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

**UNIVERSITY INTERSCHOLASTIC LEAGUE**

**ACCOUNTING EXAM**

**Regional 2023-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”.**

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

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

|  |  |  |
| --- | --- | --- |
| **debit** | **=** | **DR** |
| **credit** | **=** | **CR** |

**If you choose another response for the examples given above, it will be counted as incorrect. The reason for this strict code is to test your ability to read and follow instructions. It also facilitates in the grading process.**

**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” on your answer sheet.**

**Carefully read the instructions for each group of questions. Pay particular attention to instructions regarding: 1) the required format of answers; and 2) rounding.**

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

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

**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.**

**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.**

**As a courtesy to graders, please use either upper-case or lower-case letters for your answers on your answer sheet according to the way you write your letters in the Legibility Control section on your answer sheet.**

**This side of the paper is intentionally blank.**

**UIL Accounting**

**Regional 2023-R**

**Group 1**

**For questions 1 through 18, indicate the normal balance side of each of the following by writing on your answer sheet either DR for debit or CR for credit. (Please do NOT spell out the words “debit” or “credit.”)**

1. Property Taxes Payable 10. Cash in Bank

2. Gain on Plant Assets 11. Sales Tax Payable

3. Prepaid Insurance 12. Accumulated Depreciation—Building

4. Purchases Returns & Allowances 13. Depreciation Expense

5. Merchandise Inventory 14. Land

6. a partner’s capital account 15. Transportation In

7. Allowance for Uncollectible Accounts 16. Property Tax Expense

8. Petty Cash 17. Social Security Tax Payable

9. Uncollectible Accounts Expense 18. Sales Discounts

**Group 2**

**Watkins Company pays four employees weekly. Hourly wage employees are paid overtime at a rate of 1 and ½ times the regular rate of pay for hours worked over 40 hours in a week. The following information is available for the week ending on March 24.**

**Buford earns an hourly wage of $18.40 and he worked 45 hours. Bertram receives a salary of $550 per week plus a 1.5% commission on sales. Bertram worked 40 hours and was responsible for $24,980 worth of sales this week. Basil earns an hourly wage of $16.20 and a piece rate of 3 cents. Basil worked 43 hours and produced 11,240 pieces. Boris earns an hourly wage of $17.20 and he worked 52 hours.**

**For question 19, write the correct amount on your answer sheet.**

19. What was the total amount of gross earnings for the week?

**Group 3**

**For questions 20 and 21, write the identifying letter of the best response on your answer sheet.**

20. Orange Company purchased a machine on January 1, 2022 for $75,000. This

 machine had a useful life of 10 years and a salvage value of $5,000. What should

 the second year’s depreciation expense be using the double declining-balance

 method?

1. $6,750 B. $7,000 C. $7,500 D. $12,000 E. $14,000 F. $15,000

21. Yellow Company bought a used vehicle on August 1, 2022. The vehicle

 cost $59,400, had a salvage value of $3,000 and a useful life of 5 years. How much

 depreciation expense should Yellow Company record for the year ended

 December 31, 2022, using the straight-line method?

 A. $940 B. $2,350 C. $4,700 D. $5,640 E. $11,280 F. $11,880

**Group 4**

**Rates for the employee payroll tax withholdings and the employer’s applicable payroll taxes are as follows:**

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $147,000** |
| **Medicare** | **1.45% on all earnings** |
| **Federal Unemployment Tax** | **.6% on first $7,000 of gross earnings** |
| **State Unemployment Tax** | **2.5% on first $9,000 of gross earnings** |
| **Federal Income Tax** | **Disregard** |

**The earnings for the calendar year 2022 for the employees of Finch Travel Co. are as follows:**

|  |  |
| --- | --- |
| **Employee** | **Cumulative****Earnings** |
| **August Nu** | **152,000** |
| **Cindy Lu** | **34,000** |
| **Betty Lu** | **8,720** |
| **Stu Lu** | **6,800** |

**For question #22, write the correct amount on your answer sheet.**

22. What is the total amount of payroll tax expense incurred by the employer?

**Group 5**

**Sherwood Company uses the period inventory method and prepares adjusting and closing entries only at the fiscal year-end, which is December 31. The following information for the year 2022 is provided below. One of the 2022 year-end adjusting entries includes a debit to Income Summary for $3,740. The Income Statement indicates that the 2022 gross profit percentage is 43% based on net sales.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sales** | **96,989** |  | **Sales Discounts** | **?** |
| **Transportation In** | **3,805** |  | **Purchases Returns** | **2,438** |
| **Net Sales** | **?** |  | **Merchandise Inventory 12-31-22** | **21,720** |
| **Sales Returns** | **952** |  | **Merchandise Inventory 1-1-22** | **?** |
| **Purchases** | **51,282** |  | **Purchases Discounts** | **2,695** |
| **Gross Profit** | **?** |  |  |  |

**Use the above information to answer questions 23 through 30. Write the correct amount for each on your answer sheet.**

**What is the amount of…**

23. cost of delivered merchandise?

24. net purchases?

25. Merchandise Inventory at the beginning of the year 2022?

26. cost of merchandise available for sale?

27. cost of merchandise sold?

\*28. gross profit?

29. net sales?

\*30. Sales Discounts?

**Group 6**

**Bayberry Landscaping provides residential and commercial landscaping services and is negotiating with Titan Landscaping to purchase some of their equipment that is only slightly used. Titan Landscaping is going out of business.**

**The used equipment (considering age and machine hours used) has the following market values:**

|  |  |
| --- | --- |
| **Description** | **Market Value of Used Equipment** |
| **Skid-Steer** | **40,000** |
| **Zero-turn Mower** | **5,000** |
| **Bush Hog Cutter** | **2,000** |
| **Rake Implement** | **3,000** |

**Bayberry contacted equipment dealers to get quotes of the cost of these four items in new condition, which is $70,000. After lengthy negotiations, Titan agreed to accept Bayberry’s offer of $45,000 for all four items. (Disregard any other possible costs such as sales taxes or delivery costs.) Bayberry 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 Skid-Steer?

 A. $36,000 B. $40,000 C. $56,000 D. $72,000

32. What is the cost allocated to the Zero-turn Mower?

 A. $1,800 B. $4,000 C. $4,500 D. $7,000

33. What is the cost allocated to the Bush Hog Cutter?

 A. $1,800 B. $2,000 C. $2,800 D. $4,200

34. What is the cost allocated to the Rake Implement?

 A. $270 B. $300 C. $2,700 D. $4,200

**Group 7**

**Consider the following information about a plant asset for question #35 and write the identifying letter of the best response on your answer sheet.**

|  |  |
| --- | --- |
| **Original Cost** | **$30,000** |
| **Disposal Value** | **$1,800** |
| **Date Purchased** | **June 2, 2020** |
| **Estimated Useful Life** | **5 years** |
| **Depreciation Method** | **Straight-Line** |
| **Asset Sold Date** | **March 30, 2023** |
| **Asset Sold for** | **$18,000** |

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

 A. $2,500 B. $3,980 C. $4,920 D. $5,000 E. $6,330

**Group 8**

**On December 1, 2022 the entire inventory of the MoonPenny Coffee Co. was completely destroyed after a week-long ice storm caused pressurized water pipes to explode during the thawing process. Most of the paper records in the office were also destroyed by the water. The following year-to-date information for 2022 was the only record that could be salvaged:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Inventory, January 1, 2022** | **42,870** |  | **Sales** | **365,575** |
| **Purchases** | **199,095** |  | **Sales Returns** | **1,235**  |
| **Transportation In** | **5,725** |  | **Sales Discounts** | **3,840**  |

**MoonPenny’s historical gross profit percentage was 42% based on net sales per the records salvaged. The manager estimates they had about $40,000 worth of merchandise in inventory before the ice storm. The manager cannot remember for sure, but he thinks inventory was covered by insurance at a value of $55,000. For question #36, write the correct amount on your answer sheet.**

\*36. What was the cost of the merchandise estimated to be in inventory that was

 destroyed on December 1, 2022 using the gross profit method of estimating

 inventory?

**Group 9**

**The following data pertains to a single inventory item. During the month of April,**

**900 units were sold for $10.60 each. The company uses the periodic inventory system.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **Number of****Units** | **Cost per Unit** | **Extended Amount** |
| **April** | **1** | **Beginning Inventory** | **250** | **4.60** | **1,150** |
|  | **2** | **Purchase** | **100** | **5.50** |  **550** |
|  | **9** | **Purchase** | **300** | **5.25** | **1,575** |
|  | **16** | **Purchase** | **200** | **5.25** | **1,050** |
|  | **23** | **Purchase** | **350** | **5.50** | **1,925** |
|  | **30** | **Purchase** | **200** | **5.50** | **1,100** |
|  |  | **Available** | **1,400** |  | **7,350** |

**For questions 37 through 40, write the correct amount on your answer sheet.**

37. What is the dollar amount of the ending inventory on April 30 using the FIFO

 inventory costing method?

38. What is the dollar amount of ending inventory on April 30 using the LIFO

 inventory costing method?

39. What is the dollar amount of ending inventory on April 30 using the average

 cost inventory costing method?

40. If the company uses the average cost inventory costing method, what is the

 amount of the gross profit for the year?

**Group 10**

**Eunice Collins purchased a building and began a business as a sole proprietor on September 1, 2021. She purchased several different kinds of insurance coverage in 2021 and 2022.**

**Payments for insurance are debited to Prepaid Insurance. Company accounting procedures require that the cost of each policy be allocated to expense over the respective term of each insurance policy as an adjusting entry. Adjusting and closing entries are prepared only at the end of the fiscal year, which is December 31. The worksheets, adjusting entries, and closing entries for both the year ended December 31, 2021 and 2022 were prepared, journalized, and posted correctly.**

**Details about the policies are as follows:**

**Building ($475,000 coverage on the structure)**

**paid by check for $2,940 on Sept. 1, 2021 for a 12-month policy term**

**paid by check for $3,120 on Sept. 1, 2022 for a 12-month policy term**

**General Liability ($2,000,000 coverage on premises)**

**paid by check for $1,260 on Oct. 1, 2021 for a 12-month policy term**

**paid by check for $1,344 on Oct. 1, 2022 for a 12-month policy term**

**Delivery Van ($50,000 comprehensive coverage)**

**paid by check for $570 on Nov. 1, 2021 for a 6-month policy term**

**paid by check for $594 on May 1, 2022 for a 6-month policy term**

**paid by check for $714 on Nov. 1, 2022 for a 6-month policy term**

**Inventory Protection ($75,000 coverage against theft, fire, weather damage)**

**paid by check for $2,016 on Feb. 1, 2022 for a 24-month policy term**

**For questions 41 through 46, write the correct amount on your answer sheet.**

**For questions 41 through 43, consider the correctly prepared worksheet for the year ended December 31, 2021.**

41. What is the amount of Prepaid Insurance in the Trial Balance column?

42. What is the amount of Prepaid Insurance in the Adjusted Trial Balance column?

\*43. What is the amount of Insurance Expense for the year 2021?

**For questions 44 through 46, consider the correctly prepared worksheet for the year ended December 31, 2022.**

\*44. What is the amount of Prepaid Insurance in the Trial Balance column?

\*45. What is the amount of Prepaid Insurance in the Adjusted Trial Balance column?

\*46. What is the amount of Insurance Expense for the year 2022?

**Group 11**

**Libby Company is a sole proprietorship and merchandising business. For items 47 through 59, indicate whether each item is:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A** | **a current asset** |  | **D** | **an intangible asset** |
| **B** | **a plant asset** |  | **E** | **not an asset** |
| **C** | **a contra asset** |  |  |  |

**Write the correct identifying letter (A, B, C, D, or E) on your answer sheet.**

47. Merchandise Inventory 54. Copyrights

48. Patents 55. Buildings

49. Delivery Equipment 56. Trademarks

50. Allowance for Uncollectible Accounts 57. Land

51. Transportation In 58. Prepaid Insurance

52. Supplies on Hand 59. Office Equipment

53. Accumulated Depreciation—Equipment

**Group 12**

**Refer to Table 1 on page 9. For questions 60 through 70, write the correct amount on your answer sheet.**

\*\*60. What was the balance of Fern’s Capital account in the Trial Balance column of the

worksheet for the twelve months ended December 31, 2022?

\*61. What was the balance of Wilbur’s Capital account on the Balance Sheet dated

 December 31, 2021?

\*62. What was the amount of cash that Charlotte invested in the business when it first

 began operations on December 1, 2021?

63. For the year 2022, what is the amount posted to Income Summary in the first

closing entry?

64. For the year 2022, what is the amount posted to Income Summary in the second

closing entry?

**For the year 2022, in the third closing entry, what is the amount posted to:**

65. Charlotte Fair, Capital

66. Wilbur Humble, Capital

67. Fern Able, Capital

**What is the amount of each of the following on the post-closing trial balance dated December 31, 2022?**

\*\*68. Charlotte Fair, Capital

\*\*69. Wilbur Humble, Capital

\*70. Fern Able, Capital

**Group 13**

**Refer to Table 2 on page 10. For questions 71 through 74, write the identifying letter of the best response on your answer sheet.**

71. Which of the following is correct about Dudley’s entry to write-off any customer’s

 uncollectible account receivable?

 A. Allowance for Uncollectible Accounts is credited.

 B. Allowance for Uncollectible Accounts is debited.

 C. Accounts Receivable is debited.

 D. Uncollectible Accounts Expense is debited.

72. From the information given which of the following makes it evident that Dudley

 does not use the direct write-off method?

1. Uncollectible Accounts Expense has a zero balance on 1-1-22.
2. The general ledger contains an account called Uncollectible Accounts Expense.

 C. The general ledger contains an account called Allowance for Uncollectible

 Accounts, and this account has a balance.

 D. The company does not allow customers to pay later.

73. Which of the following is true regarding the adjusting entry on 12-31-22?

 A. Allowance for Uncollectible Accounts is credited for $2,390.

 B. Allowance for Uncollectible Accounts is debited for $2,690.

 C. Uncollectible Accounts Expense is debited for $2,540.

 D. Accounts Receivable is credited for $2,540.

 E. All of the above are false statements.

74. Which of the following is true regarding the presentation of Accounts Receivable,

 Allowance for Uncollectible Accounts, and Uncollectible Accounts Expense in the

 company’s financial statements?

 A. Allowance for Uncollectible Accounts is found on the Income Statement.

 B. On the Balance Sheet, Accounts Receivable is listed immediately below

 Allowance for Uncollectible Accounts in the assets section.

 C. On the Balance Sheet, Allowance for Uncollectible Accounts is listed immediately

 below Accounts Receivable in the assets section.

 D. Uncollectible Accounts Expense is a contra account to Accounts Receivable on

 the Balance Sheet.

**Group 13 continued**

**Continue to Refer to Table 2 on page 10.** **For questions 75 through 80, write the correct amount on your answer sheet.**

75. What was the book value of Accounts Receivable on 1-1-22?

76. What is the total amount of net sales for the year?

\*77. What was the total amount of Accounts Receivable that was written off as

 uncollectible during the year 2022?

\*78. What is the book value of Accounts Receivable on 12-31-22 after the adjusting entry

 is posted?

\*79. What was the total amount of sales on account for the year 2022?

\*80. Assume that instead of using the aging of accounts receivable method, Dudley

 estimates uncollectible accounts expense by calculating one percent of sales on

 account for the year. In this case, what is the amount of the 12-31-22 adjusting

entry to properly record uncollectible accounts expense?

**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 60 through 70)**

***Up and Running* is a fitness gym organized as a partnership that specializes in three main services: 1) gym memberships, 2) group fitness classes, and 3) personal training.**

***Up and Running* uses the following policy when closing the temporary accounts at the end of the fiscal year which is December 31:**

**First, close all revenue accounts in one combined entry.**

**Second, close all expense accounts in one combined entry.**

**Third, close the Income Summary account in one combined entry.**

**Fourth, close the owner drawing accounts in one combined entry.**

**Information for the Month of December 2021:**

***Up and Running* began business operations on December 1, 2021, when each partner invested in the business an equal amount of cash. The partners did not make any partner withdrawals of assets for personal use. The owners agreed to divide the December 2021 net income equally. The business had total revenue of $39,460 and total expenses of $21,160 for December.**

**Information for the Months of January – December 2022:**

**Each partner invested $25,000 worth of assets in the business on June 3, 2022. The owners agreed to divide the net income on a fractional share basis according to the amount of time each partner worked in the business during the year, which is expressed by the ratio 5:3:2 for Charlotte/Wilbur/Fern in this order. However, because all owners had invested equally since the business began, the partners approved in advance the amounts each partner withdrew this year.**

**The adjusted trial balance for *Up and Running* for the calendar year 2022 follows. All accounts have normal balances and are all correct amounts.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash in Bank** | **12,695** |  | **Membership Fees** | **108,670** |
| **Supplies** | **2,625** |  | **Fitness Class Fees** | **76,044** |
| **Prepaid Insurance** | **1,875** |  | **Personal Training Fees** | **32,625** |
| **Computer Equipment** | **5,000** |  | **Rent Expense** | **11,280** |
| **Fitness Equipment** | **375,000** |  | **Utilities Expense** | **6,743** |
| **Accounts Payable** | **3,495** |  | **Supplies Expense** | **18,740** |
| **First Bank Payable** | **120,000** |  | **Repairs Expense** | **2,984** |
| **Charlotte Fair, Capital** | **?** |  | **Cleaning Expense** | **9,276** |
| **Charlotte Fair, Drawing** | **50,000** |  | **Advertising Expense** | **2,148** |
| **Wilbur Humble, Capital** | **?** |  | **Insurance Expense** | **5,625** |
| **Wilbur Humble, Drawing** | **40,000** |  | **Miscellaneous Expense** | **143** |
| **Fern Able, Capital** | **?** |  |  |  |
| **Fern Able, Drawing** | **40,000** |  |  |  |

***Table 2***

**(for questions 71 through 80)**

**The accountant for Dudley Co. gathered the following information for the end of the fiscal year dated December 31, 2022.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Accounts** | **Estimated** | **Estimated** |
|  | **Receivable** | **Percentage** | **Uncollectible** |
| **Age Group** | **Amount** | **Uncollectible** | **Amount** |
| **Not Yet Due** | **7,200** | **2%** |  |
| **1-30 days past due** | **5,640** | **5%** |  |
| **31-60 days past due** | **2,600** | **20%** |  |
| **61-90 days past due** | **1,300** | **50%** |  |
| **91-180 days past due** | **1,100** | **75%** |  |
| **Over 180 days past due** |  **119** | **100%** |  |
|  |  |  |  |

**The following table shows information obtained from Dudley’s general ledger after all regular business transactions were journalized and posted for the year 2022, but before any adjusting journal entries were prepared. (It is company policy to adjust and close accounts only at the end of the fiscal year.) All accounts in this table have normal balances except for the allowance account.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sales** | **164,800** |  | **Uncollectible Accounts Expense** | **0** |
| **Accounts Receivable** | **?** |  | **Allowance for Uncollectible Accounts** | **150 DR** |
| **Sales Discounts** | **1,725** |  | **Sales Returns & Allowances** | **875** |

**Dudley uses the allowance method of accounting for uncollectible accounts. The company consistently estimates the uncollectible amount by aging its accounts receivable accounts.**

**A review of the year-to-date activity in the account called Allowance for Uncollectible Accounts indicates the account had a January 1, 2022 normal balance of $800.**

**A review of the year-to-date activity in the account called Accounts Receivable indicates the total collections on account for the year to be $95,601 and the balance of Accounts Receivable on 1-1-22 was $18,110. There was one customer account written off when Dudley had exhausted all efforts to collect the account. The customer account write-off was correctly journalized and posted in November 2022.**

**In 2022 once an account receivable was written-off as uncollectible, no subsequent payments were received that would require a reinstatement.**