

UNIVERSITY INTERSCHOLASTIC LEAGUE
ACCOUNTING EXAM
State 2021-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.

WRITE LEGIBLY !

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.

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
TRUE	=	TRUE or T
FALSE	=	FALSE or F

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 State 2021-S

Group 1

Frazier, Inc. is a retail store that sells sporting goods to the general public. The items listed in questions 1 through 13 appear on financial statements for the fiscal year that ends on December 31, 2020. Frazier 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 13 by writing the identifying letter of the best choice on your answer sheet. A choice may be used more than once.

A	contra-asset
B	contra-liability
C	cost of merchandise sold
D	current asset
E	current liability
F	long-term liability

G	operating expense
H	other expenses
I	other revenue
J	plant asset
K	revenue
L	stockholders' equity

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Allowance for Uncollectible Accounts 2. Paid-in Capital in Excess of Par 3. Interest Receivable (due April 8, 2021) 4. Note Payable (total payment due in 2023) 5. Discount on Note Payable (due January 6, 2021) 6. Merchandise Inventory as of January 1, 2020 7. Book value of Accounts Receivable | <ol style="list-style-type: none"> 8. Loss on Plant Assets 9. Dividends 10. Interest Income 11. Depreciation Expense 12. Retained Earnings 13. Land |
|--|---|

Group 2

On October 14, 2020 the Empire Sugar Packaging Co. was completely destroyed by an explosion when an army of ants obstructed filters in natural gas-powered equipment. The following year-to-date information for 2020 was the only record that could be salvaged:

Inventory, January 1, 2020	31,620
Purchases	86,513
Transportation In	4,965

Sales	150,400
Sales Returns	1,420
Sales Discounts	2,780

Empire's historical gross profit percentage was 41% based on net sales per the records salvaged. The manager estimates they had about \$35,000 worth of merchandise in inventory at the time of the ant invasion. The manager cannot remember for sure, but he thinks inventory was covered by insurance at a value of \$40,000. For question #14, write the correct amount on your answer sheet.

- *14. What was the cost of the merchandise estimated to be in inventory that was destroyed on October 14, 2020 using the gross profit method of estimating inventory?

Group 3

For questions 15 through 26, write on your answer sheet how each item is closed (or not closed) at the end of the fiscal year using the following code (do not substitute any letter or word for the codes DR, CR, NC):

DR	=	close the account with a debit
CR	=	close the account with a credit
NC	=	this item is either not closed OR it is not an account

- | | |
|-------------------------|--|
| 15. Interest Receivable | 21. Unearned Revenue |
| 16 Interest Income | 22. Allowance for Uncollectible Accounts |
| 17 Sales Discounts | 23. Dividends—Common |
| 18. Preferred Stock | 24. Transportation In |
| 19. Bad Debts Expense | 25. Gain on Plant Assets |
| 20. Retained Earnings | 26. Paid-in Capital in Excess of Par--Common |

Group 4

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. The 2020 net income of Choo, Inc. was \$58,690.

	Odor, Inc.		Choo, Inc.
December 31, 2019:			
Assets	89,460		44,820
Liabilities	12,410		18,870
Common Stock	50,000		10,000
Retained Earnings	??		??
December 31, 2020:			
Assets	96,190		??
Liabilities	14,750		17,960
Common Stock	50,000		??
Retained Earnings	??		??
During 2020:			
New shares issued (in dollars)	??		20,000
Revenue	??		??
Cost of Merchandise Sold	57,040		??
Expenses	28,915		??
Dividends	8,000		40,000

For questions 27 and 28, write the correct amount on your answer sheet.

27. What was the amount of revenue for Odor, Inc.?

*28. What was the amount of assets on 12-31-20 for Choo, Inc.?

Group 5

Mathis Co. uses December 31 as its fiscal year-end and depreciates trucks using the straight-line method. For question #29 (found in the chart below), write the correct amount on your answer sheet.

Description	Months Owned First Year	Original Cost	Estimated Salvage Value	Estimated Useful Life	First Year's Depreciation
Truck	7	Q#29	12,200	5	4,760

Continue to use the information above for the truck. However, now assume that Mathis bought the truck on March 1, 2018 and then sold the truck for \$30,000 on October 1, 2020. Also, assume that all necessary adjusting entries are prepared and posted correctly. For question #30, write the correct amount on your answer sheet. If your answer is a loss on the sale, your numeric answer must include brackets or parentheses.

*30. What is the gain or loss on the sale of the truck?

Chirinos Co. uses December 31 as its fiscal year-end and depreciates trucks using the double declining-balance method. On January 1, 2018 Chirinos purchased a truck for \$62,500 with an estimated salvage value of \$5,000 and an estimated useful life of 5 years. Chirinos has no plans to sell this truck. For questions 31 and 32, assume that all adjusting entries are prepared and posted correctly, and write the correct amount on your answer sheet.

31. What is the book value on January 1, 2019?

*32. What is the amount of accumulated depreciation on December 31, 2020?

Group 6

Consider businesses that use the accrual basis of accounting and record adjusting and closing entries only at the end of the fiscal year, which is Dec. 31. For items 33 through 41 consider the financial statements for the year 2020 and write "TRUE" if the statement is true; write "FALSE" if it is false. (Reminder: Write Legibly!)

33. The account called Supplies on Hand is an example of a prepaid expense.
34. Fees collected in December 2020 by an attorney who will perform legal services for the client in January 2021 is an example of a deferred revenue.
35. Recording interest in an entry dated December 31, 2020 for the days December 8 through December 31 on an interest-bearing note receivable that matures on March 8, 2021 is an example of a deferred revenue.
36. Accrued expenses are reported on the Balance Sheet as a current liability.
37. If there is a balance in the Unearned Revenue account after adjusting entries are made, it represents a deferred expense.
38. Accrued revenues are reported on the Balance Sheet as a current liability.
39. An example of an accrued expense on the Balance Sheet is Salaries Payable.
40. A revenue received prior to it being earned is reported on the Balance Sheet as a current liability.
41. A transaction that debits Accounts Receivable and credits Sales is not an accrual of revenue earned.

Group 7

The information for 2020 related to Gallo Co. before adjusting entries is summarized below:

Net Cash Sales	62,850
Net Charge Sales	84,950
Total of Net Sales	147,800
Accounts Receivable on 12-31-20	72,450
Customer accounts written off in 2020	1,890

For questions 42 and 43, write the identifying letter of the best response on your answer sheet. Each question is independent of the other.

- *42. Assume that Gallo Co. uses the allowance method of accounting for uncollectible accounts. The company uses the percent of sales method based on net charge sales at a rate of 2%. After all customer accounts were written off in 2020 and before any adjusting entries, the balance in the account called Allowance for Uncollectible Accounts has a debit balance of \$196. What amount of bad debts expense should Gallo Co. record in the adjusting entry for 2020?
- A. \$196 C. \$1,449 E. \$1,699 G. \$1,895
 B. \$1,257 D. \$1,503 F. \$1,890 H. \$2,956
43. What amount of bad debts expense will Gallo Co. report for 2020 if it uses the direct write-off method of accounting for bad debts?
- A. \$196 C. \$1,449 E. \$1,699 G. \$1,895
 B. \$1,257 D. \$1,503 F. \$1,890 H. \$2,956

Group 8

Use the following information to answer questions 44 through 48 by writing the identifying letter of the best response on your answer sheet.

	12-31-19	12-31-20
Quick Assets	14,520	27,300
Current Assets (includes Quick Assets)	67,100	93,500
Current Liabilities	17,600	22,000

44. The company's quick ratio for the year 2019 was ___ to 1
 A. .216 B. .292 C. .825 D. 1.2121 E. 1.24
45. The company's current ratio for the year 2020 was ___ to 1
 A. .235 B. .292 C. 3.01 D. 3.81 E. 4.25
46. The company's working capital for 2020 was
 A. \$5,300 B. \$49,500 C. \$67,100 D. \$71,500 E. \$93,500
- *47. The company's working capital increased by ___% from 2019 to 2020.
 A. 2.72% B. 25% C. 39.34% D. 44.44% E. 88.01%
48. The company's current liabilities increased by ___% from 2019 to 2020.
 A. 0.8% B. 20% C. 25% D. 44% E. 80%

Group 9

The Balance Sheet of Andrus, Inc. as of December 31, 2020 included the information in the following chart. The shares issued in this chart were issued in the year 2016.

6% Preferred Stock, \$100 Par	80,000
Common Stock, \$15 Par	97,500
Paid-In Capital in Excess of Par—Common	195,000
Retained Earnings	943,875

Andrus, Inc. is authorized to issue 50,000 shares of \$100 par, 6% preferred stock and 500,000 shares of \$15 par common stock.

For questions 49 through 53, write the correct number or amount on your answer sheet.

49. How many shares of common stock have been issued?
- *50. Considering the fact that there has been only one issuance of common stock, at what price per share were the common shares sold?
51. How many shares of 6% Preferred Stock have been issued?
52. 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?
- *53. Disregard the information in the previous question and assume now that preferred and common stockholders are paid annually. On November 15, 2020 the board of directors of Andrus, Inc. declared a total cash dividend of \$63,950 for both preferred and common stock, for shareholders of record on December 1, and is payable on January 15, 2021. What amount per share is available to each common shareholder?

Group 10

One of the items sold at Rangers Sports is a baseball keychain. The following shows the beginning inventory and purchases information for the year.

During the year 965 keychains were sold for \$9.50 each and 97 keychains were sold for \$9.95 each. The company uses a periodic inventory system. (If necessary, round computations to the nearest cent.)

		Number of Units	Cost per Unit	Extended Amount
1-1-20	Beginning Inventory	6	2.80	16.80
Jan	Purchase	5	2.82	14.10
Mar	Purchase	130	2.86	371.80
Apr	Purchase	190	2.90	551.00
May	Purchase	400	3.00	1,200.00
July	Purchase	370	3.10	1,147.00
Nov	Purchase	4	3.20	12.80
Dec	Purchase	3	3.50	10.50
	Totals	1,108		3,324.00

For questions 54 through 56, write the identifying letter of the best response on your answer sheet.

54. What is the dollar amount of ending inventory if the FIFO inventory costing method is used?
- A. \$131.00 D. \$1,170.30
 B. \$142.60 E. \$3,179.80
 C. \$144.20 F. \$6,952.85
55. What is the dollar amount of ending inventory if the LIFO inventory costing method is used?
- A. \$131.00 D. \$ 402.70
 B. \$138.00 E. \$3,193.00
 C. \$144.20 F. \$6,939.65
56. What is the dollar amount of ending inventory if the weighted-average inventory costing method is used?
- A. zero D. \$1,170.30
 B. \$138.00 E. \$3,186.00
 C. \$142.60 F. \$6,946.65

Group 11

Refer to Table 1 on pages 8 through 12. For questions 57 through 80, write the correct amount on your answer sheet.

On January 1, 2020 what was the balance in each of the following accounts in the general ledger?

- | | |
|------------------------|---------------------------|
| 57. Supplies | 60. Capital Stock |
| 58. Prepaid Insurance | 61. Retained Earnings |
| *59. Dividends Payable | 62. Merchandise Inventory |

On the work sheet for the year ended December 31, 2020, what was the balance of each of the following in the Trial Balance columns?

63. Prepaid Insurance
64. Accumulated Depreciation—Delivery Truck

On the work sheet for the year ended December 31, 2020, what was the balance of each of the following in the Adjusted Trial Balance columns?

65. Prepaid Insurance
*66. Sales

On December 31, 2020 after all adjusting entries have been journalized and posted, what is the book value of each of the following:

67. Accounts Receivable
*68. Delivery Truck
69. Equipment & Store Fixtures

On the Income Statement for the twelve months ended December 31, 2020, what is the correct amount of...

- | | |
|-----------------------|------------------------|
| *70. Purchases | *73. Insurance Expense |
| 71. Supplies Expense | **74. Net Income |
| 72. Bad Debts Expense | |

On the Balance Sheet dated December 31, 2020 what is the correct amount for each of the following?

- | | |
|-------------------------------------|------------------------|
| 75. Merchandise Inventory | 78. Dividends Payable |
| *76. Note Receivable—Perry Brokeman | *79. Retained Earnings |
| 77. Interest Payable—Advantage Bank | ***80. Cash in Bank |

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 57 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 (Income Statement and Balance Sheet) are found on pages 10 and 12 (page 11 is blank).

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: 1) the accrual basis of accounting; 2) the periodic inventory method; and 3) a 360-day year for promissory note interest calculations. Disregard federal corporation income tax.

Tri-Sis is a closely held corporation with 300 shares of capital stock owned equally by three sisters. The business was incorporated in 2015 when each sister invested \$50,000 in the corporation and each received 100 shares of capital stock.

The corporation has the following history:

Fiscal Year End	Net Income or Net Loss	Total Dividends Declared
12-31-15	<54,267>	Zero
12-31-16	<2,414>	Zero
12-31-17	62,905	Zero
12-31-18	79,863	30,000
12-31-19	182,843	60,000

When the corporation was formed, the sisters agreed that the dividends declared in one fiscal year must be paid by January 15th in the following fiscal year.

Additional Facts:

1. The Delivery Truck account consists of one truck bought on 9-1-17 at a cost of \$97,320, with a salvage value of \$15,000, and an estimated useful life of 7 years. The straight-line method is used.
2. All of the assets in the account called Equipment & Store Fixtures are fully depreciated as of 12-31-19. The assets in this account have a salvage value of \$2,500 and a market value of \$3,000.
3. On December 9, 2020 a customer, Perry Brokeman, was unable to pay the amount he owes Tri-Sis for furniture he purchased on account. Perry requested additional time to pay and signed an interest-bearing promissory note on this date. The promissory note terms are 4% due in 60 days.

Table 1 continued
(for questions 57 through 80)

4. On 01-01-20 the account Allowance for Uncollectible Accounts had a credit balance of \$2,145. On December 27, 2020 several customer accounts in the total amount of \$2,300 were written off as totally uncollectible. The company uses the aging of accounts receivable method to estimate its bad debts expense. The aging on 12-31-20 indicates that \$2,480 is estimated to be uncollectible.
5. In the Trial Balance column of the work sheet for the year ended 12-31-20 Supplies had a normal balance of \$28,595. Supplies purchased during the year 2020 were \$21,725.
6. Tri-Sis has a single combined 12-month insurance policy that covers all the business assets. The following premium payments were made by Tri-Sis:

Date	Amount Paid
5-1-19	\$11,580
5-1-20	\$12,600

7. In the Trial Balance column of the work sheet for the year ended 12-31-20, Merchandise Inventory had a normal balance of \$142,750. Also, on this work sheet, was an adjusting entry that credited the account called Income Summary in the amount of \$4,230.
8. After market research and analysis of the Tri-Sis financial condition and performance, the three sisters agreed to open a second store in a neighboring city. On Dec 11, 2020 Tri-Sis borrowed \$60,120 from Advantage Bank and signed an interest-bearing promissory note with terms of 5% for 180 days. (Advantage Bank uses a 360-day year for promissory note interest calculations.) The cash from this loan was deposited into the Tri-Sis checking account on the date the note was signed. Since the business began, this was the only time Tri-Sis borrowed money from a bank.
9. The gross profit percentage for the year 2020 is 48% based on net sales.
10. On December 18, 2020 the three sisters reviewed the preliminary financial information of Tri-Sis for the year 2020 and the projected cash flow for the first half of the year 2021. On this date all stockholders agreed to declare dividends for fiscal year 2020 in the amount of \$325 for each share issued to the three stockholders.

Table 1 continued
(for questions 57 through 80)

Tri-Sis Home Furnishings, Inc.			
Income Statement			
For the Twelve Months Ended December 31, 2020			
Revenue:			
Sales			
Sales Returns & Allowances		6,035	
Sales Discounts		8,495	
Net Sales			
Cost of Merchandise Sold:			
Merchandise Inventory on 01-01-20			
Purchases			
Transportation In	13,536		
Cost of Delivered Merchandise			
Purchases Returns & Allowances	3,820		
Purchases Discounts	9,760		
Net Purchases			
Cost of Merchandise Available for Sale		446,656	
Merchandise Inventory on 12-31-20			
Cost of Merchandise Sold			
Gross Profit on Sales			
Operating Expenses:			
Rent Expense		18,000	
Utilities Expense		10,500	
Insurance Expense			
Supplies Expense			
Bad Debts Expense			
Depreciation Expense			
Total Operating Expenses			
Income from Operations			
Other Revenue and Expense			
Interest Income			
Interest Expense			
Total Other Revenue and Expense			
Net Income (Loss)			

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See page 12 for the rest of this Table.

Table 1 continued
(for questions 57 through 80)

Tri-Sis Home Furnishings, Inc.		
Balance Sheet		
December 31, 2020		
Assets		
Cash in Bank		
Accounts Receivable	28,190	
Allowance for Uncollectible Accounts		
Merchandise Inventory		
Note Receivable—Perry Brokeman		
Interest Receivable—Perry Brokeman		33
Supplies		5,985
Prepaid Insurance		
Equipment & Store Fixtures	15,000	
Accumulated Depreciation—Equip & Fixtures		
Delivery Truck		
Accumulated Depreciation—Delivery Truck		
Total Assets		
Liabilities		
Accounts Payable		1,243
Note Payable—Advantage Bank		
Interest Payable—Advantage Bank		
Dividends Payable		
Total Liabilities		
Stockholders' Equity		
Capital Stock		
Retained Earnings		
Total Stockholders' Equity		
Total Liabilities and Stockholders' Equity		

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Page 12 is the last page of Table 1.

UIL ACCOUNTING—State 2021-S
KEY

Group 1	
1	A
2	L
3	D
4	F
5	B
6	C
7	D
8	H
9	L
10	I
11	G
12	L
13	J

Group 2	
*14	\$ 36,840

Group 3	
15	NC
16	DR
17	CR
18	NC
19	CR
20	NC
21	NC
22	NC

Group 3 cont.	
23	CR
24	CR
25	DR
26	NC

Group 4	
27	\$ 98,345
*28	\$ 82,600

Group 5	
29	\$ 53,000
*30	\$ <1,920>
31	\$ 37,500
*32	\$ 49,000

Group 6	
33	TRUE
34	TRUE
35	FALSE
36	TRUE
37	FALSE
38	FALSE
39	TRUE
40	TRUE
41	FALSE

Group 7	
*42	E
43	F

Group 8	
44	C
45	E
46	D
*47	D
48	C

Group 9	
49	6,500 shares
*50	\$ 45
51	800 shares
52	\$ 1,200
*53	\$ 9.10

Group 10	
54	C
55	A
56	B

Group 11	
57	\$ 6,870
58	\$ 3,860
*59	\$ 60,000
60	\$ 150,000
61	\$ 178,930

Group 11 cont.	
62	\$ 142,750
63	\$ 16,460
64	\$ 27,440
65	\$ 4,200
*66	\$ 590,830
67	\$ 25,710
*68	\$ 58,120
69	\$ 2,500
*70	\$ 303,950
71	\$ 22,610
72	\$ 2,635
*73	\$ 12,260
**74	\$ 198,725
75	\$ 146,980
*76	\$ 13,500
77	\$ 167
78	\$ 97,500
*79	\$ 280,155
***80	\$ 332,157

Grader #1 xx
 Grader #2 (last name) _____
 Grader #3 (last name) _____

Contestant # _____

**UIL ACCOUNTING
 State 2021-S**

SCORING CHART

Number of **correct** answers out of 80
 (without considering asterisks)..... times 5 = _____

Plus extra credit for asterisk questions answered **correctly**.
 (If the answer is incorrect, draw a line through the block.)

Question Number	Asterisks on Exam	Extra Points If Correct
14	1	
28	1	
30	1	
32	1	
42	1	
47	1	
50	1	
53	1	
59	1	
66	1	
68	1	
70	1	
73	1	
74	2	
76	1	
79	1	
80	3	

Total Extra Points

TOTAL SCORE.....

For Director's Use: IR <input type="checkbox"/> TR <input type="checkbox"/>
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