

BPA ADVANCED ACCOUNTING PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What are liabilities that are due within a short period, typically within one year, known as?**
 - A. Long-term liabilities
 - B. Current liabilities
 - C. Contingent liabilities
 - D. Fixed liabilities
- 2. What process allows for the automatic transferring of payroll to employees' accounts without physical checks?**
 - A. Direct deposit
 - B. Electronic Funds Transfer (EFT)
 - C. Manual payroll
 - D. Check issuance
- 3. What term describes transferring information from a journal entry to a ledger account?**
 - A. Posting
 - B. Filging
 - C. Recording
 - D. Summarizing
- 4. What is the principal financial liability related to bonds?**
 - A. Interest payments
 - B. Bond premiums
 - C. Principal repayment
 - D. Regulatory fees
- 5. Which type of depreciation method multiplies the book value of an asset by a constant rate to determine annual depreciation?**
 - A. Accelerated depreciation method
 - B. Declining-balance method of depreciation
 - C. Units-of-production method
 - D. Straight-line method

- 6. What method estimates inventory by using the previous year's percentage of gross profit on operations?**
- A. Gross Profit Method of Estimating Inventory
 - B. Weighted Average Method
 - C. Last In, First Out Method
 - D. First In, First Out Method
- 7. What is the term for the portion of a plant asset's cost that is transferred to an expense account during its useful life?**
- A. Asset allocation
 - B. Capital expense
 - C. Depreciation expense
 - D. Cost of goods sold
- 8. What is defined as all changes in equity during a period excluding investments by and distributions to owners?**
- A. Comprehensive income
 - B. Market value of equity
 - C. Earnings per share
 - D. Net income
- 9. What is the name of a listing that includes customer accounts and the total amount due from all customers?**
- A. Accounts receivable report
 - B. Schedule of accounts receivable
 - C. Customer ledger
 - D. Accounts summary
- 10. What are the accounting standards adopted globally referred to as?**
- A. Generally Accepted Accounting Principles (GAAP)
 - B. International Accounting Standards (IAS)
 - C. International Financial Reporting Standards (IFRS)
 - D. Local Government Accounting Standards (LGAS)

Answers

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1. B
2. B
3. A
4. C
5. B
6. A
7. C
8. A
9. B
10. C

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Explanations

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1. What are liabilities that are due within a short period, typically within one year, known as?

- A. Long-term liabilities
- B. Current liabilities**
- C. Contingent liabilities
- D. Fixed liabilities

Liabilities that are due within a short period, typically within one year, are classified as current liabilities. This category of liabilities is crucial for assessing a company's short-term financial health and liquidity. Current liabilities include obligations such as accounts payable, short-term loans, and accrued expenses. They are expected to be settled using current assets within the normal operating cycle of the business, which is generally within one year. Understanding current liabilities is essential for stakeholders as it helps to gauge how well a company can meet its short-term obligations with its available resources. This classification allows businesses and financial analysts to evaluate the liquidity of a company effectively and make informed decisions regarding its financial operations.

2. What process allows for the automatic transferring of payroll to employees' accounts without physical checks?

- A. Direct deposit
- B. Electronic Funds Transfer (EFT)**
- C. Manual payroll
- D. Check issuance

The process that allows for the automatic transferring of payroll to employees' accounts without the use of physical checks is known as Electronic Funds Transfer (EFT). This method involves the electronic movement of money from the employer's bank account directly into the employees' bank accounts. EFT is particularly efficient and secure, eliminating the risks associated with handling physical checks, such as loss or theft. This method streamlines the payroll process, allowing for faster payment times and reducing administrative burdens on payroll departments. While direct deposit commonly refers to the specific application of EFT for payroll purposes, it is one subset of the broader category of EFT. Therefore, EFT encompasses a variety of electronic transactions, including payroll direct deposits and other types of bank transfers. Understanding the distinction between direct deposit and EFT is crucial, as direct deposit is the means by which payroll funds are electronically deposited, whereas EFT is the overarching technology used for these types of transactions.

3. What term describes transferring information from a journal entry to a ledger account?

- A. Posting**
- B. Filing
- C. Recording
- D. Summarizing

The term that describes transferring information from a journal entry to a ledger account is "Posting." In the accounting cycle, after transactions are recorded in the journal, they need to be systematically transferred to the appropriate ledger accounts. This process ensures that all financial data is organized and categorized correctly, allowing for accurate financial reporting and analysis. Posting involves taking the debit and credit amounts from the journal entries and updating the respective ledger accounts, which is essential for maintaining a clear and comprehensive record of all financial activities. The other options do not accurately describe this specific process. Recording refers to the initial entry of transactions into the journal, filing is not a term typically used in accounting to describe any specific process related to information transfer, and summarizing refers to the process of presenting information in a summarized format, which is distinct from the act of transferring data between journals and ledgers.

4. What is the principal financial liability related to bonds?

- A. Interest payments
- B. Bond premiums
- C. Principal repayment**
- D. Regulatory fees

The principal financial liability related to bonds is the repayment of the principal amount, often referred to as the face value or par value of the bonds. When a company issues bonds, it borrows money from investors with the agreement to pay back the original amount at maturity. This principal repayment is a critical obligation because it represents the deuda that the issuing entity must fulfill at the bond's maturity date. While interest payments are associated with bonds, they represent ongoing expenses rather than a principal liability. Bond premiums are additional amounts that investors pay over the face value of the bond, but they are not a direct liability in terms of repayment; rather, they affect how the bond's carrying value is recorded. Regulatory fees do not pertain to the direct financial obligations tied to bond repayments. Thus, the primary financial liability is indeed the principal repayment, as it is the amount that is owed and has to be redeemed to bondholders upon maturity.

5. Which type of depreciation method multiplies the book value of an asset by a constant rate to determine annual depreciation?

- A. Accelerated depreciation method
- B. Declining-balance method of depreciation**
- C. Units-of-production method
- D. Straight-line method

The declining-balance method of depreciation is characterized by multiplying the book value of an asset by a constant rate to determine annual depreciation. This method accelerates the depreciation expense in the earlier years of the asset's life, resulting in a higher depreciation expense initially that gradually decreases over time. The approach recognizes that assets generally lose more value in their early years, reflecting a more realistic depreciation in many businesses. Book value is calculated as the cost of the asset minus any accumulated depreciation, and each year the depreciation expense is computed on this declining book value. Other methods, such as straight-line depreciation, distribute the cost evenly over the asset's useful life, whereas the units-of-production method is based on actual usage or output rather than time. Accelerated depreciation methods include various techniques like the double-declining balance method, which is another name for the declining-balance method often emphasizing its accelerated nature. However, since the question specifies the constant rate application on book value, the declining-balance method is the precise answer.

6. What method estimates inventory by using the previous year's percentage of gross profit on operations?

- A. Gross Profit Method of Estimating Inventory**
- B. Weighted Average Method
- C. Last In, First Out Method
- D. First In, First Out Method

The method that estimates inventory by using the previous year's percentage of gross profit on operations is known as the Gross Profit Method of Estimating Inventory. This method is particularly useful for businesses that do not maintain a perpetual inventory system or prefer to take a more straightforward approach to estimate their inventory levels at the end of an accounting period. Under this method, the calculation involves using historical data to determine the cost of goods sold (COGS) based on the previous year's gross profit percentage. By applying this percentage to the current year's sales, a business can estimate its inventory by subtracting the estimated COGS from the total sales, thereby allowing for a reliable approximation of inventory levels without a physical count. This approach is efficient and can help businesses make timely financial decisions, especially when circumstances do not allow for an accurate physical inventory count, such as during busy seasons or in the event of a disaster. Other methods listed, such as Weighted Average, Last In, First Out (LIFO), and First In, First Out (FIFO), do not rely on gross profit percentages for inventory estimation. Instead, they involve cost flow assumptions based on the actual cost of the inventory items, which means they are more focused on the specifics of inventory management rather than using historical gross

7. What is the term for the portion of a plant asset's cost that is transferred to an expense account during its useful life?

- A. Asset allocation
- B. Capital expense
- C. Depreciation expense**
- D. Cost of goods sold

The term for the portion of a plant asset's cost that is transferred to an expense account during its useful life is depreciation expense. Depreciation represents the systematic allocation of the cost of a tangible asset over its useful life. By recognizing depreciation expense, businesses comply with the matching principle of accounting, which states that expenses should be matched to the revenues they help generate. As an asset is utilized, its value is gradually expensed on the income statement through depreciation, reflecting the wear and tear or obsolescence of the asset. This process accounts for the reduction in value of fixed assets like machinery, buildings, and vehicles over time and helps provide a more accurate picture of a company's financial performance. In contrast, the other options do not accurately represent this concept. Asset allocation may refer to the distribution of an investment portfolio, capital expense indicates a substantial expenditure for acquiring or improving assets, and cost of goods sold applies to inventory and the direct costs associated with producing goods sold by a business. These terms do not specifically address the allocation of an asset's cost as it is expensed throughout its useful life.

8. What is defined as all changes in equity during a period excluding investments by and distributions to owners?

- A. Comprehensive income**
- B. Market value of equity
- C. Earnings per share
- D. Net income

The correct choice focuses on the definition of comprehensive income, which encompasses all changes in equity during a specific period, excluding contributions from and distributions to owners. This means that comprehensive income includes not only the net income generated by a company's operations but also other comprehensive income items that may affect equity, such as unrealized gains and losses on certain investments or foreign currency translation adjustments. Comprehensive income thus provides a broader perspective of a company's financial performance beyond just the traditional net income, which only reflects revenues and expenses directly related to the company's core operations. Understanding comprehensive income is essential for analyzing a company's overall health, as it reveals how different financial and non-financial factors influence equity. Other options like market value of equity, earnings per share, and net income relate to specific aspects of an entity's finances but do not encompass the full range of changes in equity as defined by comprehensive income. Market value of equity regards the company's total market capitalization, earnings per share focuses on the profitability per share outstanding, and net income is the profit derived from operations alone, excluding various other financial impacts that comprehensive income incorporates.

9. What is the name of a listing that includes customer accounts and the total amount due from all customers?

- A. Accounts receivable report
- B. Schedule of accounts receivable**
- C. Customer ledger
- D. Accounts summary

The correct term for a listing that includes customer accounts along with the total amount due from all customers is the "Schedule of accounts receivable." This document provides a detailed view of the amounts owed by each customer, thereby allowing businesses to track outstanding invoices and assess overall receivable positions. It organizes customer information systematically, which is crucial for effective cash flow management and collections. This schedule typically includes detailed line items for each account, making it easy to identify which customers have outstanding balances and the total amount expected to be collected. It serves as a vital tool for financial reporting and helps ensure that the company is aware of its receivables status. While options like "Accounts receivable report" and "Customer ledger" may also refer to customer-related financial information, they may not specifically denote the structured format that summarizes total amounts owed by all customers as comprehensively as the schedule does. The term "Accounts summary" is less commonly used in this context and does not convey the same specificity regarding customer accounts and their outstanding amounts.

10. What are the accounting standards adopted globally referred to as?

- A. Generally Accepted Accounting Principles (GAAP)
- B. International Accounting Standards (IAS)
- C. International Financial Reporting Standards (IFRS)**
- D. Local Government Accounting Standards (LGAS)

The accounting standards adopted globally are referred to as International Financial Reporting Standards (IFRS). These standards are designed to provide a common global language for business affairs so that financial statements are consistent, transparent, and comparable across different countries. IFRS are developed by the International Accounting Standards Board (IASB) and have been adopted by numerous countries worldwide, enhancing the quality and comparability of financial reporting in an increasingly interconnected global economy. They facilitate better investment decisions by providing relevant and reliable financial information. The other choices represent different accounting practices or frameworks. Generally Accepted Accounting Principles (GAAP) refers specifically to the accounting standards used primarily in the United States. International Accounting Standards (IAS) were the predecessor to IFRS and have largely been replaced or integrated into IFRS, though some IAS are still in use. Local Government Accounting Standards (LGAS) are specific to governmental accounting and do not pertain to international financial reporting on a global scale. Thus, IFRS is the most appropriate term for the globally adopted accounting standards.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://bpaadvaccounting.examzify.com>

We wish you the very best on your exam journey. You've got this!

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