

# ADVANCED ACCOUNTING (02)

## Regional—2004

Multiple Choice (30 @ 2 points each)	_____ (60 points)
Job 1—Accounts Receivable	_____ (9 points)
Job 2—Inventory Cost	_____ (16 points)
Job 3—Accounting Concepts (10 @ 2 points each)	_____ (20 points)
<b>TOTAL POINTS</b>	_____ <b>(105)</b>

**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.**
- 3. No previous BPA tests and/or sample tests or facsimile (handwritten, photocopied, or keyed) are allowed in the testing area.**
- 4. Electronic devices will be monitored according to ACT standards.**

90 minutes for testing/production  
110 minutes total time allotted

Do **NOT** open test booklet until instructed to do so.

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Workplace Skills Assessment Program regional competition.

## GENERAL INSTRUCTIONS

You have been hired to keep accounting records for Professionals Business Associates located at 5454 Cleveland Avenue, Columbus, OH 43231. This information is to be used for all jobs when needed.

You will have 90 minutes to complete your work. The test is divided into two parts. The objective 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!**

Good Luck!

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

1. The \_\_\_\_\_ shows the picture of a firm's financial position at a point in time.
  - A. Income Statement
  - B. Balance Sheet
  - C. Distribution of Net Income
  - D. None of the above
  
2. FIFO \_\_\_\_\_.
  - A. Assumes that old goods are sold first and that goods which are on hand are valued at current prices
  - B. Assumes that new goods are sold first and inventory is valued at old prices
  - C. Assumes that the cost of current inventory at the conclusion of a period and the costs of goods sold is the overall representation of all the costs that were incurred during this period
  - D. Assumes that amounts charged as expenses are actual cost of goods sold
  
3. Which of the following is **NOT** a part of file maintenance?
  - A. Using a numbering system that has enough digits to provide for additional accounts
  - B. Assigning account numbers
  - C. Deleting old accounts
  - D. Ensuring the controlling account equals the balance of the subsidiary ledgers
  
4. Purchases Discount is a(n) \_\_\_\_\_.
  - A. Controlling account
  - B. Asset
  - C. Expense
  - D. Contra account
  
5. The sales terms 3/10, n/90 means \_\_\_\_\_.
  - A. a 10 % discount is given if paid in 3 days, otherwise the total bill is due in 90 days
  - B. the total amount due is required in 10 days
  - C. a 3 % discount is given if paid in 10 days, otherwise the total bill is due in 90 days
  - D. none of the above
  
6. Employee benefits include \_\_\_\_\_.
  - A. Insurance programs
  - B. Retirement programs
  - C. Vacation leave
  - D. All of the above

7. The maximum amount of earnings on which a tax is calculated is \_\_\_\_\_.
- A. Withholding allowance
  - B. Tax base
  - C. Exemption
  - D. None of the above
8. True Fashion needs to add an account to keep track of its maintenance expenses. Which is the best choice for the new account based on the following current accounts:
- |      |                         |
|------|-------------------------|
| 6200 | Credit Card Fee Expense |
| 6205 | Insurance Expense       |
| 6210 | Salary Expense          |
| 6215 | Supplies Expense        |
- A. 6208 Repair Expense
  - B. 6208 Maintenance Expense
  - C. 6220 Repair Expense
  - D. 6220 Maintenance Expense
9. EFT \_\_\_\_\_.
- A. Stands for Electronic Funds Transfer
  - B. Is used in direct deposit of payroll checks
  - C. Transfers money electronically
  - D. All of the above
10. A list of all customer accounts, account balances, and total amount due from all customers is a \_\_\_\_\_.
- A. Schedule of Accounts Payable
  - B. Worksheet
  - C. Schedule of Accounts Receivable
  - D. None of the above
11. A form prepared by the customer showing the price deducted taken by the customer for a return is a \_\_\_\_\_.
- A. Purchases Discount
  - B. Sales Return
  - C. Credit Memorandum
  - D. Debit Memorandum
12. The percentage relationship between one financial statement item and the total that includes that item is called \_\_\_\_\_.
- A. Controlling account
  - B. Contra account
  - C. Component percentage
  - D. All of the above

13. The adjustment for merchandise inventory when the ending inventory is higher than the beginning is \_\_\_\_\_.
- A. Debit Merchandise Inventory, credit Income Summary
  - B. Credit Merchandise Inventory, debit Income Summary
  - C. Debit Merchandise Inventory, credit Retained Earnings
  - D. Credit Retained Earnings, debit Merchandise Inventory
14. A \_\_\_\_\_ reports the financial progress of a business for a fiscal period.
- A. Distribution of Net Income Statement
  - B. Balance Sheet
  - C. Statement of Retained Earnings
  - D. none of the Above
15. What entries are recorded at the end of the fiscal period to update general ledger accounts?
- A. Closing
  - B. Adjusting
  - C. Post-closing
  - D. Reversing
16. Supplies was accidentally recorded and posted instead of Store Equipment. In order to fix this error \_\_\_\_\_.
- A. Erase the incorrect entry and journalize and post the new entry
  - B. Perform a reversing entry by crediting Supplies and debiting Store Equipment
  - C. Perform a correcting entry by crediting Supplies and debiting Store Equipment
  - D. None of the above
17. SPH, Inc. uses the direct write-off method for uncollectible accounts, the entry to record the \$64 invoice that Dave Case did not pay is \_\_\_\_\_.
- A. Debit Accounts Receivable/Dave Case, credit Uncollectible Accounts Expense
  - B. Debit Allowance for Uncollectible Accounts, credit Accounts Receivables/Dave Case
  - C. Debit Uncollectible Accounts Expense, credit Accounts Receivable/Dave Case
  - D. Debit Uncollectible Accounts Expense, credit Cash
18. Qupre, Inc. signed a 90-day, 9.75% note with First State Bank for \$1,200 on August 1. The maturity date for the note is \_\_\_\_\_.
- A. October 30
  - B. November 1
  - C. October 28
  - D. November 2

19. Which one is NOT an advantage of a voucher system?
- A. Helps protect and control cash
  - B. Unpaid vouchers are filed by the payment date which aides in keeping track of discount periods
  - C. A paid vouchers file eliminates posting to an accounts payable ledger
  - D. None of the above
20. Showing both long-term liabilities and current liabilities is an application of which accounting concept?
- A. Accounting Period Cycle
  - B. Adequate Disclosure
  - C. Business Entity
  - D. Matching Principle
21. The list price of a new delivery truck is \$25,000. Your company negotiates a purchase price of \$21,500. Which of the following is true?
- A. Adequate Disclosure requires you to list the truck for \$25,000
  - B. Business Entity requires you to list the truck for \$25,000
  - C. Historical Cost requires you to list the truck for \$21,500
  - D. Objective Evidence requires you to list the truck for \$21,500
22. Strong's Book Company has an accounts receivable turnover ratio of 8.1. The average number of days for payment is \_\_\_\_\_.
- A. 44
  - B. 22
  - C. 45
  - D. 21
23. The journal entry to record the paying of the payroll includes \_\_\_\_\_.
- A. Debiting the salary expense accounts and crediting the deductions which are payables
  - B. Debiting payroll taxes expense account and crediting the deductions which are payables
  - C. Debiting the salary expense accounts, crediting the payables and crediting cash
  - D. None of the above
24. Which of the following is NOT an advantage of a corporation?
- A. Can enter into a contract
  - B. Can transfer ownership
  - C. Has continuous existence
  - D. Taxation

25. Which of the following would be included in the article of incorporation?
- A. Nature of the business to be conducted
  - B. Amount of capital stock to be issued
  - C. Name and address of corporation
  - D. All of the above
26. The entry to record the sale of office equipment for less than the book value is
- A. Debit Accumulated Office Equipment, debit Cash, debit Loss on Plant Assets, credit Office Equipment
  - B. Debit Accumulated Office Equipment, debit Cash, credit Loss on Plant Assets, credit Office Equipment
  - C. Debit Accumulated Office Equipment, credit Cash, credit Loss on Plant Assets, credit Office Equipment
  - D. None of the above
27. The entry to accept a note receivable \_\_\_\_\_.
- A. Debit Sales, credit Notes Receivable
  - B. Debit Notes Receivable, credit Sales
  - C. Debit Cash, credit Notes Receivable, credit Interest Income
  - D. Debit Notes Receivable, debit cash, credit to Sales
28. Revenue earned in one fiscal period but not received until a later fiscal period
- A. Accrued revenue
  - B. Unearned revenue
  - C. Interest Income
  - D. Unearned Income
29. Beginning merchandise inventory plus net purchases minus ending inventory equals \_\_\_\_\_.
- A. Net Income
  - B. Gross Profit on Sales
  - C. Total Expenses
  - D. Cost of Goods Sold
30. The entry to record depreciation for the fax machine at the end of the fiscal period
- A. Debit Accumulated Depreciation-- Maintenance Equipment, credit Depreciation Expense—Maintenance Equipment
  - B. Debit Depreciation Expense—Maintenance Equipment, credit Accumulated Depreciation—Maintenance Equipment
  - C. Debit Accumulated Depreciation-Office Equipment, credit Depreciation Expense—Office Equipment
  - D. Debit Depreciation Expense—Office Equipment, credit Accumulated Depreciation-Office Equipment

**Job 1—Accounts Receivable**

Complete the amount that is uncollectible for each age group and then answer the following questions.

Age Group	Amount	Percentage	Uncollectible
Not Yet Due	\$ 8,742.56	0.1%	
1-30 Days	2,874.21	0.2%	
31-60 Days	841.57	0.4%	
61-90 Days	298.16	10.0%	
Over 90 Days	173.55	80.0%	

1. What is the current amount estimated to be uncollectible based on the above percentages?

\_\_\_\_\_

2. If the current balance for Allowance for Uncollectible Accounts is \$40.78, what is the estimated addition to Allowance for Uncollectible accounts?

\_\_\_\_\_

**Job 2—Inventory Cost**

At the beginning of May, PlayYards Incorporated had 78 Model 399-002 in their inventory. The unit price for this model is \$255.00. In July, they purchased an additional 125 for \$250.00. The demand for these swing sets was so high that they purchased another 50 in August, the cost for those decreased to \$215.00. Now in September they have 154 swing sets in their inventory.

Produced			FIFO Method		LIFO Method		Weighted-Average Method
Date	Units	Unit Price	Units	Total Cost	Units	Total Cost	Average Cost/Unit
May	78	\$255					
July	125	250					
August	50	215					
Totals							

1. Which method produced the lowest inventory valuation?

\_\_\_\_\_

2. Which method produced the highest inventory valuation?

\_\_\_\_\_



**Job 3—Accounting Concepts**

*Match the accounting concept to the correct example.*

- \_\_\_ 1. Two separate car insurance policies are issued, one for the delivery truck and one for the owner's personal car.
- \_\_\_ 2. Record the number of units produced and sold in terms of dollars, not units, for every transaction.
- \_\_\_ 3. Record all sales (cash, credit card, accounts receivable) at the time of sale, not at the payment date.
- \_\_\_ 4. Record depreciation expenses each fiscal period.
- \_\_\_ 5. Separate current and plant assets on a balance sheet.
- \_\_\_ 6. Businesses prepare financial statements at the end of the year for tax purposes.
- \_\_\_ 7. A business can not continually change the method of valuing inventory.
- \_\_\_ 8. Purchase warehouse equipment with a useful life of 10 years.
- \_\_\_ 9. Although the vehicle purchased had a list price of \$25,000, you record the purchase price of \$23,500.
- \_\_\_ 10. Invoices are used to record purchases on account.

***Accounting Concepts***

- |                            |                                  |
|----------------------------|----------------------------------|
| A. Accounting Period Cycle | G. Matching Expense with Revenue |
| B. Adequate Disclosure     | H. Materiality                   |
| C. Business Entity         | I. Objective Evidence            |
| D. Consistent Reporting    | J. Realization of Revenue        |
| E. Going Concern           | K. Unit of Measurement           |
| F. Historical Cost         |                                  |



# ADVANCED ACCOUNTING (02)

## KEY

### Regional—2004

Multiple Choice (30 @ 02 points each)	_____ (60 points)
Job 1—Accounts Receivable	_____ ( 9 points)
Job 2—Inventory Cost	_____ (16 points)
Job 3—Accounting Concepts (10 @ 2 points each)	_____ (20 points)
<b>TOTAL POINTS</b>	_____ ( <b>105</b> )

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**Graders:**

Points for the problem are listed in a text box by the problem.

When grading computer-generated problems, refer to the Style and Reference Manual and Production Standards in the *Workplace Skills Assessment Program Guidelines* for further instructions.

Double-check and verify all scores!

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ADVANCED ACCOUNTING  
REGIONAL 2004  
KEY  
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20. A B C D
21. A B C D
22. A B C D
23. A B C D
24. A B C D
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29. A B C D
30. A B C D



**Job 1—Accounts Receivable**

Complete the amount that is uncollectible for each age group and then answer the following questions.

Age Group	Amount	Percentage	Uncollectible
Not Yet Due	\$ 8,742.56	0.1%	\$8.74
1-30 Days	2,874.21	0.2%	5.75
31-60 Days	841.57	0.4%	3.37
61-90 Days	298.16	10.0%	29.82
Over 90 Days	173.55	80.0%	138.84

*1 point for each figure, 2 points for each question. Total 9 points*

1. What is the current amount estimated to be uncollectible based on the above percentages?

\$ 186.52

2. If the current balance for Allowance for Uncollectible Accounts is \$40.78, what is the estimated addition to Allowance for Uncollectible accounts?

\$ 145.74

**Job 2—Inventory Cost**

At the beginning of May, PlayYards Incorporated had 78 Model 399-002 in their inventory. The unit price for this model is \$255.00. In July they purchased an additional 125 for \$250.00. The demand for these swing sets was so high that they purchased another 50 in August, the cost for those decreased to \$215.00. Now in September they have 154 swing sets in their inventory.

Produced			FIFO Method		LIFO Method		Weighted-Average Method
Date	Units	Unit Price	Units	Total Cost	Units	Total Cost	Average Cost/Unit
May	78	\$255			78	19,890	\$ 244.62
July	125	250	104	26,000	76	19,000	
August	50	215	50	10,750			
Totals				\$36,750		\$38,890	\$37,671.48

1. Which method produced the lowest inventory valuation?

FIFO

2. Which method produced the highest inventory valuation?

LIFO

*1 point for each figure, 2 points for each question. Total 16 points*



**Job 3—Accounting Concepts**

*Match the accounting concept to the correct example.*

- C\_\_\_ 1. Two separate car insurance policies are issued, one for the delivery truck and one for the owner's personal car.
- K\_\_\_ 2. Record the number of units produced and sold in terms of dollars, not units, for every transaction.
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***Accounting Concepts***

- |                            |                                  |
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***2 points each***