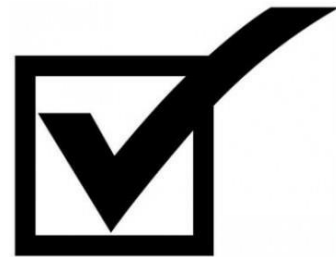


**BUSINESS  
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# **ADVANCED COLLEGE ACCOUNTING (115)**

## **REGIONAL 2026**

### **CONCEPT KNOWLEDGE:**

Multiple Choice (25 @ 2 points each) \_\_\_\_\_ (50 points)

### **APPLICATION KNOWLEDGE:**

Short Answer \_\_\_\_\_ (96 points)

Problem 1: Adjusting Journal Entries \_\_\_\_\_ (84 points)

Problem 2: Multi-Step Income Statement \_\_\_\_\_ (48 points)

***TOTAL POINTS*** \_\_\_\_\_ ***(278 points)***

**Test Time: 90 minutes**

**MULTIPLE CHOICE: 2 points each**

1.	<b>D</b>	16.	<b>C</b>
2.	<b>B</b>	17.	<b>D</b>
3.	<b>D</b>	18.	<b>D</b>
4.	<b>D</b>	19.	<b>B</b>
5.	<b>B</b>	20.	<b>D</b>
6.	<b>B</b>	21.	<b>B</b>
7.	<b>B</b>	22.	<b>B</b>
8.	<b>C</b>	23.	<b>B</b>
9.	<b>A</b>	24.	<b>A</b>
10.	<b>C</b>	25.	<b>C</b>
11.	<b>C</b>		
12.	<b>B</b>		
13.	<b>D</b>		
14.	<b>A</b>		
15.	<b>B</b>		

**SHORT ANSWER (32 @ 3 points each, 96 points)**

1. The following accounts appear in an adjusted trial balance for Green Thumb Groundskeeping. Indicate whether each account would be reported in the (a) Current assets, (b) Property, plant, and equipment, (c) Current liabilities, (d) Long-term liabilities, or (e) Owner's Equity section of the December 31 balance sheet of Green Thumb Groundskeeping.

\_\_\_ **e** \_\_\_ 1. Ethan Carter, Capital

\_\_\_ **a** \_\_\_ 5. Accounts Receivable

\_\_\_ **c** \_\_\_ 2. Unearned Revenues

\_\_\_ **b** \_\_\_ 6. Vehicles

\_\_\_ **d** \_\_\_ 3. Notes Payable, due in 3 years

\_\_\_ **c** \_\_\_ 7. Accounts Payable

\_\_\_ **a** \_\_\_ 4. Cash

\_\_\_ **a** \_\_\_ 8. Prepaid Insurance

2. Analyze the effect of the following transactions on the accounting equation using the table below. Account types are assets, liabilities, owner's equity, revenues and expenses.

- a) Received a utility bill for \$275 and will pay it next month.
- b) Withdrew \$2,500 for personal use.
- c) Paid weekly salaries of \$1,500 to employees.
- d) Performed \$3,200 of services and billed the customer.
- e) Paid \$850 to a vendor for supplies previously purchased on account.
- f) Collected \$1,900 of cash from customers on account.

An example has been completed: The owner deposited \$10,000 as an additional investment in the business.

Transaction	Debit		Credit	
	Account Type	Effect	Account Type	Effect
Example	Asset	Increase	Owner's Equity	Increase
a)	<b>Expense</b>	<b>Increase</b>	<b>Liability</b>	<b>Increase</b>
b)	<b>Owner's equity</b>	<b>Increase</b>	<b>Asset</b>	<b>Decrease</b>
c)	<b>Expense</b>	<b>Increase</b>	<b>Asset</b>	<b>Decrease</b>
d)	<b>Asset</b>	<b>Increase</b>	<b>Revenue</b>	<b>Increase</b>
e)	<b>Liability</b>	<b>Decrease</b>	<b>Asset</b>	<b>Decrease</b>
f)	<b>Asset</b>	<b>Increase</b>	<b>Asset</b>	<b>Decrease</b>

**PROBLEM 1 (28 @ 3 points each, 84 points)**

**Grader: Each account is worth 3 points and each amount are worth 3 points.**

- a. On February 1, Edge Marketing purchased a 2-year liability insurance policy for \$16,200 cash. The purchase was recorded to Prepaid Insurance. Journalize the March 31 adjusting entry.

<b>Insurance Expense</b>	<b>1,350</b>	
<b>Prepaid Insurance</b>		<b>1,350</b>
16,200/24*2 =		

- b. The supplies account had a beginning balance of \$2,400. Supplies purchased during the period totaled \$4,750. At the end of the period before adjustment, \$1,375 of supplies were on hand. Journalize the adjusting entry for supplies.

<b>Supplies Expense</b>	<b>5,775</b>	
<b>Supplies</b>		<b>5,775</b>
2400+4750-1375 = 5775		

- c. Edge Marketing records depreciation for their equipment and building. Depreciation for the period ending March 31 is \$4,500 for the building and \$2,000 for office equipment. Journalize the two entries for depreciation.

<b>Depreciation Expense – Building</b>	<b>4,500</b>	
<b>Accumulated Depreciation - Building</b>		<b>4,500</b>
<b>Depreciation Expense – Office Equipment</b>	<b>2,000</b>	
<b>Accumulated Depreciation – Office Equipment</b>		<b>2,000</b>

- d. On January 1, Edge Marketing received \$36,000 for a service contract to be performed from January 1 through June 30. Assume the work is performed evenly throughout the contract period, journalize the adjusting entry on March 31.

<b>Unearned Fees</b>	<b>18,000</b>	
<b>Fees Earned/Revenue</b>		<b>18,000</b>
36,000/6*3 = 18,000		

- e. At the end of the current year, fees of \$7,250 have been earned and the accounting department has not yet sent bills to the customers. Journalize the adjusting entry for the accrued fees.

<b>Accounts Receivable</b>	<b>7,250</b>	
<b>Fees Earned/Revenue</b>		<b>7,250</b>

- f. Edge Marketing pays weekly salaries of \$25,000 for a 5-day work week ending on that day. Journalize the necessary adjusting entry at the end of the accounting period, assuming that the period ends on Tuesday.

<b>Salaries Expense</b>	<b>10,000</b>	
<b>Salaries Payable</b>		<b>10,000</b>
25,000/5*2 = 10,000		

**PROBLEM 2 (48 points)****Grader: 8 points each**

Gross Profit	<b>386,450</b>
Total Selling Expenses	<b>167,575</b>
Total Administrative Expenses	<b>110,780</b>
Total Operating Expenses	<b>278,355</b>
Operating Income	<b>108,095</b>
Net Income	<b>104,095</b>