

UNIVERSITY INTERSCHOLASTIC LEAGUE
ACCOUNTING EXAM
Regional 2022-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.

Some group instructions state: “Do NOT write ‘debit’ or ‘DR’ or ‘credit’ or ‘CR’ on your answer sheet.” 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 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 Regional 2022-R

Group 1

For items 1 through 10, indicate if and how each item affects the capital account during the closing process. Consider all accounts have normal balances. Use the following code, and write the correct identifying letter for each item on your answer sheet:

A	increases the capital account
B	decreases the capital account
C	this account is not closed
D	this item is not an account and therefore is not closed

- | | |
|-----------------------------------|---|
| 1. Property Taxes Payable | 6. Merchandise Inventory |
| 2. Transportation In | 7. Purchases Discounts |
| 3. Gain on Plant Assets | 8. a partner's drawing account |
| 4. Cost of Delivered Merchandise | 9. Allowance for Uncollectible Accounts |
| 5. Uncollectible Accounts Expense | 10. Accumulated Depreciation—Equipment |

Consider the following information about the contents of Income Summary: beginning inventory was \$18,230; ending inventory was \$18,950; Sales closed was \$86,450; Sales Discounts closed was \$1,260; Purchases closed was \$53,224; Purchases Discounts closed was \$1,390; expenses closed were \$28,916

For questions 11 through 14, write the correct amount on your answer sheet. (Do NOT write “debit” or “DR” or “credit” or CR” on your answer sheet for ANY of the following. Write only the correct amount.)

11. What is the balance in Income Summary at the beginning of the fiscal year?
12. What is the balance in Income Summary after all adjusting entries have been posted for the year?
13. What is the balance in Income Summary after all revenue, contra-revenue, purchases, contra-purchases, and expenses have been closed?
14. What is the balance in Income Summary after all temporary capital accounts have been closed at the end of the fiscal year?

Group 2

For items 15 through 21, write the best identifying letter on your answer sheet to indicate how each item is classified using the following code:

A	current asset
B	plant asset
C	contra asset
D	intangible asset
E	not an asset

15. Allowance for Uncollectible Accounts
 16. Patents
 17. Land
 18. Merchandise Inventory

19. Amortization
 20. Copyrights
 21. Equipment

Group 3

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 \$142,800
Medicare	1.45% on all earnings
Federal Unemployment Tax	.6% on first \$7,000 of gross earnings
State Unemployment Tax	1.8% on first \$9,000 of gross earnings
Federal Income Tax	Disregard

On December 30, 2021, the calendar year 2021 accumulated earnings for the employees of Dodge Associates after the last regular payroll was paid and before any bonuses are as follows:

Employee	Cumulative Earnings Before the Bonus
Matt Dylan	6,740
Chester Weaver	140,370
Doc Stone	6,590
Kitty Blake	4,590

After reviewing the financial progress reports, the employer decided to pay each employee an end-of-year bonus. Each check is dated 12-30-21, 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 \$2,500.

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 on the bonuses paid to all four employees?

Group 4

At the end of its fiscal year (12-31-21), all accounts determined to be uncollectible had been written off. Before any adjusting entries are recorded, the following information is available:

Accounts Receivable	23,750
Allowance for Uncollectible Accounts	160 credit
Net sales	114,800
Total charge sales	62,800
The aging of accounts receivable indicates uncollectible accounts of	2,140

For questions 23 and 24, write the correct amount on your answer sheet.

23. What is the amount of bad debt expense for 2021 if the aging method is used to estimate uncollectible accounts?
- *24. If the company were to estimate uncollectible accounts based on 2.75% of total sales on account, what would be the book value of accounts receivable on the balance sheet dated 12-31-21?

Group 5

Spiffy Popcorn Co. uses the periodic inventory system and takes a physical inventory on the last day of each month.

In the early hours of September 16, 2021, a faulty thermostat in the inventory storage facility caused the heating units to flare, which in turn caused all of the popcorn inventory to explode. The inventory was determined to be a total loss.

Spiffy must provide to their insurance company evidence of the estimated cost of the inventory along with photographs of the interior of the inventory storage facility.

The accounting records provided the following data for the year-to-date ended August 31, 2021 and for the partial month of September through the 15th day.

	01-01-21 through 08-31-21	09-01-21 through Sept. 15, 2021
Sales	71,829	4,490
Sales Discounts	1,835	115
Sales Returns & Allow.	2,794	175
Beginning Inventory	27,960	?
Purchases	40,659	2,442
Purchases Ret. & Allow.	1,207	75
Purchases Discounts	3,742	264
Transportation In	2,488	155
Ending Inventory	29,870	?

For questions 25 and 26, write the correct amount on your answer sheet.

25. What is the percentage of gross profit on operations for the first eight months?
- *26. What is the estimated ending inventory destroyed by the explosion?

Group 6

For questions 27 through 37, write the identifying letter of the best response on your answer sheet. It is company policy to record adjusting and closing entries only at the end of the fiscal year which is December 31.

27. After closing entries are posted, the account called Depreciation Expense will have
A. a debit balance C. either a debit or a credit balance
B. a credit balance D. a zero balance
28. The type of account and normal balance side of Accumulated Depreciation—Equipment is:
A. contra asset; debit C. asset; debit
B. contra asset; credit D. expense; debit
29. The adjusting entry for equipment depreciation includes a
A. debit to Income Summary and a credit to Accumulated Depreciation—Equip.
B. debit to Depreciation Expense and a credit to Equipment
C. debit to Depreciation Expense and a credit to Allowance for Recovered Cost
D. debit to Depreciation Expense and a credit to Accumulated Depreciation—Equip.
E. debit to Accumulated Depreciation—Equip. and a credit to Equipment
30. A business began operations in 2020 and purchased several items of equipment with estimated useful lives of 5 years and beyond. The Post-Closing Trial Balance dated December 31, 2021 will include an accumulated depreciation account for equipment with a
A. debit balance B. credit balance C. zero balance
31. Land, buildings, and equipment are all
A. current assets C. plant assets E. short-lived assets
B. contingent liabilities D. depreciable assets F. both C and D
- *32. A company uses the straight-line method and purchased a piece of equipment on May 30, 2014 for \$76,400. The equipment has an estimated useful life of 7 years and an estimated salvage value of \$5,000. The amount of the adjusting entry for depreciation on December 31, 2021 is
A. zero B. \$3,400 C. \$4,250 D. \$5,100 E. \$10,200
33. How should a machine (plant asset) be reported on the Balance Sheet?
A. only its original cost
B. only the book value amount
C. the original cost, the accumulated depreciation, and the book value
D. item "C" above plus the machine's current fair market value

Group 6 continued

Use the following information for questions 34 through 37.

A company purchased a piece of equipment on January 1, 2018 for \$75,000. The equipment has an estimated useful life of 5 years and an estimated salvage value of \$9,000. The equipment was sold on January 1, 2022 for \$25,000.

34. Using the straight-line method of calculating depreciation, the amount of depreciation to be recorded for the year ended December 31, 2021 is
A. zero B. \$3,888 C. \$6,480 D. \$10,800 E. \$13,200 F. \$16,200
- *35. Using the straight-line method of calculating depreciation, the book value on the Balance Sheet dated December 31, 2020 is
A. \$9,000 B. \$16,200 C. \$22,200 D. \$35,400 E. \$39,600 F. \$58,800
36. Using the straight-line depreciation method, the entry to record the sale of the equipment includes all of the following except a
A. credit to Equipment for \$75,000
B. debit to Loss on Plant Assets for \$15,280
C. debit to Accumulated Depreciation—Equipment for \$52,800
D. credit to Gain on Plant Assets for \$2,800
- *37. If the double-declining balance method is used instead of the straight-line method, the book value on the Balance Sheet dated December 31, 2021 is
A. \$6,480 B. \$9,720 C. \$10,800 D. \$16,200 E. \$22,200

Group 7

The local property tax rates for the year 2021 are 2% for personal property and 8% for real property. Company records and the Post-Closing Trial Balance dated December 31, 2021 include the following information:

Asset	Original Cost	Accumulated Depreciation	Fair Market Value	Replacement Value	Assessed Value
Building	975,600	208,160	1,235,000	2,680,900	920,000
Equipment	318,700	121,106	265,800	450,800	275,000
Vehicles	182,000	87,360	140,000	240,000	120,000

For question 38, write the identifying letter of the correct response on your answer sheet.

38. What is the total amount of property tax owed on December 31, 2021 for the year?
A. \$26,300 B. \$67,240 C. \$81,500 D. \$88,062 E. \$105,200

Group 8

Refer to Table 1 on page 8. For questions 39 through 49 write the identifying letter of the best response on your answer sheet.

39. The amount to be reported for beginning inventory in the Cost of Merchandise Sold section of the income statement
- A. cannot be determined until the inventory costing method is chosen for 2021
 - B. depends on whether the lower-of-cost-or-market rule will be applied to 2021
 - C. is \$648
 - D. is \$684
40. The number of printers purchased in 2021 was
- A. 20
 - B. 34
 - C. 54
 - D. 58
 - E. 70
41. The cost of merchandise available for sale for 2021 was
- A. \$648
 - B. \$3,342
 - C. \$3,807
 - D. \$3,990
 - E. \$4,760
42. If the FIFO costing method is used, the cost of ending inventory would be
- A. \$864
 - B. \$912
 - C. \$928
 - D. \$958
 - E. \$976
- *43. If the LIFO costing method is used, the cost of merchandise sold would be
- A. \$864
 - B. \$958
 - C. \$3,032
 - D. \$3,078
 - E. \$3,126
44. If the specific identification costing method is used, the cost of ending inventory would be
- A. \$864
 - B. \$912
 - C. \$956
 - D. \$958
 - E. \$976
- *45. If the company used the weighted-average cost method, the gross profit would be
- A. \$3,078
 - B. \$4,134
 - C. \$4,182
 - D. \$4,226
 - E. \$4,228
- *46. Disregarding the lower-of-cost-or-market rule, which inventory costing method would result in the highest gross profit for 2021?
- A. FIFO
 - B. LIFO
 - C. specific identification
 - D. weighted-average cost
- *47. If the computer store followed the lower-of-cost-or-market rule, the cost of the ending inventory that appears on the financial statements would be the market value of the ending inventory if which of the following inventory costing methods were used in 2021?
- A. FIFO
 - B. LIFO
 - C. weighted-average cost
 - D. specific identification
48. It is common for businesses that sell a small number of items with high unit prices to use which of the following inventory costing methods?
- A. weighted-average cost
 - B. specific identification
 - C. FIFO
 - D. LIFO
- *49. The lower-of-cost-or-market rule is conservative because
- A. this method is designed to prevent inventory values from being understated.
 - B. this method ensures that inventories are stated at older, higher prices.
 - C. inventory as reported on the balance sheet is never more, but may be less, than the actual cost of the inventory.
 - D. decreases in inventory value (losses) are recognized when they occur, but increases in inventory value are not recorded.
 - E. both A and B
 - F. both C and D

Group 9

Refer to Table 2 on pages 9 through 12. (Please note page 11 is intentionally blank.)

For questions 50 through 80, write the correct amount on your answer sheet. (Do NOT write “debit” or “DR” or “credit” or “CR” on your answer sheet for ANY of the following. Write only the correct amount.)

What is the correct amount in the unadjusted Trial Balance for:

- | | |
|---|--------------------------------------|
| 50. Accounts Receivable | 55. Equipment |
| *51. Allowance for Uncollectible Accounts | *56. Accumulated Depreciation—Equip. |
| 52. Merchandise Inventory | 57. Hazel Higgins, Capital |
| 53. Supplies | 58. Sales |
| *54. Prepaid Insurance | |

What is the correct amount in the adjusted Trial Balance for:

- | | |
|--|--------------------------|
| 59. Allowance for Uncollectible Accounts | 64. Purchases |
| 60. Merchandise Inventory | 65. Bad Debt Expense |
| 61. Prepaid Insurance | 66. Depreciation Expense |
| *62. Accumulated Depreciation—Equip. | 67. Supplies Expense |
| 63. Hazel Higgins, Capital | 68. Insurance Expense |

In the general ledger on 1-1-21, what was the balance in:

69. Prepaid Insurance
70. Equipment

On the Income Statement for the year 2021, what is the amount of:

71. net sales
72. net purchases
73. cost of merchandise available for sale
74. cost of merchandise sold
75. gross profit
*76. net income

On the Balance Sheet dated December 31, 2021:

- *77. what is the amount of the book value of Accounts Receivable
*78. what is the amount of the book value of Equipment
*79. what is the amount that is labeled “Total Assets”

On the Post-Closing Trial Balance dated December 31, 2021:

- *80. what is the amount of Hazel Higgins, Capital

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 39 through 49)

A computer retail store has the following data for a specific portable printer. During the year, 20 printers were sold for \$125 each, and 34 printers were sold for \$140 each. The market value of the printer in the wholesale market as of 12-31-21 is \$59.80 each.

The company uses the periodic inventory system. The company prepares adjusting and closing entries only at the end of the fiscal year, which is Dec. 31. The company prepares financial statements annually.

		Number of Units	Cost per Unit	Extended Amount
1-1-21	Beginning Inventory	12	54	648
Jan	Purchase	5	54	270
Mar	Purchase	15	55	825
Apr	Purchase	9	58	522
Jun	Purchase	7	59	413
July	Purchase	11	59	649
Sept	Purchase	8	60	480
Dec	Purchase	3	61	183

The printers on the shelves were counted on 12-31-21. There was no theft loss because each package includes an anti-theft device that would sound an alarm if taken out of the store unless deactivated by a sales clerk. The physical inventory included the following information obtained by scanning the bar codes on the packaging of the printers still on the shelf and in inventory storage:

Month Printers Were Purchased	Quantity
June	4
July	3
Sept	6
Dec	3

Table 2

(for questions 50 through 80)

Company Policies and Procedures for Hazel's Gift Shop:

Records the purchases of supplies and insurance to their respective asset accounts. The cost of each insurance policy is to be allocated to expense over the respective term of each insurance policy as an adjusting entry.

Records adjusting and closing entries and prepares financial statements only at the end of the fiscal year, which is December 31. All accounts have normal balances. All prior year adjusting entries were prepared and posted correctly.

Hazel uses only two financial statements: an Income Statement and a Balance Sheet that includes details about the capital account.

Hazel does not use the perpetual inventory system; rather she uses the periodic inventory system. (There is NO general ledger account entitled Cost of Merchandise Sold nor should you open one.)

The account in the general ledger entitled Income Summary is not only used during the closing process; but is also used for merchandise inventory adjustments.

Hazel's Additional Facts:

- 1. The balance of the Equipment account on 1-1-21 in the general ledger was \$35,000. This equipment is still used in the gift shop, but it is fully depreciated. This equipment had a salvage value of \$3,800.**
- 2. On 5-1-21 Hazel purchased new equipment for \$17,620 with a salvage value of \$2,500. The estimated useful life is 7 years, and the straight-line method is used.**
- 3. In the general ledger on 01-01-21 the account called Allowance for Uncollectible Accounts had a credit balance of \$830. On December 15, 2021 a customer's account in the amount of \$950 was written off. The company uses the aging of accounts receivable method to estimate its bad debts expense. The aging on 12-31-21 indicates that \$975 is estimated to be uncollectible.**
- 4. On 12-31-21 after all adjusting entries are posted, the accounts receivable controlling account and the associated subsidiary ledger are in agreement with a balance of \$8,175**

Table 2 continued**Hazel's Additional Facts Continued:**

5. Below is one of the general ledger accounts of Hazel's Gift Shop prior to the adjusting and closing entries for the year 2021:

Supplies				
Date		Debit	Credit	Balance
1-1-21				2,280
3-7-21		1,310		3,590
6-5-21		920		4,510
9-4-21		845		5,355

6. The supplies still on hand on 12-31-21 was \$2,160
7. Hazel has a single combined insurance policy that covers all the business assets. The following premium payments were made by Hazel's Gift Shop:

Date	Amount Paid
6-1-20	2,820
6-1-21	3,480

8. In the general ledger on 1-1-21, Merchandise Inventory had a balance of \$31,760. One of the adjusting entries on 12-31-21 included a debit to the account called Income Summary in the amount of \$1,325.
9. The gross profit percentage is 42% based on net sales. On the Income Statement for the year 2021, the subtotal called Cost of Delivered Merchandise is \$93,120.
10. Each month, the owner withdrew \$2,500 cash for personal use.
11. In the general ledger on 1-1-21, the owner's capital account had a normal balance of \$58,592. The owner made one capital contribution during 2021 in the amount of \$3,000 because there was a short-term cash flow problem.

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Table 2 continued

Hazel’s Gift Shop has the following unadjusted and adjusted trial balances as of December 31, 2021. Many amounts are missing.

	Unadjusted		Adjustments		Adjusted	
	Trial Balance		Adjustments		Trial Balance	
	Debit	Credit	Debit	Credit	Debit	Credit
Cash in Bank	12,360					
Accounts Receivable						
Allowance for Uncol. Accts						
Merchandise Inventory						
Supplies						
Prepaid Insurance						
Equipment						
Accum Depr—Equip						
Accounts Payable		8,344				
Sales Tax Payable						1,070
Hazel Higgins, Capital						
Hazel Higgins, Drawing						
Income Summary						
Sales						
Sales Returns & Allow.	2,870					
Sales Discounts	960					
Purchases						
Transportation In	4,890					
Purchases Ret. & Allow.		3,970				
Purchases Discounts		2,315				
Rent Expense	15,600					
Utilities Expense	5,996					
Advertising Expense	730					
Bad Debt Expense						
Depreciation Expense						
Supplies Expense						
Insurance Expense						

**UIL ACCOUNTING—Regional 2022-R
KEY**

Group 1	
1	C
2	B
3	A
4	D
5	B
6	C
7	A
8	B
9	C
10	C
11	\$ 0 or zero
12	\$ 720
13	\$ 5,160
14	\$ 0 or zero

Group 2	
15	C
16	D
17	B
18	A
19	E
20	D
21	B

Group 3	
*22	\$ 908.20

Group 4	
23	\$ 1,980
*24	\$ 21,863

Group 5	
25	46 %
*26	\$ 29,860

Group 6	
27	D
28	B
29	D
30	B
31	C
*32	C
33	C
34	E
*35	D
36	B
*37	B

Group 7	
38	C

Group 8	
39	C
40	D
41	D
42	D
*43	E
44	C
*45	C
*46	A
*47	A
48	B
*49	F

Group 9	
50	\$ 8,175
*51	\$ 120
52	\$ 31,760
53	\$ 5,355
*54	\$ 4,655
55	\$ 52,620
*56	\$ 31,200
57	\$ 61,592
58	\$ 155,830

Group 9 cont.	
59	\$ 975
60	\$ 30,435
61	\$ 1,450
*62	\$ 32,640
63	\$ 61,592
64	\$ 88,230
65	\$ 1,095
66	\$ 1,440
67	\$ 3,195
68	\$ 3,205
69	\$ 1,175
70	\$ 35,000
71	\$ 152,000
72	\$ 86,835
73	\$ 118,595
74	\$ 88,160
75	\$ 63,840
*76	\$ 32,579
*77	\$ 7,200
*78	\$ 19,980
*79	\$ 73,585
*80	\$ 64,171

Grader #1 _____
 Grader #2 _____
 Grader #3 _____

Contestant # _____

**UIL ACCOUNTING
 Regional 2022-R**

SCORING CHART

Number of **correct** answers out of 80
 (without considering asterisks)..... times 5 = _____

Plus extra credit for asterisk questions answered **correctly**.
 (If the answer is incorrect, draw a line through the block.)

Question Number	Asterisks on Exam	Extra Points If Correct
22	1	
24	1	
26	1	
32	1	
35	1	
37	1	
43	1	
45	1	
46	1	
47	1	
49	1	
51	1	
54	1	
56	1	
62	1	
76	1	
77	1	
78	1	
79	1	
80	1	

Total Extra Points

TOTAL SCORE.....
