

Contestant ID: _____

Time: _____

Rank: _____



**BUSINESS
PROFESSIONALS
of AMERICA**
Giving Purpose to Potential

ADVANCED ACCOUNTING (110)

REGIONAL 2026

CONCEPT KNOWLEDGE:

Multiple Choice (30 @ 2 points each) _____ (60 points)

APPLICATION KNOWLEDGE:

Accounting Calculations _____ (87 points)

Job 1: Adjusting Entries _____ (38 points)

Job 2: Income Statement _____ (76 points)

TOTAL POINTS _____ ***(261 points)***

Test Time: 90 minutes

GENERAL GUIDELINES.

Failure to follow any of these rules may result in disqualification:

1. **Submission Requirements:** Contestants must submit this test booklet along with any printouts.
2. **Permitted Items:** Only the equipment, supplies, and materials specified for this event are allowed in the testing area. Previous BPA tests and sample tests (whether handwritten, photocopied, or typed) are not permitted.
3. **Electronic Devices:** Electronic devices will be monitored according to ACT standards.

EXAM GUIDELINES.

You've been hired as a Financial Assistant to manage the accounting records for Digital Solutions, located at 1365 King Road, Columbus, Ohio 43212. Digital Solutions offers accounting and financial services to clients. Your tasks will include managing both the company's and clients' accounting records.

Exam Details:

- **Duration:** You have 90 minutes to complete the exam.
- **Structure:** The test is divided into two parts: Concept Knowledge and Application Knowledge.

Important Instructions:

- **Identification:** Do not write your name or school name on any submitted work. Instead, write your Contestant ID in the provided space.
- **Submission:** Staple all pages in order before turning in your test.

Assumptions for the Exam:

- Round all calculations to two decimal places at the final step.
- Round all percentages to one decimal place.
- Use 360 days for interest calculations.

Multiple Choice Questions

Directions: Identify the letter of the choice that best completes the statement or answers the question.

1. Which of the following is considered a purchase in accounting?
 - A. Selling a product
 - B. Buying inventory
 - C. Receiving cash from a customer
 - D. Paying off a loan
2. Cash payments for rent are recorded in which section of the cash flow statement?
 - A. Operating Activities
 - B. Investing Activities
 - C. Financing Activities
 - D. Non-Cash Activities
3. Adjusting entries are made to _____.
 - A. record cash transactions
 - B. match expenses and revenues
 - C. close the books at year-end
 - D. prepare a post-closing trial balance
4. Payroll data includes all of the following except _____.
 - A. employee hours worked
 - B. employee deductions
 - C. sales revenue
 - D. gross pay
5. Which method is NOT used for inventory costing?
 - A. FIFO (First In, First Out)
 - B. LIFO (Last In, First Out)
 - C. Weighted Average
 - D. Quick Ratio
6. When accounting for uncollectible accounts, which method estimates the amount of accounts that may be uncollectible?
 - A. Direct Write-Off Method
 - B. Straight-line Method
 - C. Allowance Method
 - D. Cash Basis Method
7. An organization structure defines the hierarchy and roles within a business.
 - A. True
 - B. False

8. In an organization structure, which department typically handles the financial reporting?
 - A. Human Resources
 - B. Marketing
 - C. Accounting
 - D. Production
9. Which financial statement shows a company's revenues and expenses over a specific period?
 - A. Balance Sheet
 - B. Income Statement
 - C. Statement of Cash Flows
 - D. Statement of Stockholders' Equity
10. The formula for calculating the total cost of goods sold is _____.
 - A. Beginning Inventory + Purchases - Ending Inventory
 - B. Sales Revenue - Gross Profit
 - C. Ending Inventory - Purchases + Beginning Inventory
 - D. Gross Profit + Expenses
11. What is the purpose of closing entries?
 - A. To record permanent accounts
 - B. To transfer temporary account balances to retained earnings
 - C. To prepare financial statements
 - D. To record cash transactions
12. Sales tax collected from customers is considered revenue for the seller.
 - A. True
 - B. False
13. If a company has \$50,000 in assets and \$20,000 in liabilities, what is the amount of stockholders' equity?
 - A. \$30,000
 - B. \$50,000
 - C. \$20,000
 - D. \$70,000
14. Which of the following is NOT a component of the Statement of Stockholders' Equity?
 - A. Common Stock
 - B. Retained Earnings
 - C. Cash Flow from Operations
 - D. Additional Paid-In Capital
15. What does the term "current liabilities" refer to?
 - A. Debts that are payable within one year
 - B. Debts that are payable in more than one year
 - C. Total liabilities minus total assets
 - D. Only long-term debts

16. Which of the following is a common method of calculating depreciation?
 - A. Straight-Line Method
 - B. Revenue Method
 - C. Cash Flow Method
 - D. Inventory Method
17. Which of the following accounts is a temporary account?
 - A. Accounts Payable
 - B. Retained Earnings
 - C. Cash
 - D. Sales Revenue
18. What is the effect of an adjusting entry for accrued expenses?
 - A. Decreases liabilities and increases expenses
 - B. Increases liabilities and increases expenses
 - C. Decreases assets and increases expenses
 - D. Increases assets and decreases expenses
19. Which of the following is an example of a non-cash expense?
 - A. Depreciation Expense
 - B. Rent Expense
 - C. Utility Expense
 - D. Salary Expense
20. A sole proprietorship is a type of corporation.
 - A. True
 - B. False
21. What is the primary purpose of the Balance Sheet?
 - A. To show the financial performance over a period
 - B. To summarize cash flow activities
 - C. To provide a snapshot of the company's assets, liabilities, and equity at a specific point in time
 - D. To report income tax obligations
22. Which ratio indicates a company's ability to pay its short-term obligations?
 - A. Debt to Equity Ratio
 - B. Current Ratio
 - C. Return on Equity
 - D. Gross Profit Margin
23. When inventory is valued using the FIFO method, which of the following is true?
 - A. The oldest inventory costs are assigned to cost of goods sold first.
 - B. The newest inventory costs are assigned to cost of goods sold first.
 - C. Inventory is always recorded at market value.
 - D. It has no impact on the financial statements.

24. Which financial statement would you review to assess a company's profitability?
- A. Statement of Cash Flows
 - B. Balance Sheet
 - C. Statement of Stockholders' Equity
 - D. Income Statement
25. In calculating net income, which of the following is subtracted from revenues?
- A. Assets
 - B. Liabilities
 - C. Expenses
 - D. Equity
26. Using the direct method, the entry to write off an uncollectible account involves _____.
- A. debiting Bad Debt Expense and crediting Accounts Receivable
 - B. debiting Accounts Receivable and crediting Bad Debt Expense
 - C. debiting Cash and crediting Accounts Receivable
 - D. credit Cash and Debit Bad Debt Expense
27. What is the first step in the accounting cycle?
- A. Preparing financial statements
 - B. Posting to the ledger
 - C. Closing the books
 - D. Analyzing transactions
28. Which type of account is "Accumulated Depreciation"?
- A. Asset
 - B. Liability
 - C. Contra Asset
 - D. Equity
29. When a business signs for a long-term debt, this transaction affects _____.
- A. only the income statement
 - B. only the balance sheet
 - C. both the income statement and the balance sheet
 - D. only the cash flow statement
30. When a company issues stock, what is the effect on the accounting equation?
- A. Increases liabilities and decreases equity
 - B. Decreases assets and increases equity
 - C. Increases assets and increases equity
 - D. Decreases equity and increases assets

Accounting Calculations

1. Music City Rowers purchased a new shuttle van on January 6, 2025, to transport customers for \$87,500.00. Music City Rowers expects the shuttle van to have a salvage value of \$7,500.00 after five years. Complete the table below by calculating the annual and total depreciation using the straight-line method and the double-declining balance method.

Plant Asset: Shuttle Van

Depreciation Method: Comparison of Two Methods

Original Cost: \$87,500.00

Estimated Salvage Value: \$7,500.00

Estimated Useful Life: 5 years

Year	Straight-Line Method			Double-Declining Balance Method		
	Beginning Book Value	Annual Depreciation	Ending Book Value	Beginning Book Value	Annual Depreciation	Ending Book Value
1						
2						
3						
4						
5						
Total Depreciation						

2. Music City Rowers provides five paid internships each semester for local students. They each earn \$25.00 per hour plus time-and-a-half for any hours over 40 a week. Calculate the gross earnings, deductions, and net pay for each intern below. Use 6.2% for Social Security, 1.45% for Medicare, and 20% for federal income tax.

Employee	Hours Worked	Gross Earnings	Social Security Tax	Medicare Tax	Federal Income Tax	Net Pay
Aldarez, Yuri	45					
McDowell, Conner	50					
Oberland, Samanth	47.5					
Peng, Shi	42					
Yamaguchi, Yukari	43.5					
Totals						

3. Music City Rowers uses the FIFO inventory costing method. Accounting records show the following purchases, and periodic inventory counts of their two most popular kayaks, the Malibu 9.5 and the Challenger S1, during the month of November. Calculate the total cost of ending inventory for each model on November 30 using the FIFO method.

Model #	Ending Inventory	Unit Price	Cost of Ending Inventory
Malibu 9.5	14	12 @ \$93.00 5 @ \$98.50 10 @ \$95.00	
Challenger S1	16	10 @ 103.00 6 @ \$108.00 15 @ \$99.00	

4. Instead of taking a physical count of merchandise, Music City Rowers uses the gross profit method of estimating inventory. Using the information below, estimate the cost of ending merchandise inventory on November 30.

Beginning Inventory, November 1\$89,710.00
Net Purchases for November\$80,270.00
Net Sales for November.....\$172,750.00
Gross Profit on Operations a Percent of Sales63.5%

- 4a. Estimated Gross Profit on Operations _____
4b. Estimated Cost of Merchandise Sold _____
4c. Estimated Ending Merchandise inventory _____

Job 1: Journalizing Adjusting Entries

Music City Rowers used the following financial details to prepare the adjustments on their Work Sheet for the month ending December 31, 2025.

Accrued interest income\$ 40.00
Uncollectible accounts expense estimated at 1.0% of sales on account.
 Sales on account.....\$9,500.00
Beginning Merchandise inventory35,700.00
Ending Merchandise Inventory38,250.00
Beginning Supplies inventory1,800.00
Ending Supplies inventory1,500.00
Depreciation expense—Office Equipment500.00
Depreciation expense—Store Equipment650.00
Depreciation expense—Vehicles850.00
Accrued interest expense15.00
Estimated federal income tax expense425.00

Using page 20 of the General Journal on the next page, record the adjustments.

GENERAL JOURNAL								Page
	DATE		ACCOUNT TITLE	DOC. NO.	POST REF.	DEBIT	CREDIT	
1								1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
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19								19
20								20
21								21
22								22
23								23
24								24
25								25
26								26

Job 2: Income Statement

Using the end of month totals for the accounts below, create an Income Statement for Music City Rowers for the month of November 2025. The balance of Merchandise Inventory on November 1 was \$12,000.00.

Assets:

Cash: 10,000
Petty Cash: 500
Accounts Receivable: 7,000
Allowance for Uncollectible Accounts: 1,000
Merchandise Inventory: 15,000
Supplies—Office: 2,000
Supplies—Store: 1,500
Prepaid Insurance: 3,000
Office Equipment: 20,000
Accumulated Depreciation—Office Equipment: 4,000
Store Equipment: 25,000
Accumulated Depreciation—Store Equipment: 5,000
Vehicles: 30,000
Accumulated Depreciation—Vehicles: 6,000

Liabilities:

Accounts Payable: 8,000
Federal Income Tax Payable: 1,200
Employee Income Tax Payable: 800
Social Security Tax Payable: 500
Medicare Tax Payable: 300
Sales Tax Payable: 600
Unemployment Tax Payable—Federal: 200
Unemployment Tax Payable—State: 150
Health Insurance Premiums Payable: 1,000
U.S. Savings Bonds Payable: 2,000
United Way Donations Payable: 500
Dividends Payable: 1,000

Equity:

Capital Stock: 50,000
Retained Earnings: 15,000
Dividends: 2,000
Income Summary: 5,000

Revenues:

Sales—Store: 60,000
Sales—Tours: 20,000
Sales Discount: 1,500
Sales Returns and Allowances: 2,000

Expenses:

Purchases: 30,000
Purchases Discount: 1,000
Purchases Returns and Allowances: 500
Advertising Expense: 1,200
Cash Short and Over: 100
Credit Card Fee Expense: 300
Depreciation Expense—Office Equipment: 400
Depreciation Expense—Store Equipment: 600
Depreciation Expense—Vehicles: 1,200
Insurance Expense: 1,000
Miscellaneous Expense: 500
Payroll Taxes Expense: 1,000
Rent Expense: 2,500
Salary Expense: 10,000
Supplies Expense—Office: 800
Supplies Expense—Store: 600
Uncollectible Accounts Expense: 200
Utilities Expense: 1,500
Federal Income Tax Expense: 1,500

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[illegible]