



UIL Accounting 2024 Student Activity Conferences

Session 105 Hiding in Plain Sight: Secrets of the Accounting Contest

KAY WHITTON
STATE CONTEST DIRECTOR

BEFORE WE GET STARTED

Register your attendance.

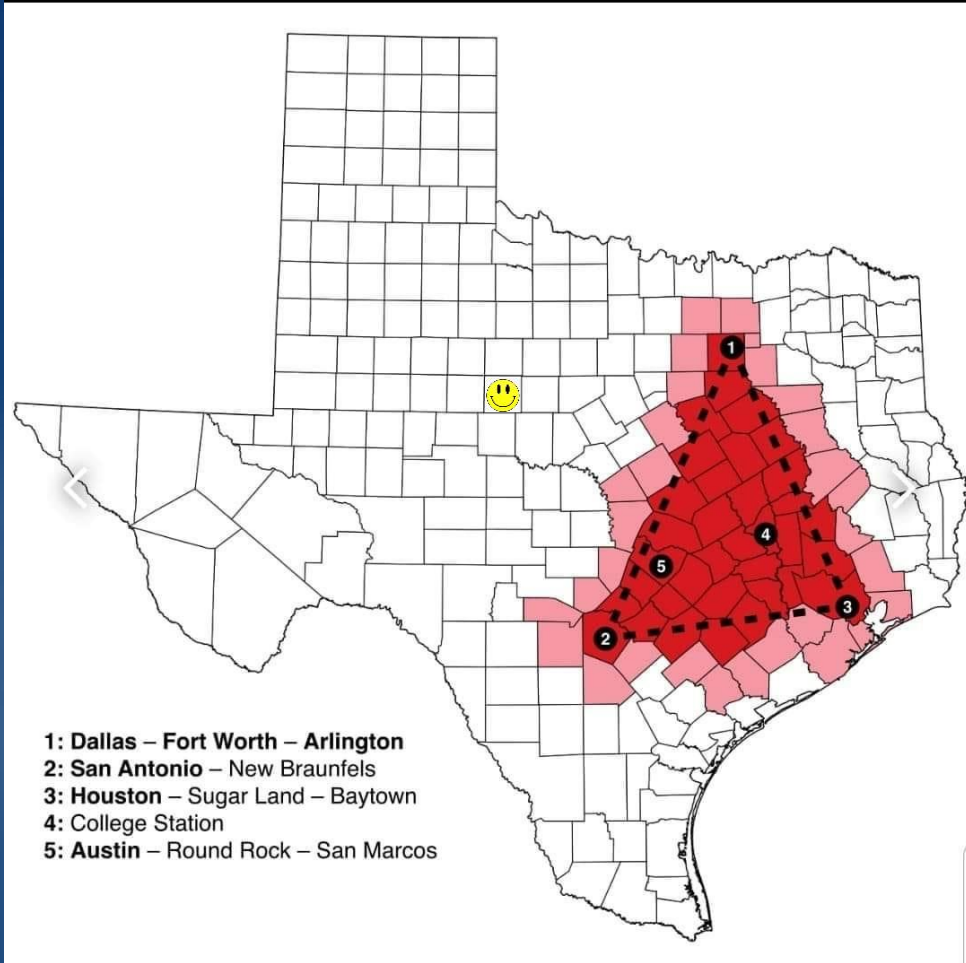
Session numbers are in the program.



SCAN HERE FOR
TYLER ROSTERS



TYLER JUNIOR COLLEGE



TEXAS FACTS

Greatest length
 801 Miles
 13+ hour drive

Greatest width
 773 Miles
 12+ hour drive

Coastline
 367 Miles





Brian Horne

Tuscola, TX



Learning
any skill is
easier with
a few
hints...

Driving: look down the road

Baseball: eye on the ball

Golf: keep your head down

Memorizing: hang on 'hooks'

Cooking: wooden spoon on pot

Marriage: rose-colored glasses

Hints of the Accounting Contest:
We only have 45 mins., so let's
ROCK and roll!

Hints of the Accounting Contest

District

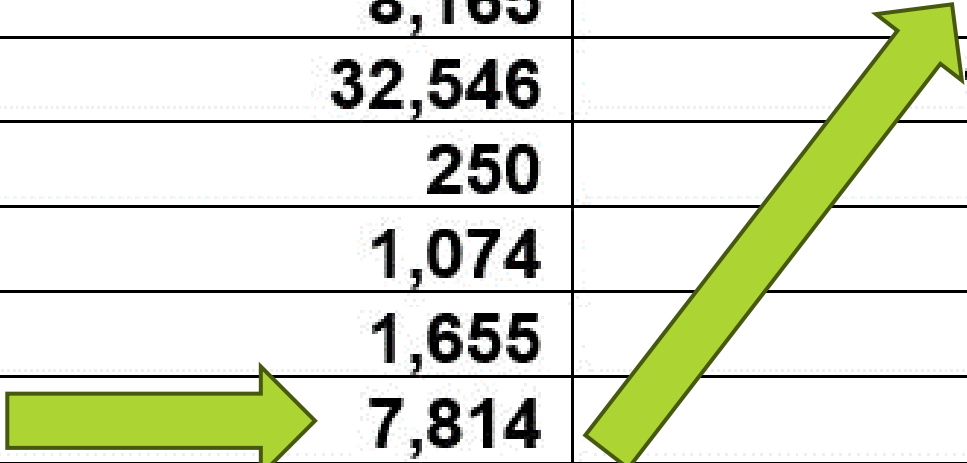
5 District Hints

7



Ending Inventory = Beginning Inventory?

	November	December through the 11 th
Net Sales	42,600	14,600
Beginning Inventory	8,165	?
Purchases	32,546	11,354
Purchases Ret. & Allow.	250	95
Purchases Discounts	1,074	380
Transportation In	1,655	605
Ending Inventory	7,814	?



Income Summary AJE to Inventory

If there is an amount on the line for Income Summary, it is an **adjusted** trial balance.

If IS is DR, then MI was CR'd

If IS is CR, then MI was DR'd

Merchandise Inventory	55,275
Supplies	1,675
Prepaid Insurance	4,580
Delivery Equipment	50,840
Store Equipment	87,920
Accounts Payable	50,710
Sales Tax Payable	12,450
Jim Sawyer, Capital	184,100
Jim Sawyer, Withdrawals	15,000
Income Summary	2,125 (dr)

GP or COGS % to calculate EI

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State – 2004 - Group 2

The Fly By Night Co. experienced a total loss due to an explosion and fire on December 12, 2003. The off-site computer tape backup provided the following data for the month of November 2003 and for December through the 11th day.

		November	December through the 11 th	
		42,600	14,600	
BI	8165	8,165	7814 ?	NS 146005
+ NP	32877	32,546	+NP 1148411,354	x GS% 78%
= GA	41042	250	=GA 19298 95	= GS 11388
- EI	7814	1,074	380	- GA 19298
= GS	33228	1,655	605	= EI 7910
		7,814	?	

$$GS \ 33228 / NS \ 42600 = 78\% \ COGS\%$$

For question #7, write the correct amount on your answer sheet.

INSTEAD OF USING GP RATE, USE THE COGS RATE!

7. Using the gross profit rate for November, calculate the estimated ending inventory destroyed by the explosion and fire.

Financial Statements

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Income Statement For the Year Ended September 30, 2001

	Red Company	Blue Company	Green Company
Revenues	96,000 (a)	69,000	\$80,000
Expenses	=- 78,000	71,000	(g)

=NI 18,000

Owner's Equity Statement For the Year Ended September 30, 2001

	Red Company	Blue Company	Green Company
Capital, October 1	60,000	54,000	(h)
Net Income <Loss>	18,000	(d)	18,000
Drawing	(b)	10,000	5,000
Capital, Sept. 30	63,000	(e)	115,000

Balance Sheet September 30, 2001

	Red Company	Blue Company	Green Company
Total assets	(c)	77,000	137,000
Total liabilities	27,000	35,000	(i)
Total owner's equity	63,000	(f)	115,000

Hints of the Accounting Contest

Regional

5 Regional Hints

13

BV of A/R

Over/Under Errors

End. A/R (Aging)

Depreciation

Depreciation Prob.

BOOK VALUE OF A/R

Doesn't change after write-off

To write off:

DR AUA (reduces balance)

CR A/R (reduces balance)

(net effect is the same)

Inventory Over/Under Errors

A company's operating figures for three accounting periods are shown below:

	Period 1	Period 2	Period 3
Sales	\$ 62,480	\$ 54,620	\$ 58,270
Beginning Inventory	\$ 14,360	\$ 12,110	\$ 10,630
Net Purchases	\$ 47,734	\$ 42,216	\$ 47,636
Cost of Merchandise Available for Sale	\$ 62,094	\$ 54,326	\$ 58,266
Ending Inventory	\$ 12,110	\$ 10,630	\$ 11,650
Cost of Merchandise Sold	\$ 49,984	\$ 43,696	\$ 46,616
Gross Profit	\$ 12,496	\$ 10,924	\$ 11,654

The following errors were made in determining the ending inventory:

Period:	Error in Determining Ending Inventory:
1	Overstated \$2,630
2	Understated \$3,150

Yr. 1: Minus 2630 from GP
 Yr. 2: Add 2630 back in, & Add 3150 to GP
 Yr. 3: Minus 3150 from GP

For questions 78 – 80, write the corrected amount of gross profit for each period.

78. Period 1 $12,496 - 2,630 = 9,866$
 *79. Period 2 $10,924 + 2,630 + 3,150 = 16,704$
 80. Period 3 $11,654 - 3,150 = 8,504$

GROUP 13

78. \$	<u>9,866</u>
* 79. \$	<u>16,704</u>
80. \$	<u>8,504</u>

Aging of A/R

Ending A/R balance

Age Group	Accounts Receivable Amount	Estimated Percentage Uncollectible	Estimated Uncollectible Amount
Not Yet Due	6285	2%	
1-30 days past due	4320	5%	
31-60 days past due	2465	20%	
61-90 days past due	1056	30%	
91-180 days past due	630	50%	
Over 180 days past due	450	75%	
Ending A/R	15,206		

Sales	264,850	Uncollectible Accounts Expense	0
Accounts Receivable	?	Allowance for Uncollectible Accounts	250
Sales Discounts	7,650	Sales Returns & Allowances	6,400

Depreciation method not given?

If presented a problem to calculate depreciation, and the purchase date is mid-year, try STRAIGHT LINE method first.

Original Cost	\$17,000
Salvage Value	\$2,000
Date Purchased	06-01-04
Estimated Useful Life	5 years
Accumulated Depreciation as of 01-01-07	\$7,750

Equipment Value not given? Use algebra to work 'backwards'.

If presented a problem to calculate eqp. value using DDB method: 5 yr = 40%
 $V = \text{Eqp Value}$ $\text{Dep. Exp } 38,400 = 40\% (.60V)$ OR $.24 V$ $38,400 / .24 = \$160,000$

was recorded correctly. In 2022, the depreciation expense was recorded correctly using the double declining-balance method. (five-year useful life given in other text)

Account Title	Trial Balance		Adjustments		Adjusted Trial Balance	
	Debit	Credit	Debit	Credit	Debit	Credit
Equipment						
Accum. Depr.—Equip.						
Income Summary						
Depr. Expense—Equip.			38,650	-250 for 2 nd equip.		= 38,400
Equipment Expense	6,000					

Hints of the Accounting Contest State

5 State Hints

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H/V Analysis

Ratios/Net Income

Return on S/E

Stock/PICEPAR

Accruals / Deferrals

Horizontal & Vertical Analysis - Balance Sheet

Total Assets = 100% for Vertical calculation; for Horizontal 2003 - 2002 = Diff / 2002 Amt (base year)

Comparative Balance Sheet				
December 31, 2003 and 2002				
	2003		2002	
Total Current Assets	130,000		155,000	
Total Property, Plant & Equipment	200,000		220,000	
Total Assets	\$330,000		\$375,000	
Total Current Liabilities	52,000		93,000	
Mortgage Payable	88,000		72,000	
Total Liabilities	140,000		165,000	
Total Stockholders' Equity	190,000		210,000	
Total Liabilities and Stockholders' Equity	\$330,000		\$375,000	

Horizontal & Vertical Analysis - Income Stmt.

Net Sales = 100%
for Vertical
calculation;

for Horizontal
2002 - 2001 =
Diff / 2001 Amt
(base year)

	2002	2001	Increase <Decrease>		2002	2001
			2002 over 2001		Percentage	Percentage
			Dollars	Percent	of Net Sales	of Net Sales
Sales	952420	815630	136790			
Sales Returns & Allow.	18570	16105	2465			
Sales Discounts	16450	15425				
Net Sales	917400	784100	133300		100%	100%
Cost of Mdse Sold:						
Beginning Inventory	150000			25.00%		
Purchases	547357	529875	17482	3.30%		
Transportation In	9380	8245	1135	13.77%		
Cost of Delivered Mdse			18617			
Purchases Returns & Allow.	6510	6200	310	5.00%		
Purchases Discounts						
Net Purchases						
Cost of Mdse Available for Sale						
Ending Inventory				1.10%		
Cost of Mdse Sold			45950			
Gross Profit			87350		42.00%	38.00%
Expenses			44963			
Net Income	89890	47503	42387			

Ratios

Net
Income is
the key!

Additional information needed:

- Accounts Receivable on 01-01-23 was \$40,000 and on 12-31-23 had increased by 12%
- Stockholders' equity on 12-31-22 was \$200,000
- Stockholders' equity on 12-31-23 was 20% of total assets on the same date
- Current ratio: 2.25 to 1
- Quick ratio: 1.5 to 1
- Gross profit percentage: 32%
- Return on sales: 2%
- Return on common stockholders' equity: 5%

Return on anything is
NI / Anything
Net Income hiding at
the bottom is the key!



Bright Corporation Balance Sheet December 31, 2023

Cash in Bank.....	\$ _____	Current Liabilities	\$ _____
Accounts Receivable	_____	Long-Term Liabilities ...	1,475,000
Merchandise Inventory.....	_____	Stockholders' Equity	_____
Prepaid Insurance.....	12,000		
Property, Plant & Equip.....	_____		
Total Assets	\$ _____	Total Liabilities and Stockholders' Equity	\$ _____

Bright Corporation Income Statement For the Year Ended December 31, 2023


Net Sales.....	\$ _____
Cost of Merchandise Sold	_____
Gross Profit on Sales	_____
Total Operating Expenses.....	_____
Net Income.....	\$ <u>15,000</u>



Return on S/E is not in the texts...

But it is explained on the Concepts list under State level

STATE LEVEL

1. Any items on District and Regional Lists
 2. Financial statements for a corporation: Balance Sheet, Income Statement, Statement of (Changes In) Retained Earnings, Statement of Stockholders' Equity, Statement of Cash Flows
 3. Classified financial statements; comparative financial statements
 4. Analyzing financial statements (horizontal analysis) and working capital
 5. Ratio analysis (liquidity ratios and profitability ratios) (includes but not limited to):
 - a. Current ratio
 - b. Quick ratio
 - c. Return on sales
 - d. Return on Owner's Equity (sole proprietor or partner)
 - e. Return on Stockholders' Equity (formula is: $\text{Net Earnings} / \text{Average Stockholders' Equity (SE)}$), when Average SE is calculated: $\text{Beginning Stockholders' Equity} + \text{Ending Stockholders' Equity} / 2$)
- 

Paid-In Capital in Excess of Par

PICEPAR hint

8% Preferred Stock, \$100 Par	\$250,000
Common Stock, \$5 Par	100,000
Paid-In Capital in Excess of Par—Common	140,000
Retained Earnings	565,000

$\$250,000 / \$100 = 2500 \text{ sh.}$

$\$100,000 / 5 = 20,000 \text{ sh.}$

Happy Pets, Inc. is authorized to issue 5,000 shares of \$100 par, 8% preferred stock and 100,000 shares of \$5 par common stock.

For questions 67 through 71, write the correct number or amount on your answer sheet.

67. How many shares of common stock have been issued?



* 68. Considering the fact that there has been only one issuance of common stock, at what price per share were the common shares sold?

One issuance means all the PICEPAR came in with the \$20,000 common stock shares:
 $140,000 / 20,000 = \$7$
 $\$5 + 7 = \12 price

Accruals & Deferrals

**Hint: You learned accruals from the very beginning:
A/R stands for Accounts Receivable & Accrued Revenue! (no cash yet)**



Simple

Hint:

Accruals = NO CASH

Deferrals = CASH

Accruals =
no cash pd
or rec'd

Deferrals =
cash pd
or rec'd



Prepaid or Unearned
means cash has
changed hands, so
they're deferrals!

Accrued means
NO cash has
changed hands, so
they're accruals!

A. Prepaid Expense	C. Accrued Expense
B. Unearned Revenue	D. Accrued Revenue

- 13. Fees collected in December by a CPA for an audit to be performed in January
- 14. Property taxes incurred for December that are due to be paid in February
- 15. A two-year premium paid on December 30 on an insurance policy
- 16. Cash received by a ballpark in January for season tickets to all home baseball games to be played in the summer
- 17. Fees for the completed tax return prepared by a CPA that has not yet been picked up by the client
- 18. Office supplies purchased in December that have not been used
- 19. Interest on an interest-bearing note receivable on December 31 that matures on February 14

LOOK FOR THE \$

**FIVE MORE
BONUS
HINTS:**



Statistics

Calculators

Archived Exams

Concepts List

Website

STATISTICS

Know your competition.

On Laverne's website right now

<http://www.funderburkcpa.com/uil/state-contest-statistics>

Hope to get moved to mine soon

accountingrocks.net

Bonus secret #2:

- 10-Key by Touch is a workplace skill



#3 ARCHIVED EXAMS

Practice, practice, practice!

On Laverne's website right now

<http://www.funderburkcpa.com/uil/exams>

Hope to get moved to mine soon

accountingrocks.net

**UNIVERSITY INTERSCHOLASTIC LEAGUE
SCHEDULE OF CONCEPTS FOR THE ACCOUNTING CONTEST
(Revised for School Year 2017-18 and Thereafter)**

DISTRICT LEVEL

1. Basic accounting theory: classification of accounts, balance side, increase side, decrease side, accounting equation, effect of transactions
2. Journalize transactions--General Journal, compound entry
3. Posting
4. Trial Balance
5. Preparation of these financial statements:
 - a. Balance Sheet (report form and account form) (with or without equity detail)
 - b. Income Statement
 - c. Statement of Changes in Owner's Equity
6. Closing entries
7. Post-Closing Trial Balance
8. Accounting cycle for a service business and for a merchandising business (The order of cycle elements varies among texts. Testing the sequence of the section in conflict will be avoided.)
9. Cash control, banking terminology, entries, bank reconciliation, interest earned
10. Petty cash fund and entries
11. Change fund and entries
12. Terms of sale (trade and cash discounts)
13. Accounting for sales tax
14. Credit card sales, bankcards, debit card sales
15. Special Journals--how to journalize and how to post to General Ledger and Subsidiary Ledgers:
 - a. Purchases Journal
 - b. Sales Journal
 - c. Cash Receipts Journal
 - d. Cash Payments Journal
16. Contra Purchases accounts: Purchases Discounts and Purchases Returns & Allowances
17. Contra Sales accounts: Sales Discounts and Sales Returns & Allowances

#4 Concepts List

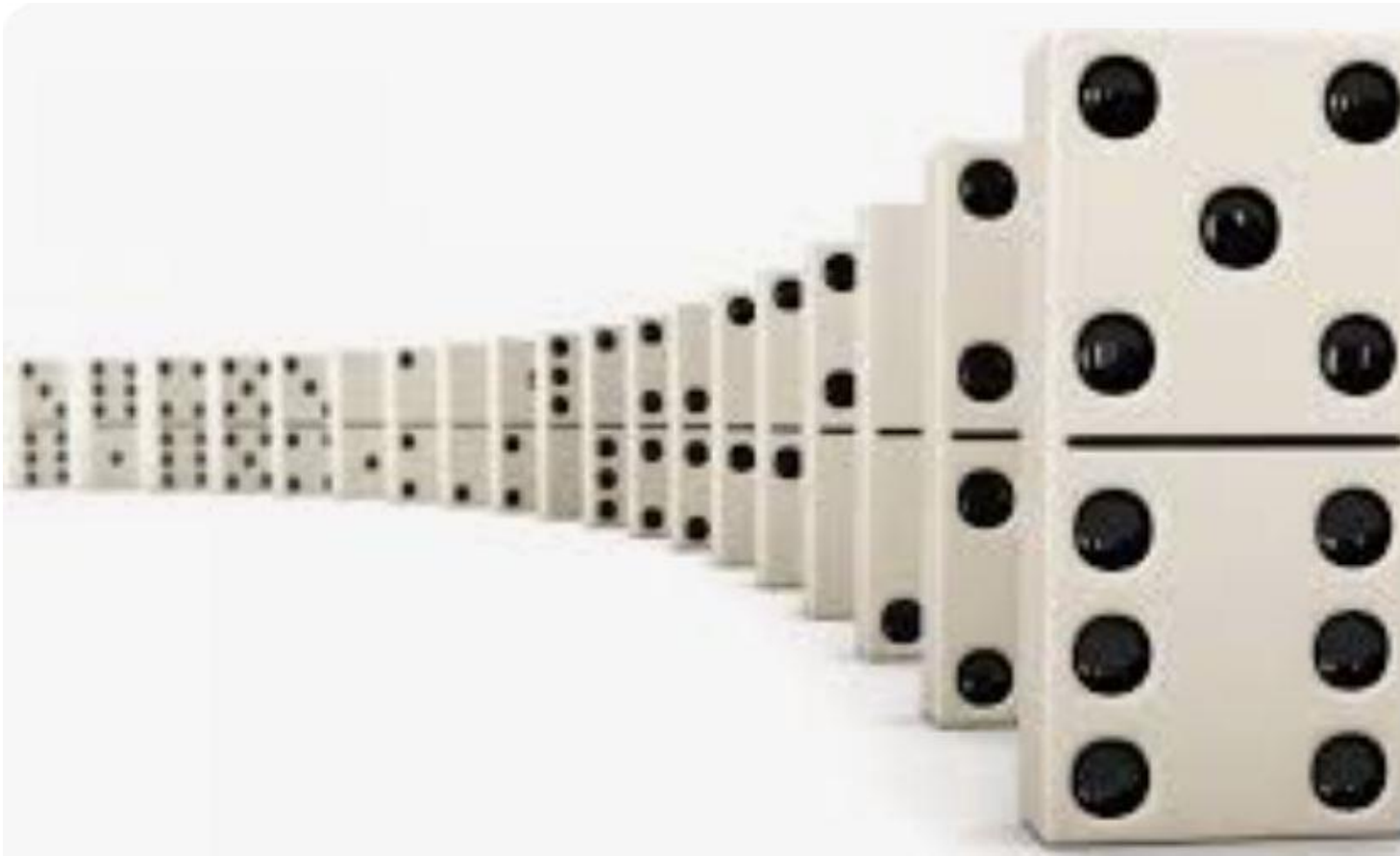
#5 Bonus

Free resources at
accountingrocks.net

Contact Kay at
kaywhitton@gmail.com

So I offer you a domino today and
challenge you to...

33



...start the
momentum
at your
school...

THANK YOU FOR ATTENDING



Tyler Eval

We value your feedback.
Please complete conference evaluation after your last session.



TYLER JUNIOR COLLEGE