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

UNIVERSITY INTERSCHOLASTIC LEAGUE

ACCOUNTING EXAM

Regional 2021-R

**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. Pay particular attention to instructions regarding 1) the required format of answers; and 2) rounding.**

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

**Acceptable responses (and not case sensitive) for the following are:**

|  |  |  |
| --- | --- | --- |
| **DR** | **=** | **DR** |
| **CR** | **=** | **CR** |
| **NC** | **=** | **NC** |

**To help the graders, please do NOT spell out the words Debit and Credit. If you do spell out the correct word, it will NOT be counted as incorrect. Again, please help the graders and only write DR or CR or NC. Please follow the directions.**

**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.”**

**A loss or net loss must be indicated by brackets or parentheses. (Minus sign is not acceptable.)**

**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**

**Regional 2021-R**

**Group 1**

**This business uses the periodic inventory method. Indicate whether each item in questions 1 through 23 is debited or credited during the closing process or whether the account or item is not closed. Write the correct identifying letters (DR or CR or NC) on your answer sheet. Please do NOT spell out the word debit or credit.**

|  |
| --- |
| **DR = this account is closed with a debit** |
| **CR = this account is closed with a credit** |
| **NC = this is not a temporary capital account; or this is not an account** |

1. Bad Debt Expense 13. FICA Tax Payable

2. Purchases 14. Prepaid Insurance

3. Sales Tax Payable 15. Purchases Discounts

4. Allowance for Uncollectible Accounts 16. Cost of Delivered Merchandise

5. Sales 17. Dusty Davis, Capital

6. Gain on Plant Assets 18. Accumulated Depreciation—Equipment

7. Transportation In 19. Sales Returns & Allowances

8. Allowance for Patents 20. a partner’s drawing account

9. Payroll Tax Expense 21. Merchandise Inventory

10. Depreciation Expense 22. Salary Expense

11. Income Summary (net income) 23. Book Value of Accounts Receivable

12. Amortization Expense

**Group 2**

**Crawford Co. began operations of a service business on Jan 8, 2020 when the owner invested $50,000 cash in the business. The fiscal year end is Dec. 31.**

**During 2020, the company had service revenue of $94,212; of this amount, $86,409 was collected during 2020 and the rest was considered a collectible outstanding receivable at year-end.**

**Crawford incurred $74,832 of expenses during 2020; of this amount, $4,155 was unpaid as of December 31, 2020.**

**The owner withdrew $8,000 of cash from the business on December 24, 2020.**

**Use the above information to answer questions 24 through 27. Write the correct amount on your answer sheet.**

24. What is the balance of the cash account on 12-31-20?

25. What is the amount of total liabilities on 12-31-20?

26. What is the company’s net income for 2020?

27. What is the balance in the capital account after closing entries for 2020 are posted?

**Group 3**

**At the beginning of the fiscal year 2020, Westmore Company’s assets were $98,372. During the year, assets decreased by $2,065 and liabilities decreased by $3,706. At the end of the year, liabilities totaled $19,010. The owner made withdrawals of $4,000 and invested $2,500 in the business during the year.**

**For questions 28 through 30, write the correct amount on your answer sheet. (A net loss must be indicated on your answer sheet either in brackets or in parentheses. A minus sign is NOT acceptable.)**

28. What was the total owner’s equity at the beginning of the year?

29. What was the total owner’s equity at the end of the year?

30. What was the amount of net income or net loss for the year?

**Group 4**

**Beachside Pools constructs residential in-ground swimming pools. However, the owner would like to retire and needs to sell some of the equipment with the following market values for used equipment:**

|  |  |
| --- | --- |
| **Description** | **Market Value** |
| **Backhoe** | **40,000** |
| **Trencher** | **10,000** |
| **Excavator** | **500,000** |
| **Gunite Pumper** | **250,000** |

**Sunshine Pools has interest in purchasing all of Beachside’s equipment. After much negotiation, Beachside agreed to accept Sunshine’s offer of $700,000 for all four items. (Disregard any other possible costs such as sales taxes or delivery costs.) Sunshine will depreciate each piece of equipment individually.**

**For questions 31 through 34, write the identifying letter of the best response on your answer sheet.**

31. What is the cost allocated to the Backhoe?

A. $35,000 B. $45,714 C. $70,000 D. $175,000

32. What is the cost allocated to the Trencher?

A. $8,750 B. $10,000 C. $35,000 D. $175,000

33. What is the cost allocated to the Excavator?

A. $175,000 B. $437,500 C. $500,000 D. $571,429

34. What is the cost allocated to the Gunite Pumper?

A. $175,000 B. $218,750 C. $250,000 D. $285,714

**Group 5**

**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 she discovered on the bank statement.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sabrina’s Quilting Shop** | | | |
| **Bank Reconciliation** | | | |
| **December 31, 2020** | | | |
| **Bank Statement Balance, 12/30** |  | **Checkbook Balance, 12/31** |  |
| **Add:** |  | **Add:** |  |
|  |  |  |  |
| **Deduct:** |  | **Deduct:** |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

On December 31, Sabrina 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 $3,942.60
* The checkbook balance on Dec. 31 before reconciliation was $3,888.39
* The following checks were written in November, were outstanding in November, and still did not appear on this bank statement:

check #18402…$300.00

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

statement: check #18430…$288.16 check #18432…$ ????

* The bank charged $22.75 for the month’s service charge
* A check in the amount of $215.00 from Bonnie Bettes that Sabrina deposited on

Dec. 27 was returned by the bank for insufficient funds. The bank charged Sabrina’s account $30.00 for handling the NSF check. No journal entry has been made yet by Sabrina for the NSF check or its related fee.

* A deposit of $330.50 made on Dec. 31 does not appear on the bank statement.

**For questions 35 and 36 write the correct amount on your answer sheet.**

35. What is the adjusted bank balance as of December 31, 2020?

36. What is the amount of check #18432?

**Group 6**

**Baker, Baxter, and Beamer have decided to form a partnership. The partners plan to invest the following assets in the business:**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Baker** | **Baxter** | **Beamer** |
| **Cash** | **25,000** | **5,000** |  |
| **Supplies** | **4,000** |  |  |
| **Equipment** | **25,000** |  |  |
| **Furniture** | **6,000** |  |  |
| **Delivery Van** |  | **35,000** |  |
| **Building** |  |  | **85,000** |
| **Land** |  |  | **15,000** |

**For questions 37 through 39, write the correct amount on your answer sheet.**

37. If the net income of the partnership is $105,000 and the partnership agreement

does not state how net income is to be divided, what amount of net income

should be allocated to Baker?

38. If the partners share net income in the same ratio as the beginning balances of

their capital accounts, and net income is $75,000, what amount of net income

should be allocated to Baxter?

\*39. If the partners Baker, Baxter and Beamer share net income based on the amount of

time they spend working in the business, which is expressed as 3:5:2 respectively,

and the net income is $90,000, what amount of net income should be allocated to

Beamer?

**Group 7**

**The following chart correctly summarizes the activity in the petty cash fund of a business for four months although much of the information is missing. All vouchers were prepared correctly and according to company policies. The company reconciles petty cash on the last day of each month and has always maintained a $200 balance in the account until July 5th when the company increased the fund by $50.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Actual Cash** | **Cash** | **Amount** |
|  | **Vouchers** | **Before** | **Over** | **Needed to** |
| **Month** | **Totaling** | **Replenishment** | **<Short>** | **Replenish** |
| **May 31** |  | **15.79** | **.18** |  |
| **June 30** |  |  | **<.56>** | **193.42** |
| **July 31** |  | **32.94** | **<1.32>** |  |
| **Aug 31** |  |  | **1.62** | **223.17** |

**For questions 40 and 41, write the correct amount on your answer sheet.**

40. The amount of the check needed to replenish petty cash on July 31 is \_\_?\_\_.

41. The vouchers for the months of May through August added together equal \_\_?\_\_.

**Group 8**

**A retailer has the following inventory data for a specific fitness watch. During the year 260 watches were sold for $65 each; the remainder of the watches sold were sold for $55 each. The company uses the periodic inventory method. The wholesale market value of the watch as of 12-31-20 is $24.00 each. (Round computations to the nearest cent.)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Number of**  **Units** | **Cost per Unit** | **Extended Amount** |
| **1-1-20** | **Beginning Inventory** | **20** | **21.00** | **420** |
| **Jan** | **Purchase** | **80** | **21.50** | **1,720** |
| **Mar** | **Purchase** | **70** | **22.00** | **1,540** |
| **Apr** | **Purchase** | **70** | **23.00** | **1,610** |
| **May** | **Purchase** | **70** | **23.25** | **1627.50** |
| **July** | **Purchase** | **40** | **24.00** | **960** |
| **Nov** | **Purchase** | **20** | **24.50** | **490** |
| **Dec** | **Purchase** | **5** | **26.00** | **130** |
|  |  | **375** |  | **8,497.50** |

**Some colors sell better than others which explains why the ending inventory consists of various purchasing batches.**

**The physical inventory taken on 12-31-20 revealed the following:**

|  |  |
| --- | --- |
| **Month Watches Were Purchased** | **Quantity** |
| **December** | **5** |
| **November** | **10** |
| **July** | **6** |
| **May** | **2** |

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

**Each question begins with: What is the gross profit using the:**

42. specific identification costing method?

\*43. FIFO inventory costing method?

\*44. LIFO inventory costing method?

\*45. weighted-average inventory costing method?

**Group 9**

**Consider the following information about a plant asset for question #46, and write the identifying letter of the best response on your answer sheet.**

|  |  |
| --- | --- |
| **Original Cost** | **$43,500** |
| **Disposal Value** | **$4,500** |
| **Date Purchased** | **August 3, 2018** |
| **Estimated Useful Life** | **5 years** |
| **Depreciation Method** | **Straight-Line** |
| **Asset Sold Date** | **February 29, 2021** |
| **Asset Sold for** | **$25,000** |

46. The amount of gain on the sale of the asset is

A. $650 B. $1,650 C. $3,975 D. $6,200 E. $12,700

**Group 10**

**Equipment was purchased on January 3, 2016 at a cost of $75,000. The company estimates salvage value of $6,000 and an estimated useful life of 5 years. The company uses the double-declining balance method.**

**If rounding is necessary, round to the nearest cent. The company’s fiscal year end is December 31. This is the only asset owned by the company.**

**For questions 47 through 51, write the correct amount on your answer sheet.**

47. What amount is debited to Depreciation Expense in 2017?

48. What is the balance of Accumulated Depreciation—Equipment on 01-01-17?

49. What is the book value on 01-01-18?

\*50. What is the book value on 01-01-20?

\*51. What amount will be debited to Depreciation Expense in 2020?

**Group 11**

**On August 28, 2020 Sparks Company was completely destroyed by fire when squirrels chewed the electrical wiring in the attic which caused the building to catch on fire. The following year-to-date information for 2020 was the only record that could be salvaged:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Inventory, January 1, 2020** | **14,870** |  | **Sales** | **68,700** |
| **Purchases** | **38,416** |  | **Sales Returns** | **3,215** |
| **Transportation In** | **1,870** |  | **Sales Discounts** | **2,785** |

**Sparks Company’s historical gross profit percentage was 42% based on net sales per the records salvaged. The manager estimates they had about $20,000 worth of merchandise in inventory at the time of the squirrel infestation. The manager cannot remember for sure, but he thinks inventory was covered by insurance at a value of $25,000. For question #52, write the correct amount on your answer sheet.**

\*52. What was the cost of the merchandise estimated to be in inventory that was

destroyed on August 28, 2020 using the gross profit method of estimating

inventory?

**Group 12**

**Granite Co. operates in a city that imposes a property tax on real and personal property. The city tax rate for both types of property is 2.5%. Granite Co. has the following asset information.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Asset** | **Original**  **Cost** | **Accum.**  **Depr.** | **Fair**  **Market**  **Value** | **Replace-**  **ment**  **Value** | **Assessed**  **Value** |
| Land | 50,000 | 0 | 200,000 | 200,000 | 110,000 |
| Building | 380,000 | 22,500 | 460,000 | 675,000 | 300,000 |
| Furniture | 18,000 | 9,000 | 10,000 | 25,000 | 8,000 |
| Equipment | 960,000 | 180,000 | 725,000 | 1,300,000 | 815,000 |
| Excavator | 1,950,000 | 279,000 | 1,500,000 | 2,550,000 | 1,200,000 |
| Truck | 85,000 | 15,000 | 40,000 | 125,000 | 35,000 |

**For questions 53 through 55, write the identifying letter of the best response on your answer sheet.**

53. What is the amount of property tax attributable to the personal property?

A. None, because by definition personal property for property tax purposes is

not taxed.

B. $51,450 E. $ 75,325

C. $56,875 F. $100,000

D. $63,250

54. What is the amount of property tax attributable to the real property?

A. $1,250 D. $10,250

B. $2,750 E. $16,500

C. $7,500 F. $21,875

55. When the property tax billing statement is received and Accounts Payable is

credited, what account is debited?

A. Fixed Asset Tax Expense

B. Plant Asset Tax Expense

C. Property Tax Expense

D. Depreciation Expense

**Group 13**

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

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $142,800** |
| **Medicare** | **1.45% on all earnings** |
| **Federal Unemployment Tax** | **.6% on first $7,000 of gross earnings** |
| **State Unemployment Tax** | **1.5% 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.**

**Kate’s Cakes began operations on January 2, 2021 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 the bakery 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** | **8,320** | **640** |
| **February** | **9,400** | **690** |
| **March** | **10,500** | **905** |

**For questions 56 and 57, write the correct amount on your answer sheet.**

\*56. As a monthly depositor, what is the correct amount of the employer’s payroll tax

liability that must be paid by February 15, 2021 to the federal government?

\*57. 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 14**

**The following is a partial chart of accounts for Foot Smart (a retail shoe store). The owner, Curtis Butler, wants to compare the effects of using the direct write-off method to the allowance method. For each of the following transactions and for each method, write the account number of the accounts that should be debited and credited. Question numbers 58 through 63 are indicated in each box.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Chart of Accounts** | | | | |
| **104** | **Cash in Bank** |  | **320** | **Income Summary** |
| **110** | **Accounts Receivable** |  | **410** | **Sales** |
| **115** | **Allowance for Uncollectible Accts.** |  | **630** | **Bad Debts Expense** |
| **310** | **Curtis Butler, Capital** |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Allowance Method** | | **Direct Write-Off** | |
| **Transactions** | **DR** | **CR** | **DR** | **CR** |
| Wrote off a charge customer’s account (Sammy Marvone) as uncollectible | #58 | XXXXXX | #59 | XXXXXX |
| Reopened Sammy Marvone’s charge account in anticipation of customer’s payment | #60 | XXXXXX | XXXXXX | #61 |
| Received payment on account from Sammy Marvone | XXXXXX | #62 | #63 | XXXXXX |

**Group 15**

**Refer to the data in Table 1 on pages 10 and 12. Answer questions 64 through 80 by writing the correct amount on your answer sheet.**

What was the balance of each of the following accounts in the general ledger of Zelda’s Bookstore on January 1, 2020:

\*64. Prepaid Insurance 67. Accumulated Depreciation—Equip.

65. Supplies \*\*\*68. Zelda Petroff, Capital

\*66. Merchandise Inventory

**Continue to refer to Table 1. Answer each of the following questions regarding the correctly completed financial statements on page 12.**

69. What is the amount of cost of merchandise sold?

70. What is the book value of Accounts Receivable on the balance sheet dated

12-31-20?

\*71. What is the book value of the equipment on the balance sheet dated 12-31-20?

\*\*72. What is the amount of purchases of merchandise?

73. What is the amount of Depreciation Expense?

1. What is the amount of Insurance Expense?
2. What is the amount of gross sales?
3. What is the amount of Supplies Expense?

\*77. What is the amount of Bad Debt Expense?

\*78. What is the amount of Total Assets on the balance sheet dated 12-31-20?

\*79. What is the amount of net income or net loss for the year ended 12-31-20?

80. What is the amount of capital on the Post-Closing Trial Balance for 12-31-20?

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

***Table 1***

**(for questions 64 through 80)**

**The accountant had prepared on a spreadsheet program the complete and accurate financial statements as of December 31, 2020. A power surge caused some of the data to be lost. All the amounts remaining are correct.**

**Later when the accountant printed the financial statements, he was faced with the task of replacing the missing data. The financial statements are found on page 12.**

**It is company policy to record the purchases of supplies and insurance to their respective asset accounts. The cost of each insurance policy is to be allocated to expense over the respective term of each insurance policy as an adjusting entry. It is company policy to record adjusting and closing entries only at the end of the fiscal year, which is December 31. The company uses the periodic inventory method.**

**Additional Facts:**

1. **Equipment consists of one asset bought on 8-1-17, with a salvage value of $3,500, and an estimated useful life of 5 years. The straight-line method is used.**
2. **On 01-01-20 the account Allowance for Uncollectible Accounts had a credit balance of $2,475. In November 2020 a customer’s account in the amount of $2,650 was written off. The company uses the aging of accounts receivable method to estimate its bad debts expense. The aging on 12-31-20 indicates that $2,875 is estimated to be uncollectible.**
3. **In the Trial Balance column of the work sheet for the year ended 12-31-20 Supplies had a normal balance of $7,380. Supplies purchased during the year 2020 were $3,560.**
4. **Zelda has a single combined insurance policy that covers all the business assets. The following premium payments were made by Zelda’s Bookstore:**

|  |  |
| --- | --- |
| **Date** | **Amount Paid** |
| **3-1-19** | **1,920** |
| **3-1-20** | **2,100** |

1. **In the Trial Balance column of the work sheet for the year ended 12-31-20, Merchandise Inventory had a normal balance of $24,690. Also on this work sheet, was an adjusting entry that debited the account called Income Summary in the amount of $2,740.**
2. **The gross profit percentage is 46% based on net sales.**
3. **Each month, the owner withdrew $2,000 cash for personal use.**

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**Table 1 continues on the next page.**

***Table 1 continued\_\_\_* (for questions 64 through 80)**

**Zelda’s Bookstore**

**Income Statement**

**For the Twelve Months Ended December 31, 2020**

|  |  |  |  |
| --- | --- | --- | --- |
| **Revenue:** |  |  |  |
| Sales |  |  |  |
| Sales Returns & Allowances |  | 960 |  |
| Sales Discounts |  | 2,640 |  |
| Net Sales |  |  | 120,600 |
| **Cost of Merchandise Sold:** |  |  |  |
| Merchandise Inventory on 01-01-20 |  |  |  |
| Purchases |  |  |  |
| Transportation In | 4,139 |  |  |
| Cost of Delivered Merchandise |  |  |  |
| Purchases Returns & Allowances | 1,210 |  |  |
| Purchases Discounts | 3,685 |  |  |
| Net Purchases |  |  |  |
| Cost of Merchandise Available for Sale |  |  |  |
| Merchandise Inventory on 12-31-20 |  |  |  |
| Cost of Merchandise Sold |  |  |  |
| Gross Profit on Sales |  |  |  |
| **Expenses:** |  |  |  |
| Rent Expense |  | 8,100 |  |
| Insurance Expense |  |  |  |
| Supplies Expense |  |  |  |
| Utilities Expense |  | 3,650 |  |
| Bad Debts Expense |  |  |  |
| Depreciation Expense |  |  |  |
| Total Expenses |  |  |  |
| **Net Income (Loss)** |  |  |  |

**Zelda’s Bookstore**

**Balance Sheet**

**December 31, 2020**

|  |  |  |
| --- | --- | --- |
| **Assets** |  |  |
| Cash in Bank |  | 6,550 |
| Accounts Receivable | 23,945 |  |
| Allowance for Uncollectible Accounts |  |  |
| Merchandise Inventory |  |  |
| Supplies |  | 3,435 |
| Prepaid Insurance |  |  |
| Equipment | 22,100 |  |
| Accumulated Depreciation—Equipment |  |  |
| Total Assets |  |  |
| **Liabilities** |  |  |
| Accounts Payable |  | 4,915 |
| **Owner’s Equity** |  |  |
| Zelda Petroff, Capital, January 1, 2020 |  |  |
| Plus Owner Investment on March 4, 2020 | 1,600 |  |
| Plus (Less) Net Income (Loss) |  |  |
| Less Owner Withdrawals |  |  |
| Zelda Petroff, Capital, December 31, 2020 |  |  |
| Total Liabilities and Capital |  |  |