	(142)

Judges/Graders:

Please double-check and verify all scores!

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Round each problem to two decimal places unless instructed otherwise.

Use 360 days for calculating interest.

Good Luck!



Multiple Choice Questions:

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

Short Answer:

1. Your bank statement shows a balance of \$21,360.40, which includes a service charge of \$8.40, and a bank credit card fee of \$385.60. Your checkbook indicates a deposit not recorded by the bank of \$2,040.80 and two checks that total \$1155.20 that have not yet been cashed by the bank. What is the adjusted bank statement balance?

\$ 22,246.00

2. On September 15 your company paid cash on account to Vivian's Clothing. The original invoice was \$800.00, you previously recorded a debit memorandum for \$50.00, and you are allowed a 2 % discount. How much was the check you sent in payment of this bill?

\$ 735.00

3. On July 1, 2006 your company purchased Office Equipment for \$4,400.00. It was estimated that the useful life would be 4 years and the estimated salvage value would be \$800.00. What was the Book Value of the Office Equipment on January 1, 2008? (Use the Straight Line Method of Depreciation)

\$ 3,050.00



4. Use the following information to calculate the value of periodic ending inventory using the LIFO method:

Beginning Inventory January 1	12 units @ \$10.00
First Purchas	20 units @ \$11.00
Second Purchase	25 units @ \$12.00
Third Purchase	15 units @ \$15.00
Ending Inventory December 31	22 units

Value of inventory December 31 **\$ 230.00**

5. Use the following information to calculate the value of periodic ending inventory using the FIFO method:

Beginning Inventory January 1	12 units @ \$10.00
First Purchas	20 units @ \$11.00
Second Purchase	25 units @ \$12.00
Third Purchase	15 units @ \$15.00
Ending Inventory December 31	22 units

Value of inventory December 31 **\$ 309.00**

6. Use the following information to calculate the value of periodic ending inventory using the Weighted Average method:

Beginning Inventory January 1	12 units @ \$10.00
First Purchas	20 units @ \$11.00
Second Purchase	25 units @ \$12.00
Third Purchase	15 units @ \$15.00
Ending Inventory December 31	22 units

Value of inventory December 31 **\$ 264.22**

7. On March 5 of the current year, you signed a 180 day note for \$700.00 @ 14% interest. Calculate the maturity date of the note and the amount of interest.

Date: **Sept 1, 20XX** Interest: **\$ 49.00**



8. On March 16 you signed a 120 day note for \$1,500 @ 10% interests. Calculate the maturity date of the note and the maturity value of the note.

Maturity Date: **July 14, 20XX** Maturity Value: **\$ 1,550.00**

9. Your company Balance Sheet on December 31 shows the following information. Calculate the amount of Working Capital.

Total Current Assets	\$100,330.00
Total Plant Assets	\$ 40,420.00
Total Current Liabilities	\$ 35,594.00
Total Stockholders' Equity	\$105,156.00

Working Capital **\$ 64,736.00**

10. Polly earns \$15.00 per hour for all hours worked up to 40 each week. She earns 1.5 times her hourly rate for all hours worked in excess of 40 hours. She is paid bi-weekly. If Polly works 45 hours one week and 42 hours the next week, what are her total biweekly earnings?

Biweekly Earnings **\$ 1,357.50**



Matching Accounting Terminology:

1. B A merchandise inventory determined by counting, weighing, or measuring items of merchandise on hand.
2. F A merchandise inventory determined by keeping a continuous record of increases, decreases, and balance on hand.
3. I The interest earned on money loaned.
4. D The person or business to whom the amount of a note is payable.
5. N The original amount of a note.
6. H A note that is not paid when it is due.
7. J Land and anything attached to the land.
8. K The amount of total current assets minus the amount of total current liabilities.
9. A Goods or services that are shipped out of a seller's home country to a foreign country.
10. G Goods or services that are bought from a foreign country and brought into a buyer's home country.

- A. Exports
- B. Periodic Inventory
- C. Interest Expense
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- K. Working Capital
- L. Personal Property
- M. Maker of a Note
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Problem #1: Recording Payroll Transactions in the General Journal

Record the Employer's Salary Expense and the Employer's Payroll Tax Expense on Page 8 of the General Journal for the February 15 payroll using the following information. Use check #210 and Memorandum #120 as source documents. No employees have exceeded any limits on taxes.

Each **highlighted** item is worth 1 point for a total of 27 points.

Salary Expense	\$1,199.02
Employee Income Tax—Federal	\$ 104.00
Employee Income Tax—State	\$ 59.95

Social Security Tax rate is 6.2% (May be referred to as OASDI)
 Medicare Tax rate is 1.45% (May be referred to as HI)
 Federal Unemployment Tax rate is 0.8% (May be referred to as FUTA)
 State Unemployment Tax rate is 5.4% (May be referred to as SUTA)

GENERAL JOURNAL

Date 20xx		Account Title	Doc No.	Post Ref.	Debit					Credit				
Feb	15	Salary Expenses	C210		1	1	9	9	02					
		Employ Inc Tax Pay/Fed									1	0	4	00
		Employ Inc Tax Pay/State										5	9	95
		Social Security Tax Pay										7	4	34
		Medicare Tax Pay										1	7	39
		Cash or Salaries Payable									9	4	3	34
	15	Payroll Tax Expense	M120		1	6	6	07						
		Social Security Tax Pay										7	4	34
		Medicare Tax Pay										1	7	39
		Fed Unemploy Tax Pay											9	59
		State Unemploy Tax Pay										6	4	75

****If salaries are accrued, may show an additional entry for the payment of Salaries – no points assigned.****



Problem #2 Each **highlighted** number is worth 1 point for a total of 20 points.

Ziron Inc. is considering using a new process that would increase the productivity of their manufacturing process. The new process would reduce variable costs by \$2.00 per unit, but increase the monthly fixed costs by \$4,000. Calculate the projected net income assuming 4,000 units are sold.

	Alternative 1 Current Process			Alternative 2 Proposed Process		
	Per Unit	Units Sold	Total	Per Unit	Units Sold	Total
Net Sales	<u>30.00</u>	<u>4,000</u>	<u>120,000</u>	<u>30.00</u>	<u>4,000</u>	<u>120,000</u>
Variable Costs	<u>19.50</u>	<u>4,000</u>	<u>78,000</u>	<u>17.50</u>	<u>4,000</u>	<u>70,000</u>
Contribution Margin	<u>10.50</u>	<u>4,000</u>	<u>42,000</u>	<u>12.50</u>	<u>4,000</u>	<u>50,000</u>
Fixed Costs			<u>22,000</u>			<u>26,000</u>
Net Income or(Loss)			<u>20,000</u>			<u>24,000</u>