

**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.

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.

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?
A. \$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?
A. 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.

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Expense</u>
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.

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Expense</u>
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.

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Expense</u>
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.

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Expense</u>
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.

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Expense</u>
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

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Expense</u>
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?
A. It is classified as a contra liability.
B. It is a prepaid expense.
C. It will have a zero balance on October 1, 2022.
D. It is a deferred expense.
E. 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
Change Fund	650
Accounts Receivable (net)	34,055
Merchandise Inventory	24,610
Supplies on Hand	1,565
Prepaid Insurance	1,825
Building	?
Accumulated Depr.—Bldg.	?

Note Payable (due 3 mo)	3,000
Interest Payable (due 3 mo)	100
Accounts Payable	600
Federal Income Tax Payable	16,000
Dividends Payable	20,000
Sales Tax Payable	300
Note Payable (due 2 years)	90,000

Information for 2022:	
Net Income After Taxes	64,000
Dividends Declared	20,000
From the 2022 Income Statement: Net Sales	799,650

Balance Sheet as of 12-31-21	
Total Assets	?
Total Liabilities	114,000
Common Stock	50,000
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 ? %.
 A. 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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**UIL ACCOUNTING—State 2023-S
KEY**

Group 1	
1	L
2	A
3	F
4	D
5	B
6	I
7	G
8	L
9	K
10	L

Group 2	
11	A
12	B

Group 3	
13	\$ 100,980
14	\$ 95,816
15	\$ 132,616
16	\$ 97,164
17	\$ 165,200
*18	\$ 5,293 CR

Group 4	
19	\$ 45,390
20	\$ 35,000
*21	\$ 167,765
*22	\$ 253,725

Group 5	
23	\$ 41.50
24	\$ 29.70
*25	\$ 257.40

Group 6	
*26	15 years
27	\$ 2,500
28	\$ 57,600
29	8 months

Group 7	
30	7,650 shares
31	\$ 28
32	300 shares
33	\$ 600
*34	\$ 11.50
*35	\$ 564,375

Group 8	
36	B
37	B
38	D
39	C
40	A
41	C

Group 9	
42	\$ 72,000
43	\$ 64,500
44	\$ 89,000

Group 10	
**45	30 shares
*46	0 or zero shares

Group 11	
47	\$ 306,495
*48	\$ < 35,530 >
*49	\$ < 159,070 >
*50	\$ 163,750
51	\$ 26,360

Group 12	
52	C
53	A
54	D
55	C
56	B
57	A
58	B

Group 13	
59	\$ 1,275
60	\$ 2,970
61	\$ 1,810

Group 14	
62	\$ 38,745
63	\$ 325.50
*64	\$ 619.50
65	\$ 39,690
66	\$ 40,500
67	\$ 40,500
68	\$ 810
69	\$ 40,500
70	\$ 121.50
*71	\$ 688.50
*72	\$ 39,811.50
73	C

Group 15	
74	C
75	D
76	B
77	B
*78	A
*79	B
**80	D