

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.

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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?
A. \$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
Transportation In	3,805
Net Sales	?
Sales Returns	952
Purchases	51,282
Gross Profit	?

Sales Discounts	?
Purchases Returns	2,438
Merchandise Inventory 12-31-22	21,720
Merchandise Inventory 1-1-22	?
Purchases Discounts	2,695

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?
- A. Uncollectible Accounts Expense has a zero balance on 1-1-22.
 - B. 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
Supplies	2,625
Prepaid Insurance	1,875
Computer Equipment	5,000
Fitness Equipment	375,000
Accounts Payable	3,495
First Bank Payable	120,000
Charlotte Fair, Capital	?
Charlotte Fair, Drawing	50,000
Wilbur Humble, Capital	?
Wilbur Humble, Drawing	40,000
Fern Able, Capital	?
Fern Able, Drawing	40,000

Membership Fees	108,670
Fitness Class Fees	76,044
Personal Training Fees	32,625
Rent Expense	11,280
Utilities Expense	6,743
Supplies Expense	18,740
Repairs Expense	2,984
Cleaning Expense	9,276
Advertising Expense	2,148
Insurance Expense	5,625
Miscellaneous Expense	143

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 Receivable Amount	Estimated Percentage Uncollectible	Estimated Uncollectible Amount
Age Group			
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.

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**UIL ACCOUNTING—Regional 2023-R
KEY**

Group 1	
1	CR
2	CR
3	DR
4	CR
5	DR
6	CR
7	CR
8	DR
9	DR
10	DR
11	CR
12	CR
13	DR
14	DR
15	DR
16	DR
17	CR
18	DR

Group 2	
19	\$ 3,854.40

Group 3	
20	D
21	C

Group 4	
22	\$ 16,111.08

Group 5	
23	\$ 55,087
24	\$ 49,954
25	\$ 25,460
26	\$ 75,414
27	\$ 53,694
*28	\$ 40,506
29	\$ 94,200
*30	\$ 1,837

Group 6	
31	A
32	C
33	A
34	C

Group 7	
35	B

Group 8	
*36	\$ 38,600

Group 9	
37	\$ 2,750
38	\$ 2,487.50
39	\$ 2,625
40	\$ 4,815

Group 10	
41	\$ 4,770
42	\$ 3,285
*43	\$ 1,485
*44	\$ 11,073
*45	\$ 4,656
*46	\$ 6,417

Group 11	
47	A
48	D
49	B
50	C
51	E
52	A
53	C
54	D
55	B
56	D
57	B
58	A
59	B

Group 12	
**60	\$ 81,100
*61	\$ 56,100
*62	\$ 50,000
63	\$ 217,339
64	\$ 56,939
65	\$ 80,200
66	\$ 48,120
67	\$ 32,080
**68	\$ 111,300
**69	\$ 89,220
*70	\$ 73,180

Group 13	
71	B
72	C
73	E
74	C
75	\$ 17,310
76	\$ 162,200
*77	\$ 950
*78	\$ 15,419
*79	\$ 96,400
*80	\$ 964