

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

Team # \_\_\_\_\_

UNIVERSITY INTERSCHOLASTIC LEAGUE  
ACCOUNTING EXAM  
Invitational 2023-B

**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.”

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.

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 the required format of answers. A net loss **MUST** be indicated by brackets or parentheses (a minus sign is not acceptable).

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” on your answer sheet.

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 Invitational 2023-B

### Group 1

A sole proprietorship may be formed to operate either a service or merchandising business. The accounting records and financial statements will vary according to the type of business operation. Assume that all businesses use the work sheet in the accounting cycle.

For items 1 through 11, write the identifying letter of the best response on your answer sheet.

<b>A</b>	<b>service business only</b>
<b>B</b>	<b>merchandising business only</b>
<b>C</b>	<b>either a service or merchandising business</b>
<b>D</b>	<b>neither a service or merchandising business</b>

Which type of business organized as a sole proprietorship would have the following?

1. a section on the Income Statement called Cost of Merchandise Sold
2. a Schedule of Accounts Receivable
3. an account called "Asset Controlling Adjustment for Fair-Market Value"
4. an adjustment on the work sheet to an account called "Prepaid Insurance"
5. a Statement of Changes in Owner's Equity
6. an account listed on the Post-Closing Trial Balance called "Petty Cash"
7. an adjustment on the work sheet to an account called "Income Summary"
8. a Payroll Register
9. an account in the general ledger called "Transportation In"
10. comparative financial statements
11. an account in the general ledger called "Service Fees Earned" when there is only one revenue account

### Group 2

The following employees of *Homemade Cookies Co.* are paid an hourly wage plus overtime at a rate of 1½ times the regular rate of pay for hours worked over 40 in a week. The company sells to distributors, so it is closed on weekends so employees may spend time with their families. There was not a national or company holiday this week.

<b>Employee</b>	<b>Hourly Wage</b>	<b>Mon</b>	<b>Tues</b>	<b>Wed</b>	<b>Thur</b>	<b>Fri</b>
Sugar Hanes	19.00	12	11	8	10	9
Sweetie Mars	17.00	10	9	11	12	6
Doughy Daniels	18.00	10	10	10	10	11
Chip O'Hoy	16.00	7	11	11	10	10

For question #12, write the correct amount on your answer sheet.

- \*12. What is the total gross pay for all of the employees for the week?

**Group 3**

The following T-account summarizes the activity for fiscal year end 12-31-22 for a business that started in 2018. Revenues for 2022 were \$347,298 and expenses were \$262,738. The owner made one investment in the business during 2022 and also made cash withdrawals of \$75,000.

Simone Byrne, Capital	
	88,274
	93,274 <i>(footing before closing entries)</i>
	??
	?? <i>(footing after closing entries)</i>

For questions 13 through 18, write the correct amount on your answer sheet.

13. the amount of capital on January 1, 2022
14. the amount of capital extended to the balance sheet credit column of the work sheet for 2022
15. the amount of owner investments made in 2022
16. the resulting amount of owner investments, owner withdrawals, net profits, and net losses from years prior to 2022
17. What is the amount of the net income for 2022?
- \*18. What is the amount of ending capital that would be found on the Balance Sheet for December 31, 2022?

**Group 4**

Morgan Co. began operations of a service business on Jan 5, 2022 when the owner invested \$30,000 cash in the business. The fiscal year end is Dec. 31.

During 2022, the company had service revenue of \$96,217; of this amount, \$92,007 was collected during 2022 and the rest was considered a collectible outstanding receivable at year-end.

Morgan incurred \$74,960 of expenses during 2022; of this amount, \$3,318 was unpaid as of December 31, 2022.

The owner withdrew \$5,000 of cash from the business on December 23, 2022.

Use the above information to answer questions 19 through 22. Write the correct amount on your answer sheet.

19. What is the balance of the cash account on 12-31-22?
20. What is the amount of total liabilities on 12-31-22?
21. What is the company's net income for 2022?
22. What is the balance in the capital account after closing entries for 2022 are posted?

**Group 5**

Use the following information for questions 23 and 24. Write the correct amount on your answer sheet. Payroll tax expense per employee is based on the following:

<b>Social Security</b>	<b>6.2% on gross earnings up to \$147,000</b>
<b>Medicare</b>	<b>1.45% on all earnings</b>
<b>Federal Unemployment Tax</b>	<b>.6% on first \$7,000 of gross earnings</b>
<b>State Unemployment Tax</b>	<b>1.2% on first \$9,000 of gross earnings</b>

- \*23. Dixie, an employee, has cumulative gross wages of \$6,595 in the first quarter. In the second quarter, if the current gross wages are \$1,980, what is the total amount of employer's payroll tax expense on Dixie's earnings for the second quarter only?
- \*24. Tina, an employee, has cumulative gross wages of \$6,855 in the first quarter. In the second quarter, if current gross wages are \$2,240 what is the total amount of employer's payroll tax expense on Tina's earnings for the second quarter only

**Group 6**

Determine when each of the following items 25 through 34 would be journalized with the salary expense entry, or the payroll tax expense entry, or both. In this state, employees are exempt from all unemployment taxes. Write the correct identifying letter on your answer sheet using the following code:

<b>A</b>	with the salary expense entry only
<b>B</b>	with the payroll tax expense entry only
<b>C</b>	with both the salary expense entry and the payroll tax expense entry

25. Social Security taxes
26. Union Dues Payable
27. federal unemployment taxes
28. health insurance premiums paid by employees
29. payroll tax expense for the period
30. net pay for the period
31. employees' federal income taxes
32. Medicare taxes
33. gross earnings for the period
34. state unemployment taxes

**Group 7**

Answer questions 35 through 38 regarding the six-column worksheet using the identifying letter of the following account titles.

<b>A</b>	<b>Supplies</b>
<b>B</b>	<b>Joe Anson, Capital</b>
<b>C</b>	<b>Service Revenue</b>
<b>D</b>	<b>Utilities Expense</b>

35. This account has a normal debit balance in the Trial Balance section, and the balance is extended to the Income Statement section.
36. This account has a normal debit balance in the Trial Balance section, and the balance is extended to the Balance Sheet section.
37. This account has a normal credit balance in the Trial Balance section, and the balance is extended to the Income Statement section.
38. This account has a normal credit balance in the Trial Balance section, and the balance is extended to the Balance Sheet section.

**Group 8**

Use the following information (arranged in alphabetical order) to answer questions 39 through 46. Write the correct amount on your answer sheet. All accounts have normal balances.

Merchandise Inventory on January 1, 2022 was \$12,715. The work sheet for the twelve months ended December 31, 2022 indicates an adjustment of a debit to Income Summary for \$1,435. The gross profit percentage based on net sales for the year 2022 is 46%.

<b>Cost of delivered merchandise</b>	<b>?</b>
<b>Cost of merchandise available for sale</b>	<b>61,203</b>
<b>Expenses (combined for simplicity)</b>	<b>31,980</b>
<b>Gross profit</b>	<b>?</b>
<b>Net purchases</b>	<b>?</b>
<b>Net sales</b>	<b>?</b>
<b>Purchases</b>	<b>?</b>
<b>Purchases discounts</b>	<b>2,670</b>
<b>Purchases returns and allowances</b>	<b>1,495</b>
<b>Sales</b>	<b>?</b>
<b>Sales discounts</b>	<b>1,322</b>
<b>Sales returns and allowances</b>	<b>2,144</b>
<b>Transportation in</b>	<b>1,975</b>

- \*39. What is the amount in the Sales account?
- \*40. What is the amount in the Purchases account?
41. What is the amount of net purchases?
42. What is the amount of ending inventory?
43. What is the amount of gross profit?
44. What is the amount of cost of delivered merchandise?
45. What is the amount of cost of merchandise sold?
- \*46. What is the amount of net income?

**Group 9**

**Siri Hosta purchased a building in a retail shopping center that she began using on June 1, 2022. On this date she began her new business as a sole proprietorship.**

**One of the first transactions on this date was to write a check for \$3,300 for insurance covering the building and contents for one year.**

**On July 1, 2022 Siri paid for a separate liability insurance policy for two years at a cost of \$3,960.**

**Siri purchased a delivery truck on September 1, 2022. On this date she paid for insurance that covered this truck for a six-month period at a total cost of \$1,260.**

**It is company policy to journalize and post all insurance payments to the appropriate asset account when the insurance is purchased. The cost of each policy is to be allocated to expense over the respective term of each insurance policy as an adjusting entry.**

**Adjusting and closing entries are prepared only at fiscal year-end, which is December 31.**

**Consider that the work sheet for the year ending December 31, 2022 has been prepared correctly.**

**For questions 47 through 50, write the identifying letter of the best response on your answer sheet.**

47. The amount in the Trial Balance debit column on the line for Prepaid Insurance is  
A. zero B. \$990 C. \$3,755 D. \$4,765 E. \$7,260 F. \$8,520

\*48. The amount in the Adjustments credit column on the line for Prepaid Insurance is  
A. zero B. \$990 C. \$3,755 D. \$4,765 E. \$7,260 F. \$8,520

49. The amount in the Balance Sheet debit column on the line for Prepaid Insurance is  
A. zero B. \$990 C. \$3,755 D. \$4,765 E. \$7,260 F. \$8,520

50. If no other insurance premiums were paid in 2023 or 2024, what would be the amount of Insurance Expense in the year 2024?  
A. zero B. \$165 C. \$210 D. \$275 E. \$650 F. \$990

**Group 10**

**Bravo Security is a company that specializes in three main security services. Bravo provides: 1) residential security; 2) commercial security; and 3) protection to individual.**

**Bravo uses the following policy when closing the temporary accounts at the end of the fiscal year:**

- First, close all revenue accounts in one combined entry.**
- Second, close all expense accounts in one combined entry.**
- Third, close the Income Summary account.**
- Fourth, close the owner's drawing account.**

**The adjusted trial balance data for Bravo Security for the calendar year 2022 follows. All accounts have normal balances. The owner invested \$7,000 in cash in his business during 2022.**

<b>Cash in Bank</b>	<b>12,856</b>	<b>Commercial Income</b>	<b>156,320</b>
<b>Accounts Receivable</b>	<b>3,742</b>	<b>Individual Security Income</b>	<b>10,757</b>
<b>Supplies</b>	<b>2,545</b>	<b>Rent Expense</b>	<b>11,400</b>
<b>Prepaid Insurance</b>	<b>2,520</b>	<b>Utilities Expense</b>	<b>4,560</b>
<b>Office Equipment</b>	<b>8,970</b>	<b>Operating Supplies Expense</b>	<b>36,817</b>
<b>Surveillance Equip.</b>	<b>46,795</b>	<b>Insurance Expense</b>	<b>5,040</b>
<b>Accounts Payable</b>	<b>4,685</b>	<b>Equip Repairs Expense</b>	<b>7,962</b>
<b>Clark Kent, Capital</b>	<b>66,376</b>	<b>Advertising Expense</b>	<b>3,460</b>
<b>Clark Kent, Drawing</b>	<b>65,000</b>	<b>Transportation Expense</b>	<b>87,219</b>
<b>Residential Income</b>	<b>67,490</b>	<b>Office Supplies Expense</b>	<b>6,742</b>

**For questions 51 through 55, write the correct amount on your answer sheet.**

- \*51. What was the balance of Clark Kent, Capital on 1-1-22?
- 52. What was the amount that affected Income Summary in the first closing entry?
- 53. What was the amount that affected Income Summary in the second closing entry?
- \*54. What was the amount of the third closing entry?
- \*55. What was the balance of Clark Kent, Capital on 12-31-22 after all closing entries were posted?

**Group 11**

The following information was taken from the accounting records of Sappy's Tree Services. Purchases of supplies and insurance are first recorded in the respective asset accounts.

The company has only one 12-month insurance policy that covers all of the business assets for the year. It renews on the same day each year, but the amount typically increases. The premium is always paid by check. On 5-1-21 the premium was \$2,820 and on 5-1-22 the premium was \$3,120.

Adjusting and closing entries are prepared only at the end of the fiscal year, which is December 31. All accounts have normal balances. All equipment owned at the beginning of the year 2022 is still owned and used by Sappy's.

	Post-Closing Trial Balance Dated 12-31-2021	Balances on 12-31-2022 After Adjusting Entries and Before Closing Entries
Cash	8,462	25,099
Accounts Receivable	3,750	6,100
Supplies on Hand	1,430	1,675
Prepaid Insurance	?	?
Equipment	65,340	?
Accounts Payable	1,650	3,685
Sappy Barker, Capital	?	?

**Information Regarding Some of the 2022 Transactions:**

1. Services performed on account \$86,290
2. Services performed for cash \$183,619
3. Various expenses incurred and charged on account \$98,710
4. Various expenses incurred and paid by cash \$86,132
5. Owner cash withdrawals for the year \$50,000
6. The supplies bought during the year were paid for by cash
7. Supplies used \$4,750
8. Owner investment of cash during 2022 was \$8,000
9. The remainder of the credits to Cash represent cash purchases of equipment

For questions 56 through 64, write the correct amount on your answer sheet.

**What is the...**

56. amount of Prepaid Insurance on 1-1-22?
- \*57. amount of insurance that will not be expensed until the year 2023?
- \*58. amount of cash paid on accounts payable in 2022?
- \*59. total amount received from credit customers in 2022?
- \*60. total amount of equipment purchased in 2022?
- \*61. amount of total expenses on the income statement for 2022?
62. amount of capital after 12-31-22 adjusting entries but before closing entries?
- \*63. net income for the year 2022?
- \*64. capital amount on the December 31, 2022 Post-Closing Trial Balance?



**Group 12**

**Refer to Table 1 on page 10. The owner is in the process of preparing the work sheet for the month ended January 31, 2023.**

**For questions 65 through 71, write the identifying letter of the best response on your answer sheet.**

65. The work sheet is
- A. considered to be a permanent accounting record.
  - B. never prepared for a retail business.
  - C. always prepared in ink to make a better impression on potential investors.
  - D. a planning tool used to collect information in one place that is taken from the general ledger accounts.
  - E. a planning tool that should only list those general ledger accounts that currently have a balance that is not zero.
  - F. Both D and E are true statements.
66. The first line of the heading for the work sheet includes
- A. the words "Work Sheet"
  - B. the name of the business
  - C. the date of the report
67. The third line of the heading for the work sheet includes
- A. a specific date or point in time
  - B. a date that describes a period of time
68. If the business opened a bank savings account, which would be an appropriate account number to assign to the new account?
- A. 103
  - B. 118
  - C. 205
  - D. 304
69. If the ending balances of Rent Expense and Utilities Expense were accidentally switched when transferred to the work sheet, it would have the following effect on the Trial Balance
- A. The trial balance would be out of balance by \$234
  - B. The trial balance would be out of balance by \$486
  - C. This error alone would not cause the trial balance to be out of balance
70. Which of the following statements is true?
- A. In order to determine the total amount of all personal assets contributed to the business by the owner, one must analyze the credits made to the owner's capital account since the account was originally opened.
  - B. In order to determine the total amount of all personal assets contributed to the business by the owner, one must analyze the debits made to the owner's capital account since the account was originally opened.
  - C. Cayson Martin contributed personal assets of \$15,000 to the business since it began two years ago.

**Group 12 continued**

71. Assume that Cayson prepared financial statements for the month of January 2023, but failed to consider any necessary adjusting entries. Which of the following is true?
- A. The total expenses on the Income Statement are understated.
  - B. The total assets on the Balance Sheet are understated.
  - C. The total expenses on the Income Statement are understated by \$420.
  - D. The total assets on the Balance Sheet are overstated.
  - E. Both A and D are true statements.

**Continue to refer to Table 1. For questions 72 through 75, write the correct amount on your answer sheet.**

72. What was the balance of the owner’s capital account in the general ledger on January 1, 2023?
73. What was the balance of the owner’s capital account in the general ledger on January 31, 2023?
74. What was the balance of Supplies Expense on the work sheet in the Trial Balance?
- \*75. What is the amount of net income or net loss for the month of January?

**Continue to refer to Table 1. The following chart represents the bottom three lines of selected columns on the completed work sheet: subtotals before net income or net loss is calculated; the line for net income or net loss; and the line for the respective balancing totals for the income statement columns and the balance sheet columns.**

**For each of the questions 76 through 79 (found in the chart below), write the correct amount on your answer sheet.**

	Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit
<b>Subtotals</b>	#76	#77	#78	#79
<b>Net Income or &lt;Net Loss&gt;</b>	Red	Blue	Green	Yellow
<b>Totals</b>				

**For question # 80, write the identifying letter of the best response on your answer sheet.**

- \*80. After the net income or net loss is calculated, indicate in which columns of the work sheet the amount would appear in the chart above using colors as indicators.
- A. Blue Green
  - B. Blue Yellow
  - C. Red Yellow
  - D. Red Green

**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 65 through 80)

Below are listed the account balances taken from the general ledger after all the January daily transactions have been journalized and posted correctly for the month ended January 31, 2023. The business began operations two years ago. All accounts below have normal balances.

Cayson examined the supplies on hand at the end of the day of January 31 which totaled \$420. Cayson also transferred from his personal checking account to the business bank account the amount of \$1,500 on January 15, 2023, when there was a temporary cash flow issue in the business (customers did not pay on account timely).

It is company policy to prepare adjusting entries monthly. However, the business closes the temporary capital accounts only at the end of the fiscal year, which is December 31.

Acct No.	Account Name	Balance
101	Cash in Bank	3,248
105	Accounts Receivable	4,970
110	Supplies	1,563
112	Pool Cleaning Equip.	5,275
115	Truck	50,110
201	Accounts Payable	1,697
301	Cayson Martin, Capital	?
302	Cayson Martin, Drawing	4,000

Acct No.	Account Name	Balance
303	Income Summary	?
401	Pool Cleaning Income	15,867
501	Pool Chemicals Expense	3,690
505	Supplies Expense	?
510	Gasoline & Oil Expense	4,108
540	Rent Expense	360
545	Utilities Expense	126

**UIL ACCOUNTING—Invitational 2023-B  
KEY**

Group 1	
1	B
2	C
3	D
4	C
5	C
6	C
7	B
8	C
9	B
10	C
11	A

Group 2	
*12	\$ 3,802

Group 3	
13	\$ 88,274
14	\$ 93,274
15	\$ 5,000
16	\$ 88,274
17	\$ 84,560
*18	\$ 102,834

Group 4	
19	\$ 45,365
20	\$ 3,318
21	\$ 21,257
22	\$ 46,257

Group 5	
*23	\$ 177.66
*24	\$ 197.97

Group 6	
25	C
26	A
27	B
28	A
29	B
30	A
31	A
32	C
33	A
34	B

Group 7	
35	D
36	A
37	C
38	B

Group 8	
*39	\$ 95,916
*40	\$ 50,678
41	\$ 48,488
42	\$ 11,280
43	\$ 42,527
44	\$ 52,653

Group 8 cont.	
45	\$ 49,923
*46	\$ 10,547

Group 9	
47	F
*48	C
49	D
50	F

Group 10	
*51	\$ 59,376
52	\$ 234,567
53	\$ 163,200
*54	\$ 71,367
*55	\$ 72,743

Group 11	
56	\$ 940
*57	\$ 1,040
*58	\$ 96,675
*59	\$ 83,940
*60	\$ 18,000
*61	\$ 192,612
62	\$ 86,272
*63	\$ 77,297
*64	\$ 113,569

Group 12	
65	D
66	B
67	B
68	A
69	C
70	A
71	E
72	\$ 58,386
73	\$ 59,886
74	\$ -0- or zero
*75	\$ 6,440
76	\$ 9,427
77	\$ 15,867
78	\$ 68,023
79	\$ 61,583
*80	C