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

**UNIVERSITY INTERSCHOLASTIC LEAGUE**

**ACCOUNTING EXAM**

**State 2023-S**

**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.**

**W R I T E L E G I B L Y !**

**Write letters far enough above the line so that (for example) an “E” can be distinguished from an “F”. Graders must be able to read your response before points can be given.**

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

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

|  |  |  |
| --- | --- | --- |
| **DR** | **=** | **DR** |
| **CR** | **=** | **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.**

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

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

**Net cash provided is a positive amount (no brackets or parentheses). Net cash used is a negative amount and must be indicated by brackets < > or parentheses ( ) to receive points. (Minus sign is NOT acceptable.)**

**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.”**

**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.**

**UIL Accounting**

**State 2023-S**

**Group 1**

**Philip, Inc. is a retail store that sells building materials to the general public. The items listed in questions 1 through 10 appear on financial statements for the fiscal year that ends on December 31, 2022. Philip prepares adjusting and closing entries and prepares financial statements only at the end of the fiscal year.**

**Identify the correct classification of items 1 through 10 by writing the identifying letter of the best choice on your answer sheet. A choice may be used more than once.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A** | **contra-asset** |  | **G** | **operating expense** |
| **B** | **contra-liability** |  | **H** | **operating revenue** |
| **C** | **cost of merchandise sold** |  | **I** | **other expense** |
| **D** | **current asset** |  | **J** | **other revenue** |
| **E** | **current liability** |  | **K** | **plant asset** |
| **F** | **long-term liability** |  | **L** | **stockholders’ equity** |

1. Paid-in Capital in Excess of Par 6. Interest Expense

2. Allowance for Uncollectible Accounts 7. Depreciation Expense

3. Note Payable (total payment due in 2024) 8. Retained Earnings

4. Interest Receivable (due May 2, 2023) 9. Land

5. Discount on Note Payable (due Jan 8, 2023) 10. Dividends

**Group 2**

**For questions 11 and 12, write the identifying letter of the best response on your answer sheet.**

11. A business purchased a computer on January 1, 2020 for $4,000. This computer

has a useful life of 5 years and a salvage value of $340. What is the book value of

the mower on December 31, 2022 using the double declining-balance method?

1. $864 B. $1,440 C. $1,600 D. $1,804 E. $2,400

12. A landscaping company bought a used mower on September 1, 2020. The mower

cost $5,540, had a salvage value of $500 and a useful life of 5 years and the

business used the straight-line method of depreciation. On October 31, 2022

the mower was sold for $3,750. What is the amount of the gain on the sale?

1. zero B. $394 C. $1,066 D. $1,234 E. $1,566 F. $3,356

**Group 3**

**The following are some (but not all) of the general ledger accounts listed in random order after adjusting entries have been posted but before closing entries have been prepared. Each account has a normal balance. The beginning merchandise inventory was $35,452 and the ending merchandise inventory was $36,800.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Rent Expense** | **11,760** |  | **Allowance for Uncollectible Accts** | **2,145 CR** |
| **Salaries Expense** | **36,500** |  | **Purchases** | **96,897** |
| **Sales** | **168,140** |  | **Sales Discounts** | **2,940** |
| **Depreciation Expense** | **3,500** |  | **Accumulated Depreciation—Equip.** | **18,480** |
| **Dividends Payable** | **1,000** |  | **Interest Expense** | **2,718** |
| **Insurance Expense** | **3,454** |  | **Paid-in Capital in Excess of Par** | **2,000** |
| **Capital Stock--Common** | **50,000** |  | **Discount on Notes Payable** | **324** |
| **Interest Income** | **860** |  | **Gain on Sale of Plant Assets** | **1,350** |
| **Purchases Discounts** | **3,816** |  | **Utilities Expense** | **5,940** |
| **Transportation In** | **4,083** |  | **Bankcard Fees Expense** | **975** |
| **Cash Short & Over** | **54 DR** |  | **Bad Debt Expense** | **1,400** |
| **Petty Cash** | **500** |  | **Interest Payable** | **515** |
| **Interest Receivable** | **104** |  | **Unearned Rent Income** | **800** |
| **Prepaid Insurance** | **535** |  | **Dividends—Common** | **1,000** |

**For questions 13 through 17, write the correct amount on your answer sheet.**

**From the available information shown in the chart above, what is the correct amount of…**

13. Cost of Delivered Merchandise

14. Cost of Merchandise Sold

15. Cost of Merchandise Available for Sale

16. Net Purchases

17. Net Sales

**For question #18, write the correct amount on your answer sheet AND write DR for debit or CR for credit to indicate how the amount was posted to Retained Earnings. Both the amount and your choice of DR or CR must be correct for the answer to receive points. (Do NOT spell out the word “debit” or “credit.”)**

\*18. From the available information listed in the chart above, what amount should be

posted to Retained Earnings in the process of closing the Income Summary account

at the end of the fiscal year?

**Group 4**

**Bartholomew Corporation’s Balance Sheet dated December 31, 2021 included the following:**

|  |  |
| --- | --- |
| **Total Assets** | **220,650** |
| **Total Liabilities** | **43,275** |
| **Common Stock ($10 par)** | **30,000** |
| **Paid-In Capital in Excess of Par** | **15,000** |

**The company has only one class of stock.**

**The company’s Income Statement for the twelve months ended December 31, 2022 included the following:**

|  |  |
| --- | --- |
| **Revenue** | **251,620** |
| **Cost of Merchandise Sold** | **150,972** |
| **Expenses** | **55,258** |

**Bartholomew’s general ledger and the Statement of Stockholders’ Equity for the year ended December 31, 2022 indicated that during the year 2022, 500 shares of common stock had been issued at $25 per share and that cash dividends declared and paid were $10,000.**

**Bartholomew’s total liabilities on December 31, 2022 were $28,460.**

**For questions 19 through 22, write the correct amount on your answer sheet.**

**On the Statement of Stockholders’ Equity dated December 31, 2022, what is the…**

19. net income for the calendar year 2022?

20. balance of Common Stock at the end of the year 2022?

\*21. balance of Retained Earnings at the end of the year 2022?

**On the Balance Sheet dated December 31, 2022…**

\*22. what is the amount of total assets?

**Group 5**

**Peter’s Books has the following inventory data for a best-selling book:**

|  | **# units** | **Cost**  **per unit** | **Extended Amount** |
| --- | --- | --- | --- |
| **January 1 Beginning Inventory** | **4** | **4.20** | **16.80** |
| **January Purchases** | **10** | **4.30** | **43.00** |
| **March Purchases** | **2** | **4.25** | **8.50** |
| **April Purchases** | **7** | **4.40** | **30.80** |
| **May Purchases** | **10** | **4.40** | **44.00** |
| **July Purchases** | **8** | **4.20** | **33.60** |
| **September Purchases** | **5** | **4.10** | **20.50** |
| **November Purchases** | **4** | **4.20** | **16.80** |
|  | **50** |  | **214.00** |

**For each of the independent questions 23 through 25, write the correct amount on your answer sheet.**

23. If 40 units were sold for $8 each during the year, and the company used the FIFO

inventory costing method, what is the dollar amount of the ending inventory?

24. If 43 units were sold for $9 each during the year, and the company used the LIFO

inventory costing method, what is the dollar amount of the ending inventory?

\*25. If 45 units were sold for $10 each during the year, and the company used the

weighted-average inventory costing method, what is the dollar amount of the gross

profit for the year?

**Group 6**

**For questions 26 through 29, write the correct amount or number on your answer sheet. Question numbers are indicated by the bold “Q#”.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Plant Asset** | **Months Owned First Year** | **Original Cost** | **Estimated Salvage Value** | **Estimated Useful Life** | **First Year’s Straight-Line Depreciation** |
| X-Ray Machine | 6 | 150,000 | 15,000 | **\*Q# 26** | 4,500 |
| Exam Table | 4 | 10,000 | **Q# 27** | 5 years | 500 |
| Medical Equip. | 8 | **Q# 28** | 3,000 | 7 years | 5,200 |
| Computer | **Q# 29** | 3,000 | 300 | 3 years | 600 |

**Group 7**

**The Balance Sheet of James Inc. as of December 31, 2022 included the information in the following chart. The shares issued in this chart were issued in the year 2019.**

|  |  |
| --- | --- |
| **8% Preferred Stock, $100 Par** | **30,000** |
| **Common Stock, $25 Par** | **191,250** |
| **Paid-In Capital in Excess of Par—Common** | **22,950** |
| **Retained Earnings** | **835,500** |

**James Inc. is authorized to issue 5,000 shares of $100 par, 8% preferred stock and 150,000 shares of $25 par common stock.**

**For questions 30 through 35, write the correct number or amount on your answer sheet.**

30. How many shares of common stock have been issued?

31. Considering the fact that there has been only one issuance of common stock, at

what price per share were the common shares sold?

32. How many shares of 8% Preferred Stock have been issued?

33. If the corporation pays preferred dividends on a quarterly basis, what would be the

amount of the first quarter’s preferred stock dividend paid to all preferred

shareholders combined?

\*34. Disregard the information in the previous question and assume now that preferred

and common stockholders are paid annually. On November 10, 2022 the board of

directors of James Inc. declared a total cash dividend of $90,375 for both preferred

and common stock, for shareholders of record on December 1, and is payable on

January 20, 2023. What amount per share is available to each common

shareholder?

\*35. When the board of directors of James Inc. declared the total cash dividend of

$90,375 on November 10, 2022, they arrived at this amount by calculating

one-fourth of the corporation’s net income for the calendar year 2022. What was

the balance of Retained Earnings on January 1, 2022?

**Group 8**

**For each of the following independent cases in items 36 through 41, indicate the condition of the accounts before the necessary adjusting or correcting entry is made. (N/A represents “not applicable”.) Write the identifying letter of the best response on your answer sheet.**

36. A prepaid expense initially recorded in an asset account was used in the current

period and no adjustment has been made yet.

**Assets Liabilities Revenue Expense**

A. understated N/A N/A overstated

B. overstated N/A N/A understated

C. overstated N/A overstated N/A

D. N/A understated N/A understated

37. An unearned revenue was initially recorded in the Fees Earned account in error and

is still unearned by the end of the current period.

**Assets Liabilities Revenue Expense**

A. overstated N/A overstated N/A

B. N/A understated overstated N/A

C. N/A overstated understated N/A

D. overstated understated overstated understated

38. A revenue has been earned in the current period, is not received, and has not been

recorded.

**Assets Liabilities Revenue Expense**

A. understated N/A overstated N/A

B. overstated N/A understated understated

C. N/A understated understated N/A

D. understated N/A understated N/A

39. A prepaid expense was initially recorded in an expense account in error and still has

not been incurred by the end of the current period.

**Assets Liabilities Revenue Expense**

A. N/A overstated understated N/A

B. overstated N/A N/A understated

C. understated N/A N/A overstated

D. understated overstated N/A N/A

40. An unearned revenue initially recorded in a liability account has been earned by the

end of the current period and no adjustment has been made yet.

**Assets Liabilities Revenue Expense**

A. N/A overstated understated N/A

B. overstated N/A understated N/A

C. N/A understated N/A overstated

D. N/A overstated overstated N/A

## Group 8 continued

41. An expense was incurred in the current period, is not paid, and has not been

recorded

**Assets Liabilities Revenue Expense**

A. overstated N/A N/A overstated

B. overstated understated N/A understated

C. N/A understated N/A understated

D. N/A overstated understated N/A

**Group 9**

**Rupert, Rufus, and Rudy have decided to form a partnership. The partners plan to invest the following assets in the business:**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Rupert** | **Rufus** | **Rudy** |
| **Cash** |  | **110,000** | **5,000** |
| **Supplies** |  | **3,500** |  |
| **Equipment** |  | **4,000** |  |
| **Furniture** |  | **2,500** |  |
| **Delivery Van** |  |  | **75,000** |
| **Building** | **175,000** |  |  |
| **Land** | **25,000** |  |  |

**For questions 42 through 44, write the correct amount on your answer sheet.**

42. If the net income of the partnership is $216,000 and the partnership agreement

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

should be allocated to Rupert?

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

their capital accounts, and net income is $215,000, what amount of net income

should be allocated to Rufus?

44. If the partners Rupert, Rufus, and Rudy share net income based on the amount of

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

and the net income is $178,000, what amount of net income should be allocated to

Rudy?

**Group 10**

**The following information comes from the accounting records of two separate businesses. Both corporations only issue common stock, and both companies allow dividends to be declared from current earnings.**

**Additional Information for Thomas, Inc. During the Year 2022**

**The gross profit percentage is 45%; total expenses were equal to 25% of revenue; and dividends declared in 2022 are equal to 50% of the year’s net income. The par value of the common stock is $200 per share.**

**Additional Information for Matthew, Inc. During the Year 2022**

**The gross profit percentage is 40%; assets increased by 25%; and liabilities decreased by $8,650. The par value of the common stock is $150 per share and there were 210 shares issued at the beginning of the year.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Thomas, Inc.** |  | **Matthew, Inc.** |
| **December 31, 2021:** |  |  |  |
| Assets | 96,310 |  | 84,820 |
| Liabilities | 13,740 |  | ? |
| Common Stock | 40,000 |  | ? |
| Retained Earnings | ? |  | ? |
| **December 31, 2022:** |  |  |  |
| Assets | 110,147 |  | ? |
| Liabilities | 11,795 |  | 16,210 |
| Common Stock | ? |  | ? |
| Retained Earnings | ? |  | ? |
| **During 2022:** |  |  |  |
| New shares issued (in dollars) | ? |  | ? |
| Revenue | ? |  | 136,820 |
| Cost of Merchandise Sold | 53,801 |  | ? |
| Expenses | ? |  | 14,873 |
| Dividends | ? |  | 10,000 |

**For questions 45 and 46, write the correct number of shares on your answer sheet.**

\*\*45. How many shares of common stock were issued in the year 2022 by Thomas, Inc.?

\*46. How many shares of common stock were issued in the year 2022 by Matthew, Inc.?

**Group 11**

**Simon Inc. is a retail business organized as a corporation and uses the direct method to prepare the Statement of Cash Flows (see form at the bottom of this page). The Cash balance on 1-1-22 was $57,210. Simon’s cash receipts and cash payments for calendar year 2022 are listed below. For questions 47 through 51, write the correct amount on your answer sheet. Net cash used must be indicated by brackets on your answer sheet. Question numbers are in the columns of the Cash Flow Statement indicated by: Q#**

|  |  |
| --- | --- |
| **Cash receipts during the year 2022 from:** |  |
| proceeds from line of credit | 30,000 |
| interest | 825 |
| issuance of long-term notes payable | 78,650 |
| sales of merchandise | 303,870 |
| sale of equipment | 8,750 |
| issuance of bonds | 110,000 |
| rent | 1,800 |
| issuance of stock | 13,500 |
| **Cash payments during the year 2022 from:** |  |
| purchase of land (will construct a building in 2023 for Simon’s retail business) | 150,000 |
| interest | 4,340 |
| principal on notes payable | 13,900 |
| rent | 14,400 |
| cash dividends | 34,500 |
| salaries and wages | 96,320 |
| insurance | 9,270 |
| other operating expenses | 32,460 |
| purchases of equipment | 17,820 |
| principal paid on the line of credit | 20,000 |
| purchases of merchandise inventory | 185,235 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Simon Inc.** | | | |
| **Statement of Cash Flows** | | | |
| **For the Year Ended December 31, 2022** | | | |
| Cash flows from operating activities: |  |  |  |
| Cash receipts from: |  |  |  |
|  |  |  |  |
| Total cash receipts |  | **Q#47** |  |
| Cash payments for: |  |  |  |
|  |  |  |  |
| Total cash payments |  |  |  |
| Net cash provided/(used) by operating activities |  |  | **\* Q#48** |
|  |  |  |  |
| Cash flows from investing activities: |  |  |  |
|  |  |  |  |
| Net cash provided/(used) by investing activities |  |  | **\* Q#49** |
|  |  |  |  |
| Cash flows from financing activities: |  |  |  |
|  |  |  |  |
| Net cash provided/(used) by financing activities |  |  | **\* Q#50** |
| Net change in cash |  |  |  |
| Cash balance, January 1, 2022 |  |  |  |
| Cash balance, December 31, 2022 |  |  | **Q#51** |

**Group 12**

**Match each situation in items 52 through 58 with the best term using the following identifying letters A, B, C, or D:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Terms** | | | |
| **A** | Accrued Revenue |  | **C** | Deferred Expense |
| **B** | Accrued Expense |  | **D** | Deferred Revenue |

52. office supplies on hand and paid for; will be used next accounting period

53. a revenue is earned; not yet recorded or collected

54. a revenue not yet earned; collected in advance

55. an expense not yet incurred; paid in advance

56. owes property taxes assessed; but has not yet recorded or paid the taxes

57. rent that is earned but not yet collected and not yet recorded

58. an expense is incurred; not yet paid or recorded

**Group 13**

**At the end of its fiscal year December 31, 2022, before any adjusting entries are recorded, the following information is available:**

|  |  |
| --- | --- |
| **Accounts Receivable** | **$4,820** |
| **Allowance for Uncollectible Accounts** | **$375 credit** |
| **Charge sales** | **$73,750** |
| **The aging of accounts receivable indicates**  **uncollectible accounts of** | **$1,650** |

**For questions 59 through 61, write the correct amount on your answer sheet.**

59. In the adjusting entry, what is the amount of bad debt expense if the aging method

is used to estimate uncollectible accounts?

60. If instead the company were to estimate uncollectible accounts based on 2% of

charge sales, what is the book value of Accounts Receivable on the Balance

Sheet dated December 31, 2022?

61. For this question only assume the aging method is used and the balance of

Allowance for Uncollectible Accounts has a debit balance of $160. What is the

amount of bad debt expense in the adjusting entry?

**Group 14**

**Andrew Corp has the following accounting policies and procedures:**

* **uses the accrual basis of accounting**
* **fiscal year end is September 30**
* **adjusting entries are prepared only at the fiscal year-end**
* **closing entries are prepared only at the fiscal year-end**
* **does not use reversing entries**

**Both of the banks used by Andrew use 360 days in promissory note calculations instead of 365 days. The banks refer to this as a banker’s year of 360 days. Round all computations to the nearest cent.**

**Use the following information to solve questions 62 through 64. Write the correct amount on your answer sheet.**

**On July 30, 2022 Andrew Corp signed an interest-bearing note payable to Integrity Bank for $37,800 for 180 days at 5%.**

62. What is the maturity value of the note?

63. What amount of interest expense should be accrued for this note for the fiscal year

ended September 30, 2022?

\*64. When Andrew pays Integrity Bank the maturity value on the maturity date, what

amount is debited to Interest Expense?

**Use the following information to solve questions 65 through 72. Write the correct amount on your answer sheet.**

**On September 12, 2022 Andrew Corp signed a $40,500, 120-day non-interest-bearing note payable that Continental Bank discounted at a rate of 6%.**

65. What is the amount of the proceeds?

66. On the issue date, what amount is credited to Notes Payable?

67. What is the face value of the note?

68. What amount should be recorded in Discount on Notes Payable on September 12?

69. What is the maturity value of the note?

70. On September 30, 2022 an adjusting entry is required to record interest expense for

this non-interest-bearing note payable. What is the amount of the interest expense?

\*71. On October 1, 2022 before any transactions take place, what is the balance in the

contra liability account?

\*72. On October 1, 2022 before any transactions take place, what is the book value of

this Note Payable?

**For question #73, write the identifying letter of the best response on your answer sheet.**

73. Which of the following statements about Andrew Corp’s Discount on Notes Payable

is false?

1. It is classified as a contra liability.
2. It is a prepaid expense.
3. It will have a zero balance on October 1, 2022.
4. It is a deferred expense.
5. The normal balance side is a debit.

**Group 15**

**Consider the following selected items taken from the financial statements for the calendar year 2022. The only class of stock authorized by this corporation is common stock, and no new stock was issued during 2022. The company failed to make any payments for estimated federal corporate income tax during 2022. It is company policy to use net income after taxes for all profitability ratios. A section is also provided summarizing the elements from the prior year’s balance sheet. All accounts have normal balances, and all Balance Sheet items are presented (although some things are marked “?”). Sixty percent of the original cost of the building has been depreciated since the business started.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash in Bank** | **27,295** |  | **Note Payable (due 3 mo)** | **3,000** |
| **Change Fund** | **650** |  | **Interest Payable (due 3 mo)** | **100** |
| **Accounts Receivable (net)** | **34,055** |  | **Accounts Payable** | **600** |
| **Merchandise Inventory** | **24,610** |  | **Federal Income Tax Payable** | **16,000** |
| **Supplies on Hand** | **1,565** |  | **Dividends Payable** | **20,000** |
| **Prepaid Insurance** | **1,825** |  | **Sales Tax Payable** | **300** |
| **Building** | **?** |  | **Note Payable (due 2 years)** | **90,000** |
| **Accumulated Depr.—Bldg.** | **?** |  |  |  |
|  |  |  |  |  |
| **Information for 2022:** |  |  | **Balance Sheet as of 12-31-21** | |
| **Net Income After Taxes** | **64,000** |  | **Total Assets** | **?** |
| **Dividends Declared** | **20,000** |  | **Total Liabilities** | **114,000** |
| **From the 2022 Income** | **799,650** |  | **Common Stock** | **50,000** |
| **Statement: Net Sales** |  | **Retained Earnings** | **216,000** |
|  |  |  |  |  |

**For questions 74 through 80, write the identifying letter of the best response on your answer sheet. If necessary, round percentages to nearest whole percent.**

74. Working capital is equal to

A. $22,000 B. $28,000 C. $50,000 D. $62,000 E. $90,000

75. The current ratio is \_?\_ to 1.

A. **.**44 B. **.**69 C. 1**.**55 D. 2**.**25 E. 3**.**38

76. The quick ratio is \_?\_ to 1.

A. **.**70 B. 1**.**55 C. 1**.**63 D. 2**.**25 E. 3**.**38

77. Return on sales is equal to \_?\_ %.

A. 6% B. 8% C. 11% D. 21% E. 25%

\*78. Return on stockholders’ equity is equal to \_?\_ %.

A. 22% B. 24% C. 26% D. 28% E. 37%

\*79. When total assets as of 12-31-22 are compared to the base year, the percent of

increase is \_?\_ %.

1. 8% B. 16% C. 18% D. 65% E. 76%

\*\*80. What is the original cost of the building?

A. $350,000 B. $525,000 C. $725,000 D. $875,000 E. $1,100,000

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

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