



ADVANCED ACCOUNTING (02) Regional – 2013

Multiple Choice	_____ (50 pts)
Problem 1 Discounting Notes	_____ (24 pts)
Problem 2 Journalizing	_____ (52 pts)
Problem 3 MACRS Depreciation	_____ (18 pts)
Problem 4 Distribution of Partnership Income	_____ (33 pts)
TOTAL POINTS	_____ (177 pts)

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 material 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



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 two parts. The multiple choice should be completed first and then the accounting problems may be completed in any order. Any interest is calculated on 360 days and rounding should be to the nearest cent or hundredth.

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.



Multiple Choice (25 questions at 2 points each) Circle the best answer.

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

- 11. D
- 12. C
- 13. C
- 14. A
- 15. D
- 16. B
- 17. C
- 18. B
- 19. C
- 20. D

- 21. B
- 22. C
- 23. D
- 24. B
- 25. B



Problem 1 – Discounted Notes (1 point for each answer for a total of 24 points)

Instructions: For each of the interest-bearing notes, compute the Interest, Maturity Value, Maturity Date, Days of Discount, Discount Amount, and Proceeds.

Face Value:	\$3,850	Face Value:	\$120,000
Date of Note:	April 16	Date of Note:	October 28
Interest Rate:	8%	Interest Rate:	10%
Days of Note:	120 days	Days of Note:	45 days
Discount Date:	May 31	Discount Date:	November 12
Discount Rate:	11%	Discount Rate:	12%
Interest Amount:	_\$ 102.67_	Interest Amount:	_\$ 1,500_
Maturity Value:	_\$ 3,952.67_	Maturity Value:	\$121,500_
Maturity Date:	__Aug 14__	Maturity Date:	__Dec 12__
Days of Discount:	__75 days_	Days of Discount:	__30 days_
Discount Amount:	_\$ 90.58_	Discount Amount:	__\$ 1,215_
Proceeds:	_\$ 3,862.09_	Proceeds:	\$120,285_
Face Value:	\$1,800	Face Value:	\$72,000
Date of Note:	Nov. 3	Date of Note:	Jun. 19
Interest Rate:	8%	Interest Rate:	10%
Days of Note:	90 days	Days of Note:	90 days
Discount Date:	Dec. 30	Discount Date:	Jul. 19
Discount Rate:	10%	Discount Rate:	14%
Interest Amount:	_\$ 36.00_	Interest Amount:	_\$ 1,800_
Maturity Value:	_\$ 1,836.00_	Maturity Value:	_\$ 73,800_
Maturity Date:	__Feb 1__	Maturity Date:	__Sept 17__
Days of Discount:	__33 days_	Days of Discount:	__60 days_
Discount Amount:	_\$ 16.83_	Discount Amount:	__\$ 1,722_
Proceeds:	_\$ 1,819.17_	Proceeds:	_\$ 72,078_



Problem 2 - Journalizing (Each line worth 2 points for a total of 52 points) Note to graders – must have account title, amount, and debit/credit correct to receive 2 points. Account titles may be slightly different or abbreviated (Example Fees Earned may be Service Revenue, Utility Expense may be Electricity Expense) – do not count incorrect.

The following entries are for the newly formed partnership of N & J Associates. Journalize the following transactions on the general journal page provided.

- Feb. 1 Les Norberg invested cash of \$10,000 and a truck in the new partnership. Les bought the truck two years ago to \$35,000. He has depreciated the truck by \$18,000. The fair market value of the truck is \$15,000.
- Feb. 1 Aneta Johnson invested \$50,000 cash.
- Feb. 2 Paid \$1,500 for rent on the office for the month.
- Feb. 3 Purchased office equipment for \$5,000 by paying \$1,000 down and signing a note for the remainder.
- Feb. 4 Received \$1,375 cash for services provided to ABT Company.
- Feb. 6 Provided services to Gammat Company on account for \$21,000.
- Feb. 12 Purchased supplies for \$955.
- Feb. 19 Paid the utility bill of \$310.
- Feb. 25 Purchased annual insurance policy for \$300.
- Feb. 28 Received the amount due from Gammat Company.
- Feb. 28 Les Norberg withdrew \$2,000 and Aneta Johnson withdrew \$1,500.

General Journal

Date	Description	Post Ref	Debit	Credit
Feb. 1	Cash		\$ 10,000	
	Truck		15,000	
	Les Norberg, Capital			\$ 25,000
Feb. 1	Cash		50,000	
	Aneta Johnson, Capital			50,000
Feb. 2	Rent Expense		1,500	
	Cash			1,500



General Journal

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Date	Description	Post Ref	Debit	Credit
Feb. 3	Office Equipment		5,000	
	Cash			1,000
	Notes Payable			4,000
Feb. 4	Cash		1,375	
	Fees Earned			1,375
Feb. 6	Accounts Receivable – Gammot Company		21,000	
	Fees Earned			21,000
Feb. 12	Supplies		955	
	Cash			955
Feb. 19	Utilities Expense		310	
	Cash			310
Feb. 25	Prepaid Insurance		300	
	Cash			300
Feb. 28	Cash		21,000	
	Accounts Receivable – Gammot Co.			21,000
Feb. 28	Les Norberg, Drawing		2,000	
	Cash			2,000
	Aneta Johnson, Drawing		1,500	
	Cash			1,500
	Please note – last entry may be combined!			



Problem 3 - MACRS depreciation (3 points for each answer for a total of 18 points)

Using the MACRS table below, complete the following calculations for MACRS depreciation.

- a. What is the depreciation in year 2 of 20-year property costing \$11,000 and no residual value?

\$794.09

- b. What is the MACRS depreciation for the first three years of a truck costing \$27,500 with a residual of \$2,500 in the 5-year category?.

Year One \$ 5,500 Year Two \$ 8,800 Year Three \$ 5,280

- c. A piece of equipment costs \$282,000 and has a salvage value of \$3,000. What is the MACRS depreciation for the **last 2 years**, if this equipment is in the 20-year category?

Year Twenty \$12,580.02 Year Twenty-one \$ 6,291.42



Problem 4 – Distribution of Partnership Income (33 points – 1 point for each number)

Distribute the income among the partners according to the specifications listed.

- Net income is \$40,000. Salary allowance for Howell is \$10,000, Carr is \$20,000, any remaining will be split equally.

	Howell	Carr	Total
Salary Allowance	\$ 10,000	\$ 20,000	\$ 30,000
Remaining	5,000	5,000	10,000
Total	<u>\$ 15,000</u>	<u>\$ 25,000</u>	<u>\$ 40,000</u>

- Net Income is \$40,000. Salary allowance for Howell is \$10,000, Carr is \$20,000. A 10% interest is to be paid on the beginning capital balance in which each partner had a beginning capital balance of \$25,000 and the remaining split equally.

	Howell	Carr	Total
Salary Allowance	\$ 10,000	\$ 20,000	\$ 30,000
Interest	2,500	2,500	5,000
Remaining	2,500	2,500	5,000
Total	<u>\$ 15,000</u>	<u>\$ 25,000</u>	<u>\$ 40,000</u>

- Net Income is \$20,000. Salary allowance for Howell is \$10,000, Carr is \$20,000. A 10% interest is to be paid on the beginning capital balance in which each partner had a beginning capital balance of \$25,000 and the remaining split equally.

	Howell	Carr	Total
Salary Allowance	\$ 10,000	\$ 20,000	\$ 30,000
Interest	2,500	2,500	5,000
Remaining	(7,500)	(7,500)	(15,000)
Total	<u>\$ 5,000</u>	<u>\$ 15,000</u>	<u>\$ 20,000</u>