

UNIVERSITY INTERSCHOLASTIC LEAGUE
ACCOUNTING EXAM
Regional 2019-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.

When an answer contains more than one response, all responses must be correct for the answer to be correct. The correct responses may be listed in any order unless the group instructions say otherwise. An incorrect response among the correct responses will cause your answer to be wrong.

If the answer has zero cents, it is not necessary to write the decimal or the zeroes for cents. A dollar amount with cents must have two decimal places. A required decimal point must be clearly visible and placed in the correct position.

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.”

A loss, net loss, negative number, or cash short must be indicated by brackets or parentheses.

Follow group instructions regarding rounding and whether to express the format of an answer as a decimal or as a percentage.

When the answer is a specific year in time, the format must be four digits (example 2019; not 19)

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.

**UIL Accounting
Regional 2019-R**

Group 1

Colgate Company is a sole proprietorship and merchandising business. For items 1 through 16, indicate whether each item is:

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

Write the correct identifying letter on your answer sheet.

- | | |
|---|------------------------|
| 1. Allowance for Uncollectible Accounts | 9. Accounts Payable |
| 2. Copyrights | 10. Buildings |
| 3. Land | 11. Delivery Equipment |
| 4. Merchandise Inventory | 12. Patents |
| 5. Amortization | 13. Income Summary |
| 6. Petty Cash | 14. Transportation In |
| 7. Accumulated Depreciation—Equipment | 15. Supplies |
| 8. Office Equipment | 16. Prepaid Insurance |

Group 2

Consider the following information about a plant asset for questions 17 through 19, and write the correct amounts on your answer sheet. The company has a calendar year end.

Original Cost	\$75,000
Disposal Value	\$6,000
Date Purchased	01-01-15
Estimated Useful Life	5 years
Depreciation Method	?
Accumulated Depreciation as of 12-31-17	58,800
Asset Sold Date	12-31-18
Asset Sold for	\$10,000

17. What is the amount of depreciation expense for the year 2018?
- *18. What is the amount of gain or loss on the sale of the asset?
- *19. For this question only, consider that the asset was not sold. What is the correct amount of depreciation expense for the year 2019?

Group 3

Benton Company, located in Fort Worth, Texas manufactures valves for pipelines. Benton purchased a new machine on March 2, 2018 for \$330,000.

Even though the machine was assembled in Fort Smith, Arkansas, Benton was required by the state of Texas to pay Texas sales and use tax of \$20,625 because the Arkansas company also has operations in Texas.

Benton was required to pay \$6,900 to have the machine transported to Texas.

Upon arrival a specialized crew had to install the new machine at a cost of \$13,475. The crew spent several days testing and calibrating the machine. It was fully operational and produced the first usable valve on May 1, 2018.

The machine's technology is actually two years old, and the market value in 2018 was \$360,000.

The property tax assessed value is \$350,000.

Benton estimates the useful life of the asset to be 5 years. The estimated value of the machine at its replacement time is determined by Benton to be \$50,000.

Benton uses the straight-line method for depreciation of machinery. It is company policy to prepare adjusting entries only at the end of the fiscal year, which is December 31.

For questions 20 through 28, write the correct amount or year on your answer sheet.

20. What is the book value of the machine when it was first placed into operation?
21. What is the estimated amount to be depreciated on this machine?
22. What is the estimated monthly depreciation expense?
23. What amount should be debited to depreciation expense in 2018?
- *24. What is the book value of the machine on 01-01-21?
25. What is the balance of Accumulated Depreciation (for this machine) on 01-01-22?
26. The machine will have an adjusting entry for depreciation expense in years 2018 through what year?
- *27. What is the amount of the adjusting entry for depreciation for this machine in the final year?
- *28. If the machine had been purchased earlier and placed into operation on 01-01-18, and the double declining-balance method was used instead of the straight line method, what would be the amount of the adjusting entry for depreciation for the year 2020?

Group 4

Write the identifying letter of the following account title that best fulfills each accounting entry in items 29 through 36.

A	Cash in Bank	E	Accounts Payable
B	Petty Cash	F	Purchases
C	Accounts Receivable	G	Cost of Merchandise Sold
D	Merchandise Inventory	H	Sales

Answer items 29 through 32 assuming the company policy is to use the periodic inventory system.

	Debit	Credit
Purchased merchandise for resale on account	#29	#30
Sold merchandise to a customer on account	#31	#32

Answer items 33 through 36 assuming the company policy is to use the perpetual inventory system.

	Debit	Credit
Purchased merchandise for resale on account	#33	XXX
Sold merchandise to a customer on account (selling price)	XXX	#34
Same sales entry as preceding (cost portion of transaction)	*#35	*#36

Group 5

One of the items sold at Webster Equipment Company is a laser level. The following shows the beginning inventory and purchases information for the year.

During the year 80 devices were sold for \$130 each and 15 devices were sold for \$140 each. The company uses a periodic inventory system.

		Number of Units	Cost per Unit	Extended Amount
1-1-18	Beginning Inventory	32	51.90	1,660.80
Jan	Purchase	10	52.00	520.00
Mar	Purchase	5	52.82	264.10
Apr	Purchase	15	53.70	805.50
May	Purchase	5	54.00	270.00
June	Purchase	8	55.00	440.00
July	Purchase	12	55.00	660.00
Nov	Purchase	36	55.40	1,994.40
Dec	Purchase	17	55.60	945.20
		140		7,560.00

For questions 37 through 39, write the correct amount on your answer sheet.

37. What is the amount of gross profit for the year if the FIFO inventory costing method is used?
- *38. What is the amount of gross profit for the year if the LIFO inventory costing method is used?
39. What is the amount of gross profit for the year if the weighted-average inventory costing method is used?

Group 6

A partnership was formed and began operations on January 10, 2018. Each of the partners contributed either cash or other assets to the partnership.

The following is a summary from the adjusted trial balance columns of the worksheet for the year ended December 31, 2018, which is the fiscal year end.

	Debit	Credit
Assets	186,800	
Liabilities		30,400
Maya Pravesh, Capital		54,000
Maya Pravesh, Drawing	9,000	
Dan Feldman, Capital		36,000
Dan Feldman, Drawing	6,000	
Mina Okanda, Capital		30,000
Mina Okanda, Drawing	5,000	
Revenue		197,360
Expenses	140,960	

For questions 40 through 42, write the correct amount on your answer sheet. Consider the facts in each question independently from the other questions.

40. Consider that the partnership agreement states that profits and losses shall be divided equally among the partners. What is the balance in the capital account of Maya Pravesh after all closing entries have been posted?
- *41. Consider that the partnership agreement states that profits and losses shall be divided on the basis of the capital contributed by each partner. What is the balance in the capital account of Dan Feldman after all closing entries have been posted?
- *42. Consider that the partnership agreement states that profits and losses shall be divided based on the time spent by each partner working in the business. The time worked by Pravesh, Feldman, and Okanda is expressed as 4:3:1. What is the balance in the capital account of Mina Okanda after all closing entries have been posted?

Group 7

On April 1, 2019 Cindy Baker, owner of Cindy's Bakery, received the monthly bank statement from Allied Bank dated March 31, 2019.

Allied bank is open Monday through Friday and closes its lobby doors each day at 3 p.m. but offers extended banking with its drive-through lanes until 5:00 p.m.

It is Cindy's company policy to record any necessary journal entries and to update the checkbook balance after the bank reconciliation is completed.

Cindy compared the company's checkbook records with the bank statement and found the following:

- The March 2019 bank statement shows a beginning balance of \$5,229.18, total deposits of \$14,201.68, total checks of \$15,877.93, separate line items for the Stan Wayman returned check and bank handling fee (see details in the next paragraph), and a separate line item of \$16.50 for the March bank service charge (that is calculated based on activity in the account, which is different each month).
- A check from Stan Wayman for \$130 that was deposited in the business bank account on Thursday, March 28 was returned by the bank on Friday, March 29. On this same day, the bank charged Cindy's account with a \$25 fee for handling the dishonored check. (Both the dishonored check and the fee were first discovered upon receipt of the bank statement.)
- A deposit of \$1,809 was made on March 29 at 4:35 p.m. but does not appear on the March bank statement.
- Four checks written in March do not appear on the March bank statement as cleared:

Check #1840 for \$89.12	Check #1843 for \$206.44
Check #1842 for \$674.19	Check #1844 for \$139.56

For questions 43 through 45, write the correct amount on your answer sheet.

43. What was the ending balance on the bank statement dated March 31, 2019?

*44. What is the reconciled (adjusted) bank balance on March 31, 2019?

45. What was the balance in the checkbook immediately before the bank reconciliation was prepared?

Group 8

Caldwell Company reported the following financial data for three years.

	2016	2017	2018
Net Sales	93,800	94,200	96,800
Beginning Inventory	21,250	27,260	21,900
Net Purchases	57,790	56,518	54,376
Cost of Merch. Available for Sale	79,040	83,778	76,276
Ending Inventory	27,260	21,900	22,900
Cost of Merch. Sold	51,780	61,878	53,376
Gross Profit	42,020	32,322	43,424

Management's review of the above reporting (specifically the 2017 drop in gross profit percentage) caused them to question the accuracy of the data. This was based on other business indicators that revealed more consistent operating results over the three years. Therefore, management directed staff to verify the accuracy of the inventory costing computations.

In January 2019, the inventory records used to prepare the above income statement information were reviewed. The inventory costing computations disclosed that the following mathematical errors had been made:

Year:	Error in Determining Ending Inventory:
2016	overstated by \$4,500
2017	understated by \$1,800
2018	verified correct

Now consider that the inventory errors as well as the income statement presentation for all three years have been corrected. On your answer sheet for questions 46 through 48, write the correct amount of gross profit for each year.

46. Year 2016

*47. Year 2017

*48. Year 2018

For question #49, write the correct percentage on your answer sheet. If it is necessary, round the percentage to the nearest tenth.

49. What is the correct gross profit percentage for the year 2018?

Group 9

Refer to Table 1 on page 9. Lacy Moore, a sole proprietor, uses the following policy when closing the temporary accounts at the end of the fiscal year:

1. Close all revenue and contra-purchases accounts in one combined entry.
2. Close all expenses, contra-sales accounts, and any cost of merchandise accounts that have debit balances in one combined entry.
3. Close the Income Summary account.
4. Close the owner's withdrawals account.

In the T-accounts, Blue and yellow (in random order) represent your choices for the closing steps of one and two referenced above. Red and brown are the choices that represent closing step #3. Purple represents closing step #4. (You must decide which color and color placement matches up to steps 1 through 4).

Lacy Moore, Capital					Income Summary	
	<u>?</u>	←	01-01-18			
	5,000	←	activity during 2018	12-31-18 → adjusting entry		
<u>red</u>	<u>brown</u>	←	12-31-18 closing entries	12-31-18 → closing entries	<u>blue</u>	<u>yellow</u>
<u>purple</u>	<u>purple</u>					
	<u>green</u>	←	12-31-18 balance after closing entries			

For questions 50 through 56 write the identifying letter of the best response on your answer sheet.

50. What is the balance in the capital account after all adjusting entries have been posted but before any closing entries have been posted?
A. \$15,202 B. \$20,200 C. \$20,202 D. \$21,690 E. \$24,550 F. \$25,202
51. The amount of "blue" in the Income Summary account is
A. \$35,788 B. \$103,358 C. \$106,551 D. \$106,583 E. \$108,436
52. The amount of "yellow" in the Income Summary account is
A. \$111,025 B. \$112,365 C. \$112,878 D. \$114,218 E. \$116,071
53. The amount of "brown" in the capital account is
A. zero B. \$1,249 C. \$7,635 D. \$7,667 E. \$9,488
54. The amount of "red" in the capital account is
A. zero B. \$1,249 C. \$7,635 D. \$7,667 E. \$9,488
55. The amount of "purple" in the capital account is
A. zero B. \$8,000 C. \$15,000 D. \$20,202 E. \$28,202
- *56. The amount of "green" in the capital account is
A. \$5,000 B. \$15,202 C. \$18,714 D. \$20,202 E. \$21,690 F. \$23,120

Group 10

Refer to Table 2 on page 10 for all questions in this group. For questions 57 through 61, write the correct amount on your answer sheet.

What was the Book Value of Accounts Receivable on the following dates...

57. January 1, 2017

58. January 1, 2018

*59. January 1, 2019

What is the amount of Bad Debt Expense for...

60. the year 2017

*61. the year 2018

For question #62, write the correct percentage on your answer sheet. If it is necessary, round the percentage to the nearest tenth.

62. What percentage was used to estimate Bad Debt Expense for the year 2016?

For questions 63 through 68, indicate the account(s) debited or credited for the selected transactions (as identified in items A through H in Table 2) using the following chart of accounts.

105	Cash in Bank
120	Accounts Receivable
125	Allowance for Uncollectible Accounts

405	Sales
560	Bad Debt Expense

Transaction from Table 2	Debit	Credit
B	63.	64.
D	65.	66.
F	67.	68.

Group 11

Refer to the data in Table 3 on pages 11 and 12. Answer questions 69 through 80 by writing the correct amount on your answer sheet.

Answer each of the following questions regarding the correctly completed financial statements on page 12.

- 69. What is the amount of cost of merchandise sold?
- 70. What is the book value of Accounts Receivable on the balance sheet dated 12-31-18?
- 71. What is the book value of the equipment on the balance sheet dated 12-31-18?
- *72. What is the amount of purchases of merchandise?
- 73. What is the amount of Depreciation Expense?
- 74. What is the amount of Insurance Expense?
- 75. What is the amount of gross sales?
- 76. What is the amount of Supplies Expense?
- 77. What is the amount of Bad Debt Expense?
- *78. What is the amount of Total Assets on the balance sheet dated 12-31-18?
- *79. What is the amount of net income or net loss for the year ended 12-31-18?
- *80. What is the amount of capital on the Post-Closing Trial Balance for 12-31-18?

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 50 through 56)

The following is taken from the work sheet (for the twelve months ending December 31, 2018) from the Income Statement and Balance Sheet columns.

Account Title	Amount		Account Title	Amount
Cash in Bank	3,240		Sales	111,025
Accounts Receivable	860		Sales Returns & Allow.	3,225
Prepaid Insurance	2,200		Purchases	67,570
Office Supplies	380		Purchases Returns	3,193
Office Equipment	4,200		Insurance Expense	3,180
Merchandise Inventory	12,240		Rent Expense	5,400
Accounts Payable	1,430		Utilities Expense	2,904
Lacy Moore, Capital	20,202		Office Supplies Expense	2,516
Lacy Moore, Drawing	8,000		Salary Expense	20,000
Income Summary, credit	1,853		Payroll Tax Expense	1,788

Table 2
(for questions 57 through 68)

Harris Company began operations on January 15, 2016. The company prepares adjusting and closing entries only at the end of the fiscal year, which is December 31.

On December 31, 2016, the company made an adjusting entry to estimate bad debt expense. The company will consistently use the Aging of Accounts Receivable method. The company management will review the aging report annually and adjust the percentage as needed for fair presentation in the financial statements.

On January 1, 2017 (before any 2017 transactions), the general ledger included the following:

	Debit	Credit
Accounts Receivable	12,000	
Allowance for Uncollectible Accounts		180

During the next two years the company completed many transactions (summarized below in items A through H) that involved credit sales, accounts receivable collections, and bad debts.

2017

- A. sold merchandise on account \$73,460
- B. wrote off uncollectible accounts receivable \$160
- C. received \$68,400 from charge customers in payment on their accounts
- D. December 31 adjusting entry using the Aging of Accounts Receivable method based on the estimate that 2% of the total outstanding Accounts Receivable at year-end will become uncollectible

2018

- E. sold merchandise on account \$98,610
- F. wrote off uncollectible accounts receivable \$450
- G. received \$93,760 from charge customers in payment on their accounts
- H. December 31 adjusting entry using the Aging of Accounts Receivable method based on the estimate that 3% of the total outstanding Accounts Receivable at year-end will become uncollectible

Table 3
(for questions 69 through 80)

The accountant had prepared on a spreadsheet program the complete and accurate financial statements as of December 31, 2018. A power surge caused some of the data to be lost. All the amounts remaining are correct.

Later when the accountant printed the financial statements, he was faced with the task of replacing the missing data. The financial statements are found on page 12.

Additional Facts:

1. Equipment consists of one asset bought on 5-1-15, with a salvage value of \$3,500, and an estimated useful life of 7 years. The straight line method is used.
2. On 01-01-18 the account Allowance for Uncollectible Accounts had a credit balance of \$2,290. In September 2018 a customer's account in the amount of \$1,800 was written off. The company uses the aging of accounts receivable method to estimate its bad debts expense. The aging on 12-31-18 indicates that \$2,475 is estimated to be uncollectible.
3. In the trial balance column of the work sheet for the year ended 12-31-18 Prepaid Insurance had a normal balance of \$7,540 and Supplies had a normal balance of \$8,130.
4. The gross profit percentage is 38% of net sales.

Table 3 continued (for questions 69 through 80)

Hunter's Haven
Income Statement
For the Year Ended December 31, 2018

Revenue:			
Sales			
Sales Returns & Allowances		2,478	
Sales Discounts		3,280	
Net Sales			96,500
Cost of Merchandise Sold:			
Merchandise Inventory on 01-01-18		15,380	
Purchases			
Transportation In	4,930		
Cost of Delivered Merchandise			
Purchases Returns & Allowances	1,780		
Purchases Discounts	4,610		
Net Purchases			
Cost of Merchandise Available for Sale			
Merchandise Inventory on 12-31-18			
Cost of Merchandise Sold			
Gross Profit on Sales			
Expenses:			
Rent Expense		5,400	
Insurance Expense			
Supplies Expense			
Utilities Expense		2,620	
Bad Debts Expense			
Depreciation Expense			
Total Expenses			
Net Income (Loss)			

Hunter's Haven
Balance Sheet
December 31, 2018

Assets		
Cash in Bank		10,330
Accounts Receivable	21,945	
Allowance for Uncollectible Accounts		
Merchandise Inventory		16,200
Supplies		3,750
Prepaid Insurance		1,900
Equipment	26,180	
Accumulated Depreciation—Equipment		
Total Assets		
Liabilities		
Accounts Payable		2,410
Capital		
Bubba Wagner, Capital, January 1, 2018	62,135	
Plus (Less) Net Income (Loss)		
Less Owner Withdrawals	12,000	
Bubba Wagner, Capital, December 31, 2018		
Total Liabilities and Capital		

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KEY**

Group 1	
1	C
2	D
3	B
4	A
5	E
6	A
7	C
8	B
9	E
10	B
11	B
12	D
13	E
14	E
15	A
16	A

Group 2	
17	\$ 6,480
*18	\$ 280
*19	\$ 3,720

Group 3	
20	\$ 371,000
21	\$ 321,000
22	\$ 5,350
23	\$ 42,800

Group 3 cont.	
*24	\$ 199,800
25	\$ 235,400
26	2023
*27	\$ 21,400
*28	\$ 53,424

Group 4	
29	F
30	E
31	C
32	H
33	D
34	H
*35	G
*36	D

Group 5	
37	\$ 7,436.40
*38	\$ 7,279.26
39	\$ 7,370

Group 6	
40	\$ 63,800
*41	\$ 46,920
*42	\$ 32,050

Group 7	
43	\$ 3,381.43
*44	\$ 4,081.12
45	\$ 4,252.62

Group 8	
46	\$ 37,520
*47	\$ 38,622
*48	\$ 41,624
49	43 %

Group 9	
50	C
51	D
52	D
53	E
54	A
55	B
*56	E

Group 10	
57	\$ 11,820
58	\$ 16,562
*59	\$ 20,661
60	\$ 318
*61	\$ 751
62	1.5 %
63	125
64	120

Group 10 cont.	
65	560
66	125
67	125
68	120

Group 11	
69	\$ 59,830
70	\$ 19,470
71	\$ 14,300
*72	\$ 62,110
73	\$ 3,240
74	\$ 5,640
75	\$ 102,258
76	\$ 4,380
77	\$ 1,985
*78	\$ 65,950
*79	\$ 13,405
*80	\$ 63,540

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

Contestant # _____

UIL ACCOUNTING
Regional 2019-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
18	1	
19	1	
24	1	
27	1	
28	1	
35	1	
36	1	
38	1	
41	1	
42	1	
44	1	
47	1	
48	1	
56	1	
59	1	
61	1	
72	1	
78	1	
79	1	
80	1	

Total Extra Points _____

TOTAL SCORE..... _____

Grader #3 _____

Contestant

	Group 11
69	\$
70	\$
71	\$
*72	\$
73	\$
74	\$
75	\$
76	\$
77	\$
*78	\$
*79	\$
*80	\$

[illegible]