Contestant #\_\_\_\_\_\_

UNIVERSITY INTERSCHOLASTIC LEAGUE

ACCOUNTING EXAM

District 2020-D

**Do not turn this page until the start signal is given!**

**All answers MUST be written on your answer sheet. Either upper case or lower case letters are acceptable. Write legibly. Write letters far enough above the line so that (for example) an “E” can be distinguished from an “F”.**

**Carefully read the instructions for each group of questions and pay particular attention to instructions regarding the required format of answers.**

**For each multiple-choice question, write only the identifying letter of the correct answer on your answer sheet.**

**When an answer contains more than one response, all responses must be correct for the answer to be correct. The correct responses may be listed in any order unless the group instructions say otherwise. An incorrect response among the correct responses will cause your answer to be wrong.**

**If the answer has zero cents, it is not necessary to write the decimal or the zeroes for cents.**

**A dollar amount with cents must have two decimal places. A required decimal point must be clearly visible and in the correct position.**

**Including commas in an amount where appropriate is encouraged. Marking a comma in the wrong position will cause your answer to be marked wrong. Failure to use commas will not make your answer wrong.**

**When there are no choices of answers given (not a multiple choice) and the answer is zero, write the number “0” or the word “zero.”**

**After the start signal is given, you may remove table pages and any work papers from the staple for convenience. Work papers and the test itself are never reviewed by graders.**

**UIL Accounting**

**District 2020-D**

**Group 1**

**Write the correct identifying letter(s) (DR or CR or P or NA) on your answer sheet for items 1 through 10. (There are NO other acceptable formats. For example, do NOT spell out the words debit and credit. Instead, use the code exactly as shown in the chart below.)**

**The company does not use the perpetual inventory method. Consider that all accounts have normal balances.**

|  |
| --- |
| **DR = this account is closed with a debit** |
| **CR = this account is closed with a credit** |
|  **P = this is a permanent account and is not closed during the closing process** |
| **NA = this is the description of a subtotal on a financial statement** |

1. Purchases Discounts 7. Prepaid Insurance

2. Sales Returns and Allowances 8. Joey Bishop, Capital

3. Supplies Expense 9. Transportation In

4. Cost of Merchandise Available for Sale 10. Net Sales

5. Sales Tax Payable

6. Income Summary (total debits are larger than credits in this account)

**Group 2**

An individual started a new business on May 1, 2016. At that time the individual invested his personal life savings in the business. In 2016 revenues were $82,416 expenses were $96,743, and there were no owner withdrawals.

In 2017 the owner made an additional capital contribution of $30,000 and made no withdrawals. Total revenues for 2017 were $89,375 and expenses were $88,377.

In 2018 the owner made no additional contributions of capital. Total revenues for 2018 were $163,847 and expenses were $138,902. During 2018 the owner withdrew $7,500.

In 2019 the owner made an additional capital contribution of $3,000. Total revenues for 2019 were $198,364 and expenses were $130,988. The owner determined from the financial statements that his original investment in 2016 was finally indicating a high rate of return on his investment so he withdrew $60,000 for personal use. The ending capital account balance on December 31, 2019 after closing entries were posted was $109,492.

**For question #11, write the correct amount on your answer sheet.**

11. What was the amount of the owner’s original investment in the business on

 May 1, 2016?

**Group 3**

**Galaxy Company pays employees in one of three ways based on their position:**

**1) a salary plus commission based on sales; 2) an hourly wage plus a piece rate; and 3) an hourly wage only. Hourly wage employees also earn overtime at 1½ times the regular hourly rate of pay for hours worked over 40 in a week.**

**For questions 12 through 15, write the correct amount of gross pay for each employee on your answer sheet.**

12. Garth Vader earns an hourly wage of $15, and he worked 38 and ½ hours this

week.

13. Luke Moonwalker earns an hourly wage of $12 and he worked 55 hours this week.

\*14. Sea Threepeo earns an hourly wage of $9 and a piece rate of 25 cents. He worked

 a total of 47 hours and produced 2,540 pieces.

15. Leia Prince receives a salary of $520 per week plus a 3% commission on sales, and she was responsible for $28,160 worth of sales this week.

**Group 4**

**The capital, withdrawals, and Income Summary accounts for Baruch Deli for the year 2019 are presented below in T-accounts after the recording and posting of all closing entries. Shay Baruch started this business two years ago. There were no transactions on New Year’s Day 2019.**

|  |  |  |
| --- | --- | --- |
| **Shay Baruch, Capital** |  | Shay Baruch, Drawing |
| 12/31/19 200 | 1/1/19 500 |  | 3/1/19 100 | 12/31/19 300 |
| 12/31/19 300 |  |  | 6/1/19 100 |  |
|  |  |  | 9/1/19 100 |  |
|  |  |  |  |
| Income Summary |  |  |  |
| 12/31/19 1,000 | 12/31/19 800 |  |  |  |
|  | 12/31/19 200 |  |  |  |
|  |  |  |  |  |

**For questions 16 through 19 write the identifying letter of the best response on your answer sheet.**

16. In the year 2019, the owner invested in his business

 A. zero B. $500 C. $1,000 D. $1,300 E. some other amount

17. For the year 2019, the owner withdrew from the business

 A. zero B. $100 C. $300 D. $600 E. some other amount

18. Net income or net loss for the year 2019 was

 A. $200 Net Loss D. $500 Net Income

 B. $200 Net Income E. some other amount

 C. $500 Net Loss

19. The ending balance of Shay Baruch, Capital on 12-31-19 is

 A. $400 debit D. $500 credit

 B. $400 credit E. some other amount

 C. $500 debit

**Group 5**

**The following rates and maximums per employee per year are in effect:**

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $137,700** |
| **Medicare** | **1.45% on all earnings** |
| **Federal Unemployment Tax** | **.6% on first $7,000 of gross earnings** |
| **State Unemployment Tax** | **1.4% on first $9,000 of gross earnings** |

**The applicable employer matching taxes are at the same rate as the employee rate. In this state, only employers are subject to unemployment taxes.**

**Sharper Vision began operations on January 2, 2020 and is classified as a monthly depositor for the purpose of paying to the federal government all payroll taxes withheld from employee earnings as well as the employer matching taxes.**

**Listed below are the earnings for the first three months of operation along with the amounts withheld from the earnings for employee federal income tax. The other required taxes were in fact withheld from each employee, but these calculated amounts are not included in the chart below. You must make those calculations.**

|  |  |  |
| --- | --- | --- |
| **Month** | **Total Earnings** | **Federal Income Tax Withheld** |
| **January** | **8,460** | **570** |
| **February** | **9,940** | **595** |
| **March** | **10,400** | **625** |

**For questions 20 and 21, write the correct amount on your answer sheet.**

\*20. As a monthly depositor, what is the correct amount of the employer’s payroll tax

liability that must be paid by March 15, 2020 to the federal government?

\*21. If the January earnings had been earned by only one individual, what is the correct

 amount of the employer’s January payroll tax expense?

**Group 6**

**It is company policy to record any necessary journal entries and to update the checkbook (check stubs) balance after the bank reconciliation is completed. There are no math errors or recording errors in the checkbook (check stubs). The owner did not receive any prior notice for items he discovered on the bank statement.**

|  |
| --- |
| **Mike’s Computer Repair Shop** |
| **Bank Reconciliation** |
| **December 31, 2019** |
| Bank Statement Balance, 12/30 |  | Checkbook Balance, 12/31 |  |
| Add:  |  | Add: |  |
|  |  |  |  |
| Deduct: |  | Deduct: |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

On December 31, Mike received the company bank statement dated Dec. 30 and reviewed it along with other accounting records and found the following facts:

* The ending bank balance was $4,694.22
* The checkbook balance on Dec. 31 before reconciliation was $4,705.70
* The following checks were written in November, were outstanding in November,

 and still did not appear on this bank statement:

 check #3678…$150.00

* The following checks were written in December and did not appear on this bank

 statement: check #3722…$198.42 check #3723…$ ????

* The bank charged $18.50 for the month’s service charge
* A check in the amount of $165.00 from Shelly Caliente that Mike deposited on

Dec. 27 was returned by the bank for insufficient funds. The bank charged Mike’s account $25.00 for handling the NSF check. No journal entry has been made yet by Mike for the NSF check or its related fee.

* A deposit of $714.35 made on Dec. 31 does not appear on the bank statement.

**For questions 22 and 23 write the correct amount on your answer sheet.**

22. What is the adjusted bank balance as of December 31, 2019?

\*23. What is the amount of check #3723?

**Group 7**

**The work sheet for a sole proprietorship service business was prepared for the year ending December 31, 2019. The owner’s withdrawals for the year 2019 were $10,000. The known subtotals on the work sheet before the net income (or loss) is calculated are as follows:**

|  |  |
| --- | --- |
| **Income Statement Credit** | **99,380** |
| **Balance Sheet Debit** | **109,695** |
| **Balance Sheet Credit** | **97,055** |

**For questions 24 through 29 write the identifying letter of the best response on your answer sheet.**

24. The amount of $99,380 (from the chart above) in theory represents

 A. liabilities only

 B. liabilities plus owner’s equity as of 1-1-19 plus any owner investments made

 during the year 2019

 C. all revenue

 D. all of the owner’s equity plus all revenue

 E. all of the owner’s equity only

25. The amount of $109,695 (from the chart above) in theory represents

 A. assets only

 B. assets plus owner’s withdrawals

 C. assets plus owner’s withdrawals plus expenses

 D. assets less net income

 E. liabilities plus the 1-1-19 capital plus owner investments made during 2019

26. The amount of $97,055 (from the chart above) in theory represents

 A. liabilities plus owner’s equity as of 1-1-19 plus any owner investments made

 during the year 2019

 B. liabilities only

 C. owner’s equity as of 1-1-19 only

 D. liabilities plus owner’s equity as of 1-1-19 only

 E. liabilities and owner’s equity as of 12-31-19 after all closing entries

27. What is the amount of net income or net loss?

 A. $2,325 B. $2,640 C. $10,315 D. $12,640 E. $15,640

28. On this particular work sheet the net income/loss will be written in which two

 columns?

 A. Income Statement Debit and Balance Sheet Debit

 B. Income Statement Credit and Balance Sheet Credit

 C. Income Statement Credit and Balance Sheet Debit

 D. Income Statement Debit and Balance Sheet Credit

29. What is the total expense for 2019?

 A. $83,740 B. $86,740 C. $89,065 D. $96,740 E. $97,055

**Group 8**

**ProSkate Sales prepares adjusting and closing entries only at the end of the fiscal year which is December 31.**

**The information below is taken from the adjusted trial balance of the worksheet for the twelve months ended 12-31-19. All accounts have normal balances. Total expenses are grouped together for simplicity.**

**The owner made one capital contribution during the year 2019 in the amount of $5,000. The gross profit percentage based on net sales is 44%.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash** | **4,861** |  | **Sales Discounts** | **3,788** |
| **Accounts Receivable** | **2,783** |  | **Sales Returns & Allowances** | **2,794** |
| **Inventory** | **19,430** |  | **Purchases** | **54,042** |
| **Accounts Payable** | **4,655** |  | **Transportation In** | **3,370** |
| **David Samuel, Capital** | **??** |  | **Purchases Discounts** | **3,609** |
| **David Samuel, Drawing** | **10,000** |  | **Purchases Returns & Allow.** | **2,745** |
| **Income Summary** | **3,150 DR** |  | **Total Expenses** | **31,750** |
| **Sales** | **??** |  |  |  |

**For items 30 through 41, write the correct amount on your answer sheet.**

\*30. The amount of Sales on the trial balance is $\_\_\_\_\_.

31. The amount of capital on the trial balance is $\_\_\_\_\_.

\*32. The amount of capital in the general ledger on 1-1-19 before any 2019 transactions

 is $\_\_\_\_\_.

\*33. Total debits on the trial balance are $\_\_\_\_\_.

34. Cost of Delivered Merchandise is $\_\_\_\_\_.

35. Net Purchases is equal to $\_\_\_\_\_.

36. Cost of Merchandise Sold is $\_\_\_\_\_.

37. Net Sales are $\_\_\_\_\_.

38. Cost of Merchandise Available for Sale is $\_\_\_\_\_.

39. Gross Profit is $\_\_\_\_\_.

\*40. Net Income is $\_\_\_\_\_.

\*41. The amount of capital on the Post-Closing Trial Balance dated 12-31-19 is $\_\_\_\_\_.

**Group 9**

**Below are selected accounts from the general ledger of Brady Company for the ten months ended October 31, 2019. Sales taxes collected in a given month are paid to the state by the 20th of the following month along with a sales report. All sales made by Brady Company are taxable by the state. It is company policy to close the temporary accounts only at the end of the fiscal year, which is December 31.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Cash** |  | **Accounts Receivable** |  | **Sales Tax****Payable** |  | **Sales** |
| **2,458** |  |  | **1,640** |  |  |  | **520** |  |  | **65,055** |
|  |  |  |  |  |  |  |  |  |  |  |
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**Analyze the following transactions using the T accounts above. Add 8% sales tax to each sale. (In the following transactions that involve sales of merchandise, the amounts given are the selling prices only.)**

Nov 2 Recorded bank credit card sale of $650 to Janice Alberts.

Nov 6 Sold merchandise on account to Lacey Chabou $900.

Nov 12 Sold merchandise on account to Mable Gilbert $1,500.

Nov 19 Paid sales taxes collected in October to the state of Texas.

Nov 20 Received $400 on account from Carl Daily.

Nov 21 Recorded cash sale to Benny Boyd $325.

Nov 27 Recorded bank credit card sale of $3,800 to Danny Sanders.

**For questions 42 through 45, write the correct amount on your answer sheet.**

\*42. What is the amount of sales that should appear on an Income Statement for the

 month of November?

43. In the month of November what was the total amount of all debits to Accounts

 Receivable?

44. On November 30, what amount is owed to the state of Texas?

\*45. In the month of November what was the total amount of all debits to the Cash

 account?

**Group 10**

**Some amounts are omitted in each of the following financial statements:**

|  |
| --- |
|  **Income Statement** |
| **For the Year Ended December 31, 2019** |
|  | **Fowler Co.** | **Penney Co.** | **Wolowitz Co.** |
| Revenues | 105,692 | (e) | (h) |
| Expenses | 87,080 | 249,860 | 96,845 |

|  |
| --- |
| **Statement of Changes in Owner’s Equity** |
| **For the Year Ended December 31, 2019** |
|  | **Fowler Co.** | **Penney Co.** | **Wolowitz Co.** |
| Capital, January 1 | (a) | 15,890 | 7,260 |
| Additional Capital Investment | 10,000 | 3,000 | (i) |
| Net Income <Loss> | (b) | 1,570 | <1,985> |
| Drawing | 5,000 | (f) | -0- |
| Capital, Dec. 31 | (c) | 19,460 | ? |

|  |
| --- |
| **Balance Sheet** |
| **December 31, 2019** |
|  | **Fowler Co.** | **Penney Co.** |  **Wolowitz Co.** |
| Total assets | (d) | 47,830 | 25,035 |
| Total liabilities | 2,450 | (g) | 9,760 |
| Total owner’s equity | 88,502 | ? | ? |

**Determine the missing amounts for items “a” through “i” shown above and that correspond to questions 46 through 54 below. Write the correct amount for each on your answer sheet. A net loss must be indicated by brackets or parentheses. (Question marks above indicate unknown amounts; but are not questions to be answered below.)**

\*46. Item a

47. Item b

48. Item c

49. Item d

50. Item e

51. Item f

52. Item g

53. Item h

54. Item i

**Group 11**

**For questions 55 through 66, refer to the document below and write the identifying letter of the best response on your answer sheet.**

55. The payee is

 A. First Serenity Bank C. AAA Plumbing

 B. Chris Jefferson D. Basil Supply Co

56. The drawer is

 A. First Serenity Bank C. AAA Plumbing

 B. Chris Jefferson D. Basil Supply Co

57. The drawee is

 A. First Serenity Bank C. AAA Plumbing

 B. Chris Jefferson D. Basil Supply Co

58. When Basil Supply Co. prepares a deposit slip, this check from AAA Plumbing will

 be endorsed using a stamp that states “For Deposit Only, Basil Supply Co.” This

 type of endorsement is called a

1. special endorsement C. restrictive endorsement
2. limiting endorsement D. restraining endorsement

59. The check stub balance immediately after the previous ck #2603 was written was

 A. zero C. $1,543 E. $5,000

 B. $485 D. $3,942 F. $5,485

60. Only authorized persons may sign a check. An authorized person is the

 person(s) who

A. is selected by the FDIC.

B. is listed on the company’s website.

C. the bank personnel designate for each account.

D. signed the signature card for the account when the account was opened.

61. When writing a check for payment, which of the following should be prepared first?

 A. the check C. the check stub

 B. the check endorsement D. the bank reconciliation

**Group 11 continued**

62. Checks should be

 A. typewritten D. written in pencil

 B. written in ink E. any of the choices A, B, C, or D

 C. computer-generated F. any of the choices A, B, or C

63. A system that allows banks to transfer funds among accounts quickly and accurately

 without the exchange of checks is called

A. Internet Funds Exchange System

B. Paperless Monetary Exchange System

C. Electronic Funds Transfer System

D. E-bank Money Transport System

64. In an effort to protect a check from alteration some businesses prepare checks

 using a check-writing machine which \_\_?\_\_ the amount of the check in words on

 the Dollars line.

 A. perforates C. uses a special dye to encrypt

 B. paints a hologram of D. endorses

65. Which of the following statements about a voided check is false?

A. A voided check may be placed in a special file or it may be folded and stapled

 to the check stub.

B. A voided check should have the word “canceled” printed on the face of the

check in large letters.

C. If an error is made while writing a check, that check is not used.

 D. Corrected checks look suspicious to banks, so the incorrect check is voided

 and a new check is prepared.

66. Determining that the balance shown in the checkbook agrees to the balance of the

 Cash in Bank account is called

 A. proving the ledger D. the Schedule of Cash

 B. proving cash E. reconciling petty cash

 C. a bank reconciliation

**Group 12**

**Refer to Table 1 on pages 12 and 13. For questions 67 through 80, write the correct amount on your answer sheet.**

On the Balance Sheet dated December 31, 2019, what was the balance of…

67. Prepaid Insurance

68. Bess Benton, Capital

\*69. What was the amount of net income for the four months ended December 31, 2019?

70. On the bank statement received on Feb. 3, 2020, what was the ending balance?

\*71. What is the adjusted bank balance as of January 31, 2020?

**Group 12 continued**

On the work sheet for the month ended January 31, 2020 in the Trial Balance columns, what is the balance of…

 72. Supplies

 73. Prepaid Insurance

 74. Capital Card Payable

 75. Data Source Payable

\*76. Service Revenue

 77. Insurance Expense

On the work sheet for the month ended January 31, 2019 in the Adjusted Trial Balance columns, what is the balance amount of…

\*78. Supplies Expense

\*79. Insurance Expense

\*\*\*80. What is the amount of net income for the month of January 2020?

**This is the end of the exam. Please hold your answer sheet and test until the contest director asks for them. Thank you.**

***Table 1***

(for questions 67 through 80)

On Friday January 31, 2020, The Listening Ear had a small fire in its office when a lighted candle was accidentally overturned. The owner, Bess Benton, reacted quickly and used the fire extinguisher from the hallway to extinguish the fire. However, some of the accounting records were totally destroyed.

The Listening Ear began operations on September 1, 2019 and provides counseling services to individuals. It is company policy to: 1) record the purchase of prepaid expenses to respective asset accounts; 2) prepare adjusting entries and financial statements monthly; and 3) close the temporary accounts only at the end of the fiscal year which is December 31.

The Dec. 31, 2019 bank reconciliation had no deposits in transit, no outstanding checks, and no other reconciling items. Each bank deposit consisted only of counseling service revenue. Each deposit was consistently recorded in the check stubs on the day the deposit was made at the bank even if the deposit was made after 3 p.m.

Bess purchases all supplies online and only from Paper Clips & More using the business credit card (called Capital Card) and has the supplies delivered to her office. Bess does not use the Capital Card for any other purpose. The charges made in a month must be paid by the 10th of the following month.

On February 3, Bess was able to reconstruct the following items using her remaining records and by contacting other sources as listed below. All account balances are normal account balances.

|  |
| --- |
| Here are all of the accounts listed on the Balance Sheet for The Listening Ear dated Dec. 31, 2019 (some balances are intentionally blank and are marked “??”): |
| Cash in Bank  | 6,175 |
| Supplies | 615 |
| Prepaid Insurance | ?? |
| Office Furniture and Accessories | 12,675 |
| Capital Card Payable | 390 |
| Bess Benton, Capital (the owner made an investment of $15,000 on 9-1-19 and the owner made no withdrawals in the year 2019) | ?? |

|  |  |
| --- | --- |
| Ck# | Complete listing of checks written in January 2020 taken from the check stubs: |
| 1547 | purchased a 12-month insurance policy for professional liability coverage on January 2, 2020 (January 1 was a federal holiday.) | 3,180 |
| 1548 | paid the balance due to Capital Card on January 2 | ?? |
| 1549 | rent for January | 375 |
| 1550 | miscellaneous expense for January | 35 |
| 1551 | Advertising paid for and used in January | 85 |
| 1552 | Data Sources down payment on computer system | 500 |
| 1553 | payable to Bess Benton for personal use | 5,000 |
| 1554 | paid the electric utility bill for the current month on January 31 | 145 |

**Table 1 is continued on the next page.**

***Table 1 continued***

|  |
| --- |
| The company’s January 31 bank statement (received on Feb. 3, 2020) includes the following: |
| Beginning bank balance on January 1, 2020 | ?? |
| Total deposits on this bank statement | 13,850 |
| Total checks on this bank statement | 9,565 |
| Bank charges for January  | 15 |
| Ending bank balance on this statement | ?? |

|  |
| --- |
| Bess accessed online the business’s Capital Card information: |
| Balance on January 1, 2020 | ?? |
| Payment received by Capital Card on January 6, 2020 (see check #1548) | ?? |
| Charges made by Bess in January | 835 |

|  |
| --- |
| Other Information Gathered by Bess: |
| On September 1, 2019 a 12-month insurance policy covering the contents of Bess’s office was purchased by writing a check for $3,300. |
|  |
| On January 10, 2020 Bess purchased a computer system from Data Sources for $2,600. Data Sources agreed to sell this system to The Listening Ear on account requiring a down payment (see check #1552) with one-half of the remaining balance due on February 10 and the remainder due on March 10. |
|  |
| The bank deposit for the last week in January $8,125 was deposited on Jan. 31, 2020 after 3 p.m. but does not appear on the January bank statement.  |
|  |
| Check #1554 for utilities does not appear on the January bank statement. |
|  |
| Bess did not know the amount of the January bank service charge until she received the bank statement. On February 3rd, she recorded the January service charge as a deduction on the last check stub for January. When she journalizes bank service charges, she uses the Miscellaneous Expense account. |
|  |
| The controlling account for Accounts Receivable as of January 31 has a balance of $650. This balance was confirmed by Bess when she reviewed the patient invoices that had been billed out in January but that were not yet collected as of January 31. |
|  |
| Bess accessed her online account for Paper Clips & More. During January she purchased and received supplies in the amount of $835. |
|  |
| On the morning of Monday, February 3, 2020, Bess took a physical inventory of supplies after the fire which totaled $260 |