



SIU Accounting Challenge Study Guide

Welcome to the 27th Annual SIU Accounting Challenge! As part of the event, you will be tested over fundamental accounting principles to compete for scholarships and prizes. This study guide summarizes the concepts and technical skills that will be on the test.

There are two tests: basic and advanced. There will be around 40-60 questions on the Basic Test and around 40-60 questions on the Advanced Test. You will have approximately one hour to answer these questions. All questions are multiple choice or true/false.

Concepts to know for both the Basic Testing and Advanced Testing:

1. **Who created the Generally Accepted Accounting Principles (GAAP)?**
2. **Creating and analyzing journal entries.**
3. **The difference between cash-basis accounting and accrual-basis accounting and which one is required by GAAP for companies to follow.**
4. **Normal balances for accounts.**
5. **Closing entries.**
6. **Reversing and correcting entries.**
7. **Financial statements and the effect that transactions have on them.**
8. **Presentation of the financial statements. For example, assets are listed in the order of liquidity.**
9. **The Accounting Equation.**
10. **Business types and their advantages and disadvantages.**
11. **The difference between temporary and permanent accounts.**



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- 12. Basic understanding of long-term debt issuance for bonds, such as premiums and discounts.**

- 13. Basic understanding of taxes.**



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The advanced portion of the test will cover more advanced topics that requires critical thinking to answer.

Concepts to know for the Advanced Testing:

1. **Inventory valuations and their effect on net income.**
2. **Contra-accounts and the respective accounts they counteract.**
3. **Common stock issuance and determining paid in capital.**
4. **Who is responsible for licensing CPAs?**
5. **Payroll accounting and determining which taxes are paid by the employer and the employee.**
6. **Shipping and payment terms, such as FOB, 2/10 net 30.**
7. **Perpetual and Periodic Inventory Systems and their differences.**
8. **Deferred Revenue Recognition.**
9. **Bad debts and the methods to record them, including direct write-off and allowance method.**
10. **Ratio analysis, working capital, debt to assets, profit margins, and other measures to determine the health of business.**
11. **Interpreting the origins of tax law and identifying the current Internal Revenue Code origination. Identifying current landmark tax law changes.**
12. **Interpreting gains and losses and how they affect other accounts.**



- 13. Identifying activities in the cash flow statement and correctly grouping them.**

- 14. Equity transactions including owner investment, dividend declarations, recording, and payment.**