

**UNIVERSITY INTERSCHOLASTIC LEAGUE
ACCOUNTING EXAM
District 2023-D**

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.

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.

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

True	=	TRUE
False	=	FALSE
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 an answer contains more than one response, all responses must be correct for the answer to receive points.

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 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 sheets 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.

UIL Accounting District 2023-D

Group 1

For questions 1 through 7 indicate the decrease 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. Sales | 5. Accounts Payable |
| 2. Prepaid Insurance | 6. Sales Discounts |
| 3. Dottie Barrett, Capital | 7. Supplies Expense |
| 4. Purchases | |

Group 2

At the beginning of the fiscal year 2022, Brutus Company’s assets were \$152,397. During the year, assets increased by \$32,656 and liabilities decreased by \$4,218. At the end of the year, liabilities totaled \$28,476. The owner made withdrawals of \$5,000 and invested \$20,000 in the business during the year.

For questions 8 through 10, write the correct amount on your answer sheet. (A net loss must be indicated on your answer sheet either in brackets or in parentheses. A minus sign is **NOT** acceptable.)

8. What was the total owner’s equity at the beginning of the year?
9. What was the total owner’s equity at the end of the year?
10. What was the amount of net income or net loss for the year?

Group 3

Using the account titles in the accounts chart that follows, write the identifying letter of the correct response for questions 11 through 24 on your answer sheet. The question numbers are found in the debit and credit columns.

A Advertising Expense	E Merchandise Inventory	I Prepaid Insurance
B Cash	F Miscellaneous Expense	J Sales
C Income Summary	G Owner’s capital	K Supplies
D Insurance Expense	H Owner’s withdrawals	L Supplies Expense

Analyze each of the following transactions into debit and credit parts. Company accounting methods require that all supplies and insurance purchased be posted initially to the respective asset account.

	Debit	Credit
Closing entry for Supplies Expense	#11	#12
Adjusting entry for prepaid insurance expired	#13	#14
Closing entry for Income Summary with a net loss	#15	#16
Entry to adjust Merchandise Inventory from a beginning inventory of \$9,000 to an ending inventory of \$9,500	#17	#18
Closing entry for owner’s drawing account	#19	#20
Adjusting entry for supplies used	#21	#22
Closing entry for revenue account	#23	#24

Group 4

For Q #25 (in table below) write the correct amount on your answer sheet.

	2020	2021	2022
The Owner, Capital, January 1	-0-	??	??
Owner's investments during the year	175,000	65,000	15,000
Total revenue	271,650	384,650	427,862
Total expenses	274,305	Q# 25	338,122
The Owner, Withdrawals	-0-	30,000	80,000
The Owner, Capital, December 31	??	??	274,955

Group 5

Pete Rugman is the sole proprietor of Carpet City, a retail company that sells carpet to construction contractors. For the year 2022, his revenues were \$89,435; purchases were \$35,870; expenses were \$54,560; beginning inventory was \$28,400; and ending inventory was \$30,100. Consider that each account has a normal balance.

For each account title in questions 26 through 33, write the identifying letter of the correct response (A, B, or C), which indicates whether each account should be closed and where, or if it should not be closed at all. If the account is to be closed, indicate whether that account is closed with a DR for debit or with a CR for credit. Using the following sets of codes, an answer might appear in this way: B DR
In order for your answer to be counted as correct, all parts of your answer must be correct.

A. closed into Income Summary	DR=debit
B. closed into the capital account	CR=credit
C. not closed	

- 26. Accounts Receivable
- 27. Sales
- 28. Pete Rugman, Capital
- 29. Purchases
- 30. Pete Rugman, Drawing
- 31. Medicare Tax Payable
- 32. Payroll Tax Expense
- *33. Income Summary (All accounts that are supposed to be closed to this account have already been closed.)

Group 6

Jake Walker has been working for a plumber as an apprentice and will soon take his final examination to be licensed as a master plumber. When this is accomplished, he will resign from his employment and start his own business. He plans to hire employees.

Jake understands that overtime must be paid at a rate of 1½ times the regular rate of pay and that this law was set by the Fair Labor Standards Act of 1938. However, in the state where Jake is to be licensed, he has the choice of calculating overtime hours one of two ways:

Option 1: Daily basis (hours worked in excess of 8 hours in a 24-hour period of time)

Option 2: Weekly basis (hours worked in excess of 40 hours in one 5-day work week).

Jake decided to perform an analysis using the following hypothetical data.

Employee	Hourly Wage	Mon	Tues	Wed	Thur	Fri
#1	\$30	9	9	9	9	9
#2	\$30	8	8	10	10	8
#3	\$30	4	4	12	12	8
#4	\$30	8	9	7	10	10

For questions 34 through 36, write the identifying letter of the best response on your answer sheet.

- *34. The total gross earnings for all four employees under Option 1 above is
 A. \$4,530 B. \$5,190 C. \$5,520 D. \$5,790
35. The total gross earnings for all four employees under Option 2 above is
 A. \$4,530 B. \$4,800 C. \$5,190 D. \$5,385
36. Jake needs to conserve cash as he builds his business. Therefore, he wants to use the overtime option that will result in the lowest expense. Using the hypothetical data above, which of the following is true?
 A. It does not matter which option is used; the cost of overtime is the same.
 B. If employees are irresponsible and miss work on Monday, then try to make up lost time later in the week, Option 1 will save Jake overtime pay expense.
 C. If Jake files a waiver with the state, he can become an employer exempt from federal withholding laws.
 D. As long as employees work a minimum of eight hours each day, the two options result in the same amount of overtime cost.

Group 7

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	1.4% on first \$9,000 of gross earnings
Federal Income Tax	Disregard

Bonanza Associates hired three employees in December 2022, while one employee had worked all twelve months of this year.

On December 30, 2022, the calendar year accumulated earnings for the employees after the last regular payroll was paid and before any bonuses are as follows:

Employee	Cumulative Earnings Before the Bonus
Hoss Cartrong	8,350
Big Joe Cartrong	7,310
Ben Cartrong	144,900
Adam Cartrong	5,200

After reviewing the financial progress reports, the employer decided to pay each employee an end-of-year bonus. Each check is dated 12-30-22, and the bonus pay is subject to all the taxes per the chart above. Bonus pay is treated as regular gross earnings. The gross amount of each employee’s bonus is \$3,500.

For question #37, write the correct amount on your answer sheet.

****37. What is the total amount of payroll tax expense incurred by the employer on the bonuses paid to all four employees?**

Group 8

For items 38 through 53, write on your answer sheet “True” if the statement is a true statement; write “False” if the statement is a false statement. (Please spell the entire word “True” or “False” to facilitate legibility during grading.)

38. The standards and rules that accountants follow while recording and reporting financial activities are commonly referred to as GAP, or *generally accepted policies*.
39. An account's normal balance is always on the side used to record increases to that account.
40. Accounting is often called the science of business.
41. Financial accounting focuses on reporting information to external users such as bankers or governmental agencies; whereas managerial accounting focuses on reporting information to internal users such as managers.
42. Permanent accounts are continuous from one accounting period to the next; where the dollar balances at the end of one accounting period become the dollar balances for the beginning of the next accounting period.
43. Posting is the process of transferring information from the general ledger to the trial balance.
44. The balance sheet is sometimes called a statement of financial position.
45. The accounting concept, Going Concern, is applied when financial statements are prepared with the expectation that a business will remain in operation until a specified fixed point in the future.
46. Temporary accounts are also referred to as nominal accounts.
47. When the format of a balance sheet lists the balance sheet sections one under the other, this format is called report form.
48. When preparing a post-closing trial balance, only accounts with balances are listed, and after the closing process, only temporary capital accounts have balances.
49. The balance of a contra account decreases the balance of its related account.
50. A slide error occurs when a decimal point is moved by mistake.
51. The definition of double-entry accounting is a system of recordkeeping in which each business transaction is recorded affecting no more than two accounts and then is double-checked for accuracy.
52. The accounting usage of the term “ruling,” or “single rule,” involves the interpretation of a statement issued by the Financial Accounting Standards Board.
53. One ledger that most likely would contain accounts with the names of individuals is the Accounts Receivable Ledger.

Group 9

Refer to Table 1 on page 8. For questions 54 through 66, write the correct amount on your answer sheet.

54. If the sales tax rate was 7% and sales tax was remitted to the state monthly, what amount of taxable sales was required to generate the sales tax liability on the December 31, 2022 balance sheet?
- *55. What was the 1-1-22 balance of Prepaid Insurance?
- *56. Assume that one-half of the customer receivables amount was collected and that three-fourths of the Accounts Payable balance was paid on January 1, 2023. What would be the amount of total assets after these two transactions?
- *57. What was the amount of net income for the year 2022?

On the work sheet for the twelve months ended December 31, 2022, what is the balance of each of the following in the Trial Balance columns?

58. Prepaid Insurance
59. Supplies on Hand
60. Jim Ryan, Capital
*61. Purchases
*62. the amount of expenses combined

On the work sheet for the twelve months ended December 31, 2022, what is the amount of the subtotal before net income is calculated for the following columns?

- *63. Balance Sheet Debit Column
*64. Income Statement Debit Column

On the actual Balance Sheet dated December 31, 2022...

- *65. What is the amount of Merchandise Inventory?
66. What is the amount of total liabilities and owner's equity?

Group 10

Refer to Table 2 on pages 9 and 10. For questions 67 through 80, write the correct amount on your answer sheet.

On the Balance Sheet dated December 31, 2022, what was the balance of...

- 67. Prepaid Insurance
- 68. Dale Sims, Capital

*69. What was the amount of net income for the five months ended December 31, 2022?

70. On the bank statement received on Feb. 1, 2023, what was the ending balance?

*71. What is the adjusted bank balance as of January 31, 2023?

On the work sheet for the month ended January 31, 2023 in the Trial Balance columns, what is the balance of...

- 72. Supplies
- 73. Prepaid Insurance
- 74. Capital Card Payable
- 75. Computer Depot Payable
- *76. Service Revenue
- 77. Insurance Expense

On the work sheet for the month ended January 31, 2023 in the Adjusted Trial Balance columns, what is the balance amount of...

- *78. Supplies Expense
- *79. Insurance Expense

***80. What is the net income for the month of January 2023?

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 54 through 66)

Fast Feet			
Balance Sheet			
December 31, 2022			
Assets		Liabilities	
Cash	22,700	Accounts Payable	12,840
Accounts Receivable	4,040	Sales Tax Payable	581
Merchandise Inventory	?	Total Liabilities	13,421
Prepaid Insurance	969		
Supplies on Hand	2,100	Owner's Equity	
		Jim Ryan, Capital	?
Total Assets	\$?	Total Liabilities and Owner's Equity	\$?
	=====		=====

Additional Information:

- The balance in the capital account on January 1, 2022 was \$23,098. The owner made an investment of \$8,000 in the business in 2022 and also withdrew \$20,000 in cash for personal use during 2022.
- The amount of Merchandise Inventory as of 12-31-21 was \$22,600. One of the adjusting entries on December 31, 2022 included a debit to Income Summary for \$1,850.
- The premiums for two insurance policies were paid during 2022 for \$984 and \$1,380. During 2022, \$2,276 in insurance expired.
- Supplies Expense for 2022 was \$1,575. Supplies on hand as of 1-1-22 were \$1,990.
- The Income Statement for this business for the twelve months ended December 31, 2022 reports sales of \$98,350 and a gross profit percentage of 46%.

Table 2
(for questions 67 through 80)

On Tuesday January 31, 2023, the service business called Dale Sims, CPA had a small fire in his office when the portable electric heater got too close to the window curtains. Dale reacted quickly and used the fire extinguisher from the hallway to extinguish the fire. Fortunately, all records belonging to clients were saved. However, some of Dale's own business and accounting records were totally destroyed.

Dale's CPA firm began operations on August 1, 2022. He provides accounting and tax services to individuals and to businesses. It is company policy to 1) record the purchase of prepaid expenses to respective asset accounts; 2) prepare adjusting entries and financial statements monthly; and 3) close the temporary accounts only at the end of the fiscal year which is December 31.

The Dec. 31, 2022 bank reconciliation had no deposits in transit, no outstanding checks, and no other reconciling items. Each bank deposit consisted only of service revenue. Each deposit was consistently recorded in the check stubs on the day the deposit was made at the bank even if the deposit was made after 3 p.m.

Dale purchases all supplies online and only from Handy Office Supplies using the business credit card (called Capital Card) and has the supplies delivered to his office. Dale does not use the Capital Card for any other purpose. The charges made on the credit card in one month must be paid by the 10th of the following month.

On February 1, Dale was able to reconstruct the following items using his remaining records and by contacting other sources as listed below. All account balances are normal account balances.

Here are all of the accounts listed on the Balance Sheet for Dale Sims, CPA dated Dec. 31, 2022 (some balances are intentionally blank and are marked "??"):	
Cash in Bank	9,600
Supplies	650
Prepaid Insurance	??
Office Furniture and Accessories	11,350
Capital Card Payable	805
Dale Sims, Capital (the owner made an investment of \$10,000 on 8-1-22 and the owner made no withdrawals in the year 2022)	??

Ck#	Complete listing of checks written in January 2023 taken from the check stubs:	
1637	purchased a 12-month insurance policy for professional liability coverage on January 2, 2023 (January 1 was a federal holiday.)	3,480
1638	paid the balance due to Capital Card on January 4	??
1639	rent for January	540
1640	miscellaneous expense for January	40
1641	Advertising paid for and used in January	105
1642	Computer Depot down payment on computer system	900
1643	check payable to Dale Sims for personal use	7,500
1644	paid the electric utility bill for the current month on January 31	240

Table 2 is continued on the next page

Table 2 continued

The company’s January 31 bank statement (received on Feb. 1, 2023) includes the following:	
Beginning bank balance on January 1, 2023	??
Total deposits on this bank statement	21,380
Total checks on this bank statement	13,370
Bank charges for January	20
Ending bank balance on this statement	??

Dale accessed online the business’s Capital Card information:	
Balance on January 1, 2023	??
Payment received by Capital Card on January 6, 2023 (see check #1638)	??
Charges made by Dale in January for supplies	??

Other Information Gathered by Dale:	
On August 1, 2022 a 12-month insurance policy covering the contents of Dale’s office was purchased by writing a check for \$3,420.	
On January 11, 2023 Dale purchased a computer system from Computer Depot for \$4,200. Computer Depot agreed to sell this system to Dale’s firm on account requiring a down payment (see check #1642) with one-half of the remaining balance due on February 11 and the remainder due on March 11.	
The bank deposit for the last week in January \$3,680 was deposited on Jan. 31, 2023 after 3 p.m. but does not appear on the January bank statement.	
Check #1644 for utilities does not appear on the January bank statement.	
Dale did not know the amount of the January bank service charge until he received the bank statement. On February 1, he recorded the January service charge as a deduction on the last check stub for January. When he journalizes bank service charges, he uses the Miscellaneous Expense account.	
The controlling account for Accounts Receivable as of January 31 has a balance of \$810. This balance was confirmed by Dale when he reviewed the client invoices that had been billed out in January but that were not yet collected as of January 31.	
Dale accessed his online account for Handy Office Supplies. During January he purchased and received supplies in the amount of \$710.	
On the morning of February 1, 2023, Dale took a physical inventory of supplies after the fire which totaled \$410	

This is the end of Table 2.

**UIL ACCOUNTING—District 2023-D
KEY**

Group 1	
1	DR
2	CR
3	DR
4	CR
5	DR
6	CR
7	CR

Group 2	
8	\$ 119,703
9	\$ 156,577
10	\$ 21,874

Group 3	
11	C
12	L
13	D
14	I
15	G
16	C
17	E
18	C
19	G
20	H
21	L

Group 3 cont.	
22	K
23	J
24	C

Group 4	
25	\$ 341,780

Group 5	
26	C
27	A DR
28	C
29	A CR
30	B CR
31	C
32	A CR
*33	B DR

Group 6	
*34	C
35	D
36	D

Group 7	
**37	\$ 1,076.76

Group 8	
38	FALSE
39	TRUE

Group 8 cont.	
40	FALSE
41	TRUE
42	TRUE
43	FALSE
44	TRUE
45	FALSE
46	TRUE
47	TRUE
48	FALSE
49	TRUE
50	TRUE
51	FALSE
52	FALSE
53	TRUE

Group 9	
54	\$ 8,300
*55	\$ 881
*56	\$ 40,929
*57	\$ 26,040
58	\$ 3,245
59	\$ 3,675
60	\$ 31,098
*61	\$ 51,259

Group 9 cont.	
*62	\$ 15,350
*63	\$ 70,559
*64	\$ 72,310
*65	\$ 20,750
66	\$ 50,559

Group 10	
67	\$ 1,995
68	\$ 22,790
*69	\$ 12,790
70	\$ 17,590
*71	\$ 21,030
72	\$ 1,360
73	\$ 5,475
74	\$ 710
75	\$ 3,300
*76	\$ 25,870
77	\$ 0 or zero
*78	\$ 950
*79	\$ 575
***80	\$ 23,400