

Contestant ID: _____

Time: _____

Rank: _____



COLLEGE ACCOUNTING (105) REGIONAL 2026

CONCEPT KNOWLEDGE:

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

APPLICATION KNOWLEDGE:

Horizontal Analysis (10 @ 3 points each) _____ (30 points)

Short Answer (18 @ 2 points each) _____ (36 points)

Job 1 – Income Statement _____ (40 points)

Job 2 – Journal Entries _____ (130 points)

TOTAL POINTS _____ ***(296 points)***

Test Time: 90 minutes

GENERAL GUIDELINES:

Failure to adhere to any of the following rules will result in disqualification:

1. Contestant must hand in this test booklet and all printouts if any. 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. No previous BPA tests and/or sample tests (handwritten, photocopied, or keyed) are allowed in the testing area.
3. Electronic devices will be monitored according to ACT standards.

EXAM GUIDELINES:

You have been hired as a Financial Assistant and will be keeping the accounting records for Digital Solutions, located at 1365 King Avenue, Columbus, Ohio 43212. Digital Solutions provides accounting and other financial services for clients. You will complete jobs for Digital Solutions' own accounting records, as well as for clients.

You will have 90 minutes to complete your work. The test is divided into two parts: concept knowledge and application knowledge.

Your name and/or school name should *not* appear on any work you submit for grading. Write your Contestant ID in the provided space. Staple all pages in order before you turn in your test.

Assumptions to make when taking this assessment:

- Round all calculations to two decimals 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 the primary purpose of financial accounting?
 - A. To calculate taxes
 - B. To provide financial information to internal managers
 - C. To provide financial information to external users
 - D. To determine profit-sharing amounts
2. Which financial statement shows a company's financial position at a specific point in time?
 - A. Income Statement
 - B. Statement of Cash Flows
 - C. Balance Sheet
 - D. Statement of Retained Earnings
3. The accounting equation is _____.
 - A. $\text{Assets} = \text{Liabilities} + \text{Equity}$
 - B. $\text{Assets} = \text{Liabilities} - \text{Equity}$
 - C. $\text{Liabilities} = \text{Assets} + \text{Equity}$
 - D. $\text{Equity} = \text{Assets} + \text{Liabilities}$
4. What is the main purpose of an income statement?
 - A. To report the company's cash flows
 - B. To determine the company's profitability over a period of time
 - C. To record the company's financial position at a specific point in time
 - D. To explain the change in stockholders' equity
5. Which of the following is classified as a current asset?
 - A. Land
 - B. Equipment
 - C. Accounts Receivable
 - D. Patents
6. What does the Statement of Cash Flows report?
 - A. A company's income and expenses
 - B. The change in financial position due to cash inflows and outflows
 - C. The company's earnings over a period
 - D. The company's financial position at a specific date

7. Which of the following is an example of an investing activity?
 - A. Borrowing money
 - B. Purchasing equipment
 - C. Issuing stock
 - D. Paying dividends
8. Which of the following is an example of an operating activity?
 - A. Paying dividends
 - B. Selling long-term investments
 - C. Borrowing funds from the bank
 - D. Paying interest
9. Which of the following is an example of a liability?
 - A. Accounts receivable
 - B. Common stock
 - C. Retained earnings
 - D. Deferred Revenue
10. Revenue should be recognized when _____.
 - A. cash is received
 - B. a sale is made or service is performed
 - C. expenses are incurred to earn the revenue
 - D. inventory is purchased
11. The double-entry accounting system requires that every transaction _____.
 - A. is recorded only once
 - B. affects only one account
 - C. affects at least two accounts
 - D. is recorded in the general journal only
12. Which of the following is an example of an accrual?
 - A. Cash received from customers for services rendered
 - B. Cash paid for supplies
 - C. Revenue earned but not yet received in cash
 - D. Payment of a loan
13. Which of the following represents a decrease in owner's equity?
 - A. Revenue
 - B. Expenses
 - C. Issuing stock
 - D. Borrowing money

14. What is the purpose of adjusting entries?
- A. To correct errors in the financial statements
 - B. To record transactions that were not previously recorded
 - C. To comply with GAAP
 - D. To balance the accounting equation
15. Which of the following is an example of a prepaid expense?
- A. Rent paid in advance
 - B. Accounts payable
 - C. Unearned revenue
 - D. Accounts Receivable
16. The matching principle requires that _____.
- A. revenues be recorded when earned
 - B. expenses be matched with the revenues they help to generate
 - C. all transactions be recorded in the period they occur
 - D. the financial statements be balanced
17. Which of the following is considered a current liability?
- A. Bonds payable
 - B. Notes payable due in two years
 - C. Accounts payable
 - D. Mortgage payable
18. Which of the following accounts appears on the balance sheet?
- A. Service revenue
 - B. Supplies expense
 - B. Cost of sales
 - D. Retained earnings
19. Which of the following is an example of an intangible asset with an indefinite life?
- A. Copyright
 - B. Goodwill
 - C. Patent
 - D. Land
20. Which of the following is a characteristic of managerial accounting?
- A. It follows GAAP
 - B. It focuses on providing financial data to external parties
 - C. It is used to make decisions for the day-to-day operations of a company
 - D. It is primarily concerned with tax compliance

21. What is the effect of receiving cash from a customer on account?
- A. Increase in assets, no effect on liabilities or equity
 - B. Decrease in assets, no effect on liabilities or equity
 - C. No effect on assets, increase in liabilities
 - D. No effect on assets, liabilities, or equity
22. Which of the following is true about a trial balance?
- A. It lists all the accounts that have a balance at the end of the period
 - B. It provides information on the company's profits and losses
 - C. It is prepared after the financial statements are completed
 - D. It ensures that all accounts are correct
23. A company using the periodic inventory system has merchandise inventory costing \$20,010 on hand at the beginning of a period. During the period, merchandise costing \$65,235 is purchased. At year-end, merchandise inventory costing \$16,100 is on hand. The cost of merchandise sold for the year is _____.
- A. \$69,145
 - B. \$29,125
 - C. \$61,235
 - D. \$69,235
24. The proper journal entry to record the receipt of inventory purchased on account in a periodic inventory system would include a debit to _____.
- A. Purchases
 - B. Merchandise Inventory
 - C. Supplies
 - D. Accounts Payable
25. What is the major difference between a periodic and a perpetual inventory system?
- A. Under the periodic inventory system, the purchase of inventory will be debited to the merchandise inventory account.
 - B. Under the periodic inventory system, a journal entry is recorded at the time of the sale of inventory for the cost of the inventory.
 - C. Under the perpetual inventory system, all adjustments such as purchase returns and allowances and discounts are reconciled at the end of the month.
 - D. Under the perpetual inventory system, the purchase of inventory will be debited to the merchandise inventory account.

26. Which of the following items should not be included in the cost of ending merchandise inventory for a buyer?
- A. Purchased units in transit, shipped FOB shipping point
 - B. Purchased units in transit, shipped FOB destination
 - C. Units on hand in the warehouse
 - D. Sold units in transit, not invoiced, and shipped FOB destination
27. Excess inventory results in all of the following except _____.
- A. Increase in risk due to lost sales
 - B. Increased storage costs
 - C. Increased risk of loss due to obsolescence
 - D. Increased ordering costs
28. If a company mistakenly counts less items during a physical inventory than actually exists, how will the error affect the cost of merchandise sold?
- A. Understated
 - B. Overstated
 - C. No effect
 - D. Only inventory will be affected
29. During a period of consistently rising prices, the method of inventory that will result in reporting the greatest cost of merchandise sold is _____.
- A. FIFO
 - B. LIFO
 - C. Specific ID
 - D. Weighted average
30. Under the _____ inventory method, accounting records maintain a continuously updated inventory value.
- A. Retail
 - B. Periodic
 - C. Physical
 - D. Perpetual

HORIZONTAL ANALYSIS

Prepare a horizontal analysis given the following data:

	Recent Year	Prior Year	\$ change Increase or (Decrease)	% change Increase or (Decrease)
Sales	\$ 77,356	\$ 72,714		
Cost of Sales	35,278	30,547		
Gross Margin	\$ 42,078	\$ 42,167		
Operating Expenses	27,555	26,893		
Operating Income	<u>\$ 14,523</u>	<u>\$ 15,274</u>		

SHORT ANSWER

At the end of the accounting period, some adjusting entries were mistakenly omitted. These are the entries that were omitted:

1. Wages in the amount of \$10,000 were not accrued.
2. Unearned revenue in the amount of \$15,500 was earned during the year.
3. Prepaid Insurance in the amount of \$12,000 expired.
4. Depreciation in the amount of \$32,800 should have been recognized.

State the impact of each of the omitted entries on the income statement and the accounting equation as either Overstated (O), Understated (U), or No Effect (NE) and give the amount of the over or under stated item.

#1 has been completed as an example.

		Revenues	Expenses	Net Income	Assets	Liabilities	Equity
1	Wages	\$0 NE	\$10,000 U	\$10,000 O	\$0 NE	\$10,000 U	\$10,000 O
2	Unearned Revenue						
3	Prepaid Insurance						
4	Depreciation Expense						

PROBLEMS:

Job 1:

On December 31, 2025, Jager Juice Company had the following adjusted account balances. Given this information, prepare an income statement on the table below.

Account Title	Debit	Credit
Cash	25,200	
Accounts Receivable	35,600	
Supplies	16,950	
Office Equipment	52,500	
Accumulated Depreciation, Office Equipment		12,600
Accounts Payable		20,900
Unearned Revenue		8,450
Common Stock		60,000
Retained Earnings		10,350
Sales Revenue		105,800
Wages Expense	32,850	
Rent Expense	24,520	
Supplies Expense	8,560	
Depreciation Expense, Office Equipment	6,300	
Maintenance and Repairs Expense	5,870	
Miscellaneous Expense	9,750	
	<u>218,100</u>	<u>218,100</u>

Operating Expenses:		

Simon Says opened his game store, Simon's Games, Inc., on October 1, 2025. During the month, the following transactions occurred: (perpetual inventory method is used)

- | | |
|---------|--|
| Oct. 1 | Sold 20,000 shares of common stock, \$1 par value, for \$400,000. |
| Oct. 2 | Paid October rent for the store, \$2,000. |
| Oct. 3 | Purchased a used automobile for \$32,800, paying \$7,800 cash and giving a note payable for the remainder. |
| Oct. 4 | Purchased store equipment on account, \$9,000. |
| Oct. 5 | Paid cash for supplies, \$5,500. |
| Oct. 8 | Paid cash for annual insurance policies, \$12,000. |
| Oct. 10 | Paid cash for miscellaneous expenses, \$1,815. |
| Oct. 12 | Purchase inventory on account, \$25,500. |
| Oct. 15 | Sold \$10,000 of games for cash which had a cost of \$5,000. |
| Oct. 15 | Paid store employee wages, \$6,450. |
| Oct. 20 | Paid \$5,000 on the note of which \$250 represented interest. |

[illegible]
