COLLEGIATE DECA

FINANCIAL ACCOUNTING EVENT

CAREER CLUSTER
Finance

CAREER PATHWAY
Accounting

INSTRUCTIONAL AREA
Financial Analysis

PARTICIPANT INSTRUCTIONS

This event is presented to you through your review of the Career Competencies, Performance Indicators and Case Study Situation.

You have up to 30 minutes to review this information and prepare your presentation. Using the materials provided, you may make notes to use during your presentation.

You will have up to 15 minutes to present to the judge(s). Both members of the team must participate in the presentation, as well as answer any questions.

You will be evaluated on your solution to the case study, how you incorporate the performance indicators of this event and how you demonstrate the career competencies.

Turn in all your notes and event materials when you have completed the event.

SOLUTION

- Accurate – Demonstrate appropriate finance acumen.
- Practical – Develop an actionable/viable solution in a real-world context.
- Effective – Develop a solution that achieves relevant outcomes.

CAREER COMPETENCIES

- Critical Thinking – Think critically to understand and solve problems.
- Communication – Communicate clearly, effectively and with reason.
- Decision Making – Consider the impacts of decisions.

PERFORMANCE INDICATORS

- Discuss the nature of the accounting cycle.
- Demonstrate the effects of transactions on the accounting equation.
- Journalize business transactions.
- Prepare a trial balance.
- Manage accounts receivable.

CASE STUDY SITUATION

You are the accounting manager for **SUMMIT FITNESS CENTERS**, a regional chain of gyms that recently expanded into three new cities. The company has been growing rapidly but is now facing several accounting challenges due to inconsistent recordkeeping at its newest locations.

At year-end, the CFO has asked you to review the trial balances, correct any errors, and make recommendations to strengthen financial reporting.

The following information has been provided:

Transactions during December 2024

1. On December 1, **SUMMIT** borrowed $100,000 from a local bank at 6% annual interest. No payments have yet been recorded.
2. On December 15, a supplier invoice of $12,000 for new fitness equipment was received but not recorded. Payment is due in 30 days.
3. Customer memberships totaling $8,000 were paid in advance for services beginning in January 2025. The full amount was recorded as revenue in December.
4. Accounts receivable includes $20,000 in outstanding balances. An aging report suggests that $2,000 will likely be uncollectible. No adjustment has been made yet.
5. Depreciation on existing equipment is $1,500 for December, but no entry has been posted.

The preliminary trial balance provided by the assistant accountant does not reflect these items.

Account	Current Trial Balance
Cash	150,000 (Dr)
Accounts Receivable	20,000 (Dr)
Allowance for Doubtful Accounts	—
Equipment	200,000 (Dr)
Accumulated Depreciation —Equipment	80,000 (Cr)
Accounts Payable	30,000 (Cr)
Notes Payable	—
Interest Payable	—
Unearned (Deferred) Revenue	—
Service Revenue	135,000 (Cr)
Rent Expense	30,000 (Dr)
Salaries Expense	60,000 (Dr)
Utilities Expense	5,000 (Dr)
Interest Expense	—
Bad Debt Expense	—
Depreciation Expense	—
Common Stock	100,000 (Cr)
Retained Earnings	120,000 (Cr)
Totals	**Debits = 465,000 / Credits = 465,000**

YOUR CHALLENGE

As the accounting manager, you must prepare a presentation for the CFO that includes the following:

- **Explain the Accounting Cycle:** Walk through the steps, emphasizing the importance of accurate journalizing, posting, adjustments, and preparation of financial statements.
- **Analyze Transaction Impacts:** Demonstrate how each of the above transactions affects the accounting equation (Assets = Liabilities + Equity).
- **Journalize Entries:** Provide the correcting and adjusting journal entries for each of the five issues listed.
- **Prepare a Corrected Trial Balance:** Incorporate the adjustments into the provided trial balance to ensure debits equal credits.
- **Address Accounts Receivable:** Recommend how **SUMMIT FITNESS** should strengthen receivable management, including policies for credit sales, collections, and bad debt recognition.

SOLUTION

- **Accounting Cycle** explained clearly, with emphasis on role of adjustments and trial balances.
- **Transactions & Accounting Equation:** Each transaction analyzed for effect on Assets, Liabilities, Equity.
- **Journal Entries:**
    - Loan: Debit Cash $100,000; Credit Notes Payable $100,000. Interest accrual for December: Debit Interest Expense $500; Credit Interest Payable $500.
    - Supplier invoice: Debit Equipment $12,000; Credit Accounts Payable $12,000.
    - Unearned revenue: Debit Revenue $8,000; Credit Unearned Revenue $8,000 (adjustment).
    - Bad debt: Bad Debt Expense $2,000; Credit Allowance for Doubtful Accounts $2,000.
    - Depreciation: Debit Depreciation Expense $1,500; Credit Accumulated Depreciation $1,500.
- **Corrected Trial Balance:**

All amounts are in U.S. dollars. TB and Adjusted TB show side (Dr/Cr) in-cell.

Account	Current Trial Balance	Adj. Entry — Debit	Adj. Entry — Credit	Adjusted Trial Balance
Cash	150,000 (Dr)	100,000	—	250,000 (Dr)
Accounts Receivable	20,000 (Dr)	—	—	20,000 (Dr)
Allowance for Doubtful Accounts	—	—	2,000	2,000 (Cr)
Equipment	200,000 (Dr)	12,000	—	212,000 (Dr)
Accumulated Depreciation—Equipment	80,000 (Cr)	—	1,500	81,500 (Cr)
Accounts Payable	30,000 (Cr)	—	12,000	42,000 (Cr)
Notes Payable	—	—	100,000	100,000 (Cr)
Interest Payable	—	—	500	500 (Cr)
Unearned (Deferred) Revenue	—	—	8,000	8,000 (Cr)
Service Revenue	135,000 (Cr)	8,000	—	127,000 (Cr)
Rent Expense	30,000 (Dr)	—	—	30,000 (Dr)
Salaries Expense	60,000 (Dr)	—	—	60,000 (Dr)
Utilities Expense	5,000 (Dr)	—	—	5,000 (Dr)
Interest Expense	—	500	—	500 (Dr)
Bad Debt Expense	—	2,000	—	2,000 (Dr)
Depreciation Expense	—	1,500	—	1,500 (Dr)

Account	Current Trial Balance	Adj. Entry — Debit	Adj. Entry — Credit	Adjusted Trial Balance
Common Stock	100,000 (Cr)	—	—	100,000 (Cr)
Retained Earnings	120,000 (Cr)	—	—	120,000 (Cr)
Totals	**Debits = 465,000 / Credits = 465,000**	**124,000**	**124,000**	**Debits = 581,000 / Credits = 581,000**

Notes on the adjustments (already netted per account above)

- **Cash / Notes Payable:** Record loan received 12/1 (Dr Cash 100,000; Cr Notes Payable 100,000).
- **Interest:** Accrue December interest (100,000 × 6% × 1/12 = 500): Dr Interest Exp 500; Cr Interest Payable 500.
- **Equipment / A/P:** Record unbooked supplier invoice (Dr Equipment 12,000; Cr A/P 12,000).
- **Revenue / Unearned:** Reclassify December-recorded advance memberships (Dr Service Revenue 8,000; Cr Unearned Revenue 8,000).
- **Bad Debts:** Establish allowance (Dr Bad Debt Exp 2,000; Cr Allowance 2,000).
- **Depreciation:** Monthly depreciation (Dr Depreciation Exp 1,500; Cr Accum. Depreciation 1,500).
- **Receivable Management:** Suggested improvements (stricter credit policies, monitoring aging schedules, setting credit limits, offering discounts for early payment).

EVALUATION INSTRUCTIONS

- The participants are to be evaluated on their solution and ability to apply the specific performance indicators stated on the cover sheet of this event and restated on the Judge's Evaluation Form. Although the participants may demonstrate other performance indicators, those listed in the Performance Indicators section are the selected ones you are evaluating for this particular event.
- Maintain a consistent expectation when evaluating each participant team.
- The maximum score for the evaluation is 100 points. The presentation will be weighted twice (2 times) the average of the exam score.

Levels of Evaluation

FOCUS AREA	NOVICE	DEVELOPING	PROFICIENT	EXEMPLARY
Content Understanding	Demonstrates a limited or inaccurate understanding of key concepts.	Demonstrates a basic understanding of key concepts.	Demonstrates a solid understanding of key concepts and clearly explains and supports ideas using appropriate evidence.	Demonstrates comprehensive understanding of concepts and applies them effectively to solve the scenario, including in more complex or extended contexts.
Application of Performance Indicators and Career Competencies	Lists the performance indicators and career competencies, but understanding is incomplete or inaccurate.	Defines the performance indicators and career competencies, but does not connect them to solve the objective of the case study scenario.	Explains the performance indicators and career competencies and connects them to solve the objective of the case study scenario.	Strategically applies the performance indicators and career competencies and connects them to comprehensively solve the objective of the case study scenario.
Reasoning	Ideas are unclear, inaccurate, or lack logical support. There is no application of the ideas and concept.	Ideas are present and somewhat logical but contain gaps in reasoning, development, or supporting evidence.	Ideas are logical, well-developed, and supported with appropriate evidence, with only minor gaps.	Ideas are logical, well-supported using appropriate business concept and theories and demonstrates reasoning with clear practicality and real-world relevance.
Workplace Readiness	Participants represent an employee who requires significant guidance and support to complete tasks.	Participants represent an employee who demonstrates basic skills and can complete routine tasks with some guidance.	Participants represent an employee with solid skills and who works independently to complete tasks effectively.	Participants represent an employee with advanced skills, works independently, and adapts effectively to new or unpredictable challenges.

COLLEGIATE DECA

FINANCIAL ACCOUNTING – 2026

JUDGE'S EVALUATION FORM
ASSOCIATION EVENT 1

INSTRUCTIONAL AREA:
Financial Analysis

Participant: ___________________________

Participant: ___________________________

ID Number: ___________________________

Rate the participants' ability to:		Novice	Developing	Proficient	Exemplary	Judged Score
PERFORMANCE INDICATORS						
1.	Discuss the nature of the accounting cycle.	0-1-2-3	4-5-6	7-8-9	10	
2.	Demonstrate the effects of transactions on the accounting equation.	0-1-2-3	4-5-6	7-8-9	10	
3.	Journalize business transactions.	0-1-2-3	4-5-6	7-8-9	10	
4.	Prepare a trial balance.	0-1-2-3	4-5-6	7-8-9	10	
5.	Manage accounts receivable.	0-1-2-3	4-5-6	7-8-9	10	
SOLUTION						
6.	**Accurate** Demonstrate appropriate finance acumen.	0-1-2	3-4-5	6-7	8	
7.	**Practical** Develop an actionable/viable solution in a real-world context.	0-1-2	3-4-5	6-7	8	
8.	**Effective** Develop a solution that achieves relevant outcomes.	0-1-2	3-4-5	6-7	8	
CAREER COMPETENCIES						
9.	**Critical Thinking** Think critically to understand and solve problems.	0-1	2-3	4-5	6	
10.	**Communication** Communicate clearly, effectively and with reason.	0-1	2-3	4-5	6	
11.	**Decision Making** Consider the impacts of decisions.	0-1	2-3	4-5	6	
OVERALL IMPRESSION						
12.	Demonstrate overall career readiness through professionalism, poise and confidence.	0-1-2	3-4-5	6-7	8	
					TOTAL SCORE	