



**CAREER CLUSTER**  
Finance

**CAREER PATHWAY**  
Accounting

**INSTRUCTIONAL AREA**  
Financial Analysis

## **ACCOUNTING APPLICATIONS SERIES EVENT**

### **PARTICIPANT INSTRUCTIONS**

- The event will be presented to you through your reading of the 21<sup>st</sup> Century Skills, Performance Indicators and Event Situation. You will have up to 10 minutes to review this information and prepare your presentation. You may make notes to use during your presentation.
- You will have up to 10 minutes to make your presentation to the judge (you may have more than one judge).
- You will be evaluated on how well you demonstrate the 21<sup>st</sup> Century Skills and meet the performance indicators of this event.
- Turn in all of your notes and event materials when you have completed the event.

### **21<sup>st</sup> CENTURY SKILLS**

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- Critical Thinking – Reason effectively and use systems thinking.
- Problem Solving – Make judgments and decisions and solve problems.
- Communication – Communicate clearly.
- Creativity and Innovation – Show evidence of creativity.

### **PERFORMANCE INDICATORS**

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- Explain legal considerations for accounting.
- Explain types of business ownership.
- Distinguish among types of business documentation.
- Describe the methods used to value long-term assets.
- Provide legitimate responses to inquiries.

## EVENT SITUATION

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You are to assume the role of a financial consultant hired by a client (judge) that wants to form a partnership with a colleague. The client (judge) wants your help in understanding how a partnership operates.

The client (judge) and a colleague in the education industry decided that with their financial expertise and interest in technology, they should form a partnership. The company will be called ADVANCED LEARNING, and it will lease AI equipment to school boards.

Each partner plans to contribute \$50,000 each in cash. In addition, the client (judge) has a used laptop computer that originally cost \$5,000, to invest in the business. The laptop has a current market value of 30% of its original value.

The client (judge) has come to you for advice. The client (judge) wants your help in determining:

- The disadvantages of operating a business as a partnership
- The type of document needed for a partnership and what the document should contain
- If net income or net loss is shared equally, how can the laptop investment be compensated?
- The information needed in the event that one partner dies

You will present the information to the client (judge) in a role-play to take place in your office. The client (judge) will begin the role-play by greeting you and asking to hear the information. After you have presented ideas and have answered the client's (judge's) questions, the client (judge) will conclude the role-play by thanking you for your work.

## JUDGE INSTRUCTIONS

### **DIRECTIONS, PROCEDURES AND JUDGE ROLE**

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In preparation for this event, you should review the following information with your event manager and other judges:

1. Procedures, 21<sup>st</sup> Century Skills and Performance Indicators
2. Event Situation
3. Judge Role-Play Characterization  
Allow the participants to present their ideas without interruption, unless you are asked to respond. Participants may conduct a slightly different type of meeting and/or discussion with you each time; however, it is important that the information you provide and the questions you ask be uniform for every participant.
4. Judge Evaluation Instructions and Judge Evaluation Form  
Please use a critical and consistent eye in rating each participant.

### **JUDGE ROLE-PLAY CHARACTERIZATION**

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You are to assume the role of a client of a financial consultant (participant). You to form a partnership with a colleague and want the financial consultant's (participant's) help in understanding how a partnership operates.

You and a colleague in the education industry decided that with your financial expertise and interest in technology, should form a partnership. The company will be called ADVANCED LEARNING, and it will lease AI equipment to school boards.

Each partner plans to contribute \$50,000 each in cash. In addition, you have a used laptop computer that originally cost \$5,000, to invest in the business. The laptop has a current market value of 30% of its original value.

You have come to the financial consultant (participant) for advice determining:

- The disadvantages of operating a business as a partnership
- The type of document needed for a partnership and what the document should contain
- If net income or net loss is shared equally, how can the laptop investment be compensated?
- The information needed in the event that one partner dies

The participant will present information to you in a role-play to take place in the participant's office. You will begin the role-play by greeting the participant and asking to hear about his/her ideas.

During the course of the role-play, you are to ask the following questions of each participant:

1. If either partner contributes initial assets to the partnership, at what cost should they be recorded?
2. If the partnership is liquidated, how are assets distributed?

Once the financial consultant (participant) has presented information and has answered your questions, you will conclude the role-play by thanking the financial consultant (participant) for the work.

You are not to make any comments after the event is over except to thank the participant.

## **SOLUTION**

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1. The major disadvantages of a partnership are mutual agency, limited life, and unlimited liability.
  - Mutual agency means that each partner acts on behalf of the partnership when engaging in partnership business. The act of any partner is binding on the other partner, even when the partners act beyond the scope of their authority, so long as the act appears to be appropriate for the partnership.
  - A partnership does not have unlimited life. A partnership may end voluntarily or involuntarily. For the partnership discussed here, limited life does not appear to be a major drawback.
  - Unlimited liability means that each partner is personally and individually liable for all partnership liabilities. Creditors' claims attach first to partnership assets, then to the personal resources of any partner, irrespective of that partner's capital equity in the company. This is a major limitation of a partnership.
2. The written partnership agreement is needed. It should contain such basic information as the name and principal location of the firm, the purpose of the business, and date of inception. In addition, the following should be specified:
  - (1) names and capital contributions of partners,
  - (2) rights and duties of partners,
  - (3) basis for sharing net income or net loss,
  - (4) provision for withdrawals of income or capital,
  - (5) procedures for submitting disputes to arbitration,
  - (6) procedures for the withdrawal or addition of a partner, and
  - (7) rights and duties of surviving partners in the event of a partner's death.
3. The best approach would be to give the client an interest allowance for the additional investment. This approach would permit each party to share equally in net income or net loss after the interest allowance.
4. To facilitate the payment from partnership assets of the deceased partner's equity, some companies obtain life insurance policies on each partner with the partnership as the beneficiary. The proceeds from the insurance policy on the deceased partner are then used to settle the estate.

## **Judges Questions**

1. Each partner's initial investment of assets should be recorded at Fair Market Value.
2. With the liquidation of a partnership:
  - I. Non-cash assets should be sold
  - II. Any gain or loss from this sale is then allocated to the partners
  - III. Pay liabilities
  - IV. Distribute cash to partners

## EVALUATION INSTRUCTIONS

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The participants are to be evaluated on their ability to perform the specific performance indicators stated on the cover sheet of this event and restated on the Judge's Evaluation Form. Although you may see other performance indicators demonstrated by the participants, those listed in the Performance Indicators section are the critical ones you are measuring for this particular event.

### Evaluation Form Interpretation

The evaluation levels listed below and the evaluation rating procedures should be discussed thoroughly with your event director and the other judges to ensure complete and common understanding for judging consistency.

Level of Evaluation	Interpretation Level
Exceeds Expectations	Participant demonstrated the performance indicator in an extremely professional manner; greatly exceeds business standards; would rank in the top 10% of business personnel performing this performance indicator.
Meets Expectations	Participant demonstrated the performance indicator in an acceptable and effective manner; meets at least minimal business standards; there would be no need for additional formalized training at this time; would rank in the 70-89 <sup>th</sup> percentile of business personnel performing this performance indicator.
Below Expectations	Participant demonstrated the performance indicator with limited effectiveness; performance generally fell below minimal business standards; additional training would be required to improve knowledge, attitude and/or skills; would rank in the 50-69 <sup>th</sup> percentile of business personnel performing this performance indicator.
Little/No Value	Participant demonstrated the performance indicator with little or no effectiveness; a great deal of formal training would be needed immediately; perhaps this person should seek other employment; would rank in the 0-49 <sup>th</sup> percentile of business personnel performing this performance indicator.



## ACCOUNTING APPLICATIONS SERIES 2024

### JUDGE'S EVALUATION FORM ICDC PRELIMINARY 1

Participant: \_\_\_\_\_

ID Number: \_\_\_\_\_

### INSTRUCTIONAL AREA: Financial Analysis

Did the participant:		Little/No Value	Below Expectations	Meets Expectations	Exceeds Expectations	Judged Score
<b>PERFORMANCE INDICATORS</b>						
1.	Explain legal considerations for accounting?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
2.	Explain types of business ownership?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
3.	Distinguish among types of business documentation?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
4.	Describe the methods used to value long-term assets?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
5.	Provide legitimate responses to inquiries?	0-1-2-3-4	5-6-7-8	9-10-11	12-13-14	
<b>21<sup>st</sup> CENTURY SKILLS</b>						
6.	Reason effectively and use systems thinking?	0-1	2-3	4	5-6	
7.	Make judgments and decisions, and solve problems?	0-1	2-3	4	5-6	
8.	Communicate clearly?	0-1	2-3	4	5-6	
9.	Show evidence of creativity?	0-1	2-3	4	5-6	
10.	Overall impression and responses to the judge's questions	0-1	2-3	4	5-6	
<b>TOTAL SCORE</b>						