

**UNIVERSITY INTERSCHOLASTIC LEAGUE
ACCOUNTING EXAM
District 2022-D**

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 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.

Acceptable responses (which are not case sensitive) for the following are:

True	=	TRUE
False	=	FALSE
Yes	=	YES
No	=	NO
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 an answer contains more than one response, all responses must be correct for the answer to be correct.

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
District 2022-D**

Group 1

For each account title in questions 1 through 7, write the identifying letter of the correct response (A, B, or C) which indicates whether each account should be closed and where, or if it should not be closed at all. Consider that each account has a normal balance. If the account is to be closed, indicate whether that account is closed with a debit or a credit. Use the following sets of codes. An answer might appear in this way: B DR

A. closed into Income Summary	DR=debit
B. closed into the capital account	CR=credit
C. not closed	

1. Pete Johnson, Capital
2. Sales
3. Accounts Receivable
4. Pete Johnson, Drawing
5. Transportation In
6. Medicare Tax Payable
7. Income Summary (beginning inventory was \$7,890; and ending inventory was \$6,425; revenue closed was \$45,000; purchases closed was \$24,635, expenses closed were \$16,500)

Continue to use the data given in Question #7. Write the correct amount on your answer sheet for questions 8 through 11. (You only need to write the dollar AMOUNT. Do not write “debit,” “DR” or “credit,” “CR” on your answer sheet.)

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

Group 2

Brazos Tile has a company policy to record any necessary journal entries and to update the checkbook balance after the bank reconciliation is completed.

Brazos Tile does not know the amount of the monthly variable bank service charge until the bank statement is received from the company's bank, First American Bank.

The checks and deposit slips (with Brazos Tile's information printed on them) that the company uses daily are ordered through First American Bank. The charge for this service is not known until the bank statement is received. Brazos Tile requested First American Bank to order more company checks on February 10. Brazos Tile received the checks on February 24.

**Data: Bank service charge for February is \$31.25
Bank charge on February 21 for check printing \$75.50
Deposits in transit on February 28 are \$3,405.96 and \$934.18
Reconciled bank balance on February 28 is \$3,728.32
Outstanding checks on February 28 are \$180.16, \$894.27, and \$1,405.33**

For questions 12 and 13, write the correct amount on your answer sheet.

12. Given the above facts, what was the amount that was printed on the bank statement as the closing balance for February?
13. What was the balance in the cash account in the accounting records prior to reconciling the bank statement for February?

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	1.1% on first \$9,000 of gross earnings
Federal Income Tax	Disregard

The earnings for the calendar year 2021 for the employees of Hill Valley Associates are as follows:

Employee	Cumulative Earnings
George McFry	8,880
Biff Tanner	6,880
Marty McFry	80,300
Dr. E. Brown	150,000

For question #14, write the correct amount on your answer sheet.

- *14. What is the total amount of payroll tax expense incurred by the employer?

Group 4

For the week of January 24-29, an auto lube business reported the following: taxable sales \$4,245, non-taxable sales \$4,180, and state sales tax collected \$350. The previous three items include customer sales on account for \$1,180. No bank credit cards, and no debit cards were accepted from customers.

The company started this week with \$600 in cash on hand. This cash on hand was originally obtained by the owner who wrote a company check and cashed it at the bank when the business began three years ago. It is company policy to begin each week with exactly \$600 in the cash drawer.

During the week the owner used some of the cash in the cash register to purchase small items as follows: \$116 for two rolls of postage stamps, \$65 for advertising in the high school basketball program, and \$29 for operating supplies.

The owner also had three customers pay on their accounts during this week for a total received of \$635.

When the cash drawer was checked up at the end of the workday January 29, the amount of cash in the cash drawer was exactly \$8,617.

For question #15, write the correct amount on your answer sheet.

For question #16, if the result is "Cash Over," simply write the correct amount on your answer sheet. If, however, the result is "Cash Short," you must write the correct amount and use brackets or parentheses (NOT a minus sign). (Do not write "Cash Over" or "Cash Short" on your answer sheet.)

15. Following all company policies, what was the correct amount of the bank deposit prepared for the week of Jan. 24-29?

*16. What is the correct amount of Cash Short or Cash Over?

Group 5

Atlantic Company pays four employees weekly. Hourly wage employees are paid overtime at a rate of 1 and $\frac{1}{2}$ times the regular rate of pay for hours worked over 40 hours in a week. The following information is available for the week ending February 18.

Dickens earns an hourly wage of \$19.96 and he worked 63 hours. Fiona receives a salary of \$750 per week plus a 2.3% commission on sales. Fiona worked 40 hours and was responsible for \$14,220 worth of sales this week. Jolene earns an hourly wage of \$9.98 and a piece rate of 4 cents. Jolene worked 51 hours and produced 23,482 pieces. Oscar earns an hourly wage of \$17.14 and he worked 46 hours.

For question 17, write the correct amount on your answer sheet.

*17. What was the total amount of gross earnings for the week?

Group 6

The bookkeeper for Perry Co. gathered the following information in order to prepare the work sheet for the twelve months ended December 31, 2021. Perry Co. only makes adjusting entries annually; none are made monthly.

- The Prepaid Insurance account contains an increase of \$1,800 for a two-year policy acquired on September 1, 2021. This is the balance of Prepaid Insurance in the Trial Balance column of the work sheet.
- The balance in the Supplies account in the Trial Balance is \$10,650. A physical inventory of supplies on December 31, 2021 indicates \$4,650 of supplies on hand.
- The balance in the Accounts Receivable account in the Trial Balance is \$24,960. However, while preparing the work sheet, the bookkeeper discovered that the last invoice prepared on 12-31-21 for a sale on account to a customer had not been recorded anywhere in the accounting records. This was Invoice #A-710 for \$2,500. The bookkeeper elected to record Invoice #A-710 as an adjusting entry, and he also updated the subsidiary ledger account for that customer correctly. Recording these kinds of corrections as adjusting entries is a common practice at Perry Co.
- Merchandise Inventory in the Trial Balance is \$30,870. A physical inventory on December 31, 2021 indicates \$28,410 on hand.

For questions 18 through 29, write "YES" if the answer to the question is yes; write "NO" if the answer to the question is no.

18. To adjust Prepaid Insurance on 12-31-21, is Insurance Expense debited for \$300?
19. In order to report the 12-31-21 inventory of supplies on the Balance Sheet (dated this same date), is the Supplies account on the work sheet credited for \$6,000?
20. Does the adjustment to record the newly discovered Invoice #A-710 include a debit to Cash for \$2,500?
21. From the information given, is it correct that the Supplies account must have had a January 1, 2021 balance of \$10,650?
22. Is the correct amount of Prepaid Insurance that will be reported on the 12-31-21 Balance Sheet \$1,500?
23. Is the balancing total of the work sheet adjustment columns \$8,800?
24. In September 2021, was Prepaid Insurance credited for \$1,800?
25. Does the adjustment for Merchandise Inventory include a credit to Income Summary for \$2,460?
26. Is the balance of Prepaid Insurance on the Trial Balance the same as the balance of Prepaid Insurance on the Post-Closing Trial Balance for the same time period?
27. On the Balance Sheet dated 12-31-21, is the correct amount of Accounts Receivable to be reported \$27,460?
28. If no insurance premiums are paid in the following year of 2022, will the amount of Insurance Expense reported on the Income Statement for the year ended 12-31-22 be \$1,200?
29. Was the balance of Merchandise Inventory on January 1, 2021 in the general ledger \$30,870?

Group 7

Byrd's Pet Store prepares adjusting and closing entries only at the end of the fiscal year which is December 31.

The information below is taken from the adjusted trial balance of the worksheet for the twelve months ended 12-31-21. All accounts have normal balances. Total expenses are grouped together for simplicity.

The owner made one capital contribution during the year 2021 in the amount of \$7,000. The gross profit percentage based on net sales is 44%.

Cash	13,822	Sales Discounts	2,943
Accounts Receivable	2,981	Sales Returns & Allowances	975
Merchandise Inventory	16,460	Purchases	48,539
Accounts Payable	3,297	Purchases Discounts	2,438
Tweety Byrd, Capital	?	Purchases Returns & Allow.	1,685
Tweety Bryd, Drawing	15,000	Transportation In	4,988
Income Summary	740 CR	Total Expenses	21,489
Sales	?		

For items 30 through 42, write the correct amount on your answer sheet.

- *30. The amount of Sales on the trial balance is \$_____.
- *31. The amount of capital on the trial balance is \$_____.
- *32. The amount of capital in the general ledger on 1-1-21 before any 2021 transactions is \$_____.
- *33. The amount of Merchandise Inventory in the general ledger on 1-1-21 before any 2021 transactions is \$_____.
- *34. Total debits on the trial balance are \$_____.
35. Cost of Delivered Merchandise is \$_____.
36. Net Purchases is equal to \$_____.
37. Cost of Merchandise Sold is \$_____.
38. Net Sales are \$_____.
39. Cost of Merchandise Available for Sale is \$_____.
40. Gross Profit is \$_____.
- *41. Net Income is \$_____.
- *42. The amount of capital on the Post-Closing Trial Balance dated 12-31-21 is \$_____.

Group 8

Refer to Table 1 on page 10. For questions 43 through 47, write the correct amount on your answer sheet.

What was the balance of each of the following on January 1, 2021?

- 43. Supplies
- 44. Prepaid Insurance
- 45. Merchandise Inventory
- 46. Esther Parks, Capital
- 47. Esther Parks, Drawing

Group 9

Refer to Table 1. For questions 48 through 56, on your answer sheet write TRUE if the statement is true; write FALSE if the statement is false.

- 48. The amount \$1,430 on the line for Income Summary resulted from an adjusting entry.
- 49. Insurance expense for the year 2021 consists of the amount of unexpired insurance premiums on January 1, 2021 plus four twelfths of the premium paid on 5-1-21.
- 50. The amount of supplies used during 2021 was \$4,955.
- 51. A closing entry resulted in a decrease to Cash.
- 52. The amount of insurance that should be reported as an asset on the Balance Sheet dated December 31, 2021 is \$1,040.
- 53. The physical inventory of supplies on hand on December 31, 2021 was \$4,525.
- 54. Merchandise Inventory increased from January 1, 2021 to December 31, 2021.
- 55. The capital contribution made on March 6, 2021 is the main reason there is a net profit for the year 2021.
- 56. Total Expenses on the Income Statement for the twelve months ending December 31, 2021 equal \$9,038.

Group 10

Refer to Table 1. For questions 57 through 71, write the identifying letter of the best response on your answer sheet.

- 57. Which of the following statements is false?
 - A. The work sheet is a working paper used to collect information from the ledger accounts in one place.
 - B. A columnar accounting form used to summarize the general ledger information needed to prepare financial statements is called a work sheet.
 - C. A work sheet may be prepared in pencil.
 - D. The work sheet is more than a planning tool; it is considered a permanent accounting record.
 - E. One purpose of the work sheet is to plan needed changes to general ledger accounts to bring account balances up to date.
- 58. The first line of the heading on a work sheet includes
 - A. the words "Work Sheet"
 - B. the date of the workpaper
 - C. the name of the business

Group 10 continued

59. The heading of a work sheet includes a
- A. specific date or point in time
 - B. date that describes a period of time
60. The insurance premium that was paid on 5-1-21 was posted to the general ledger with a posting date of May 1, 2021
- A. in the asset account called Prepaid Insurance in the debit column
 - B. in an expense account called Insurance Expense in the debit column
 - C. in the asset account called Prepaid Insurance in the credit column
 - D. in an expense account called Insurance Expense in the credit column
61. Which of the following statements is false?
- A. The balance of the Merchandise Inventory account in the general ledger on January 1, 2021 was \$21,250.
 - B. Until the adjusting entries are journalized and posted, Merchandise Inventory will continue to have a general ledger balance of \$21,250.
 - C. The clerk who performed the physical inventory of the merchandise in the store on December 31, 2021 determined the correct amount of merchandise inventory to be \$22,680.
 - D. The adjustment for merchandise inventory on December 31, 2021 requires a credit to the asset account called Merchandise Inventory.
62. The first closing entry includes a
- A. credit to Income Summary for \$98,400
 - B. debit to Income Summary for \$98,400
 - C. credit to Sales for \$94,800
 - D. credit to Esther Parks, Capital for \$98,400
63. When a trial balance is prepared at the end of an accounting period prior to the preparation of financial statements,
- A. the trial balance is prepared as a part of the work sheet.
 - B. the trial balance is already accurate; therefore, adjusting entries are not necessary.
 - C. all the general ledger accounts are listed on the work sheet, even those that have a zero balance.
 - D. only A and B are true
 - E. only A and C are true
64. In accounting "ruling" means:
- A. making judgments about complicated transactions, deciding what accounts to debit or credit
 - B. researching GAAP for the proper decision about a transaction and being able to cite the code section as a part of the journal entry documentation
 - C. drawing a line; a single line drawn under a column of amounts means that the entries above the line are to be added or subtracted
 - D. only A and B are true

Group 10 continued

65. The second closing entry includes a
- A. debit to Esther Parks, Capital for \$68,524
 - B. debit to Income Summary for \$76,089
 - C. credit to Income Summary for \$94,659
 - D. debit to Income Summary for \$94,659
66. To close the drawing account
- A. debit Income Summary for \$20,000
 - B. credit Esther Parks, Drawing for \$20,000
 - C. debit Esther Parks, Capital for \$20,000
 - D. both A and B are correct
 - E. both B and C are correct
- *67. The only remaining closing entry of a temporary capital account requires a
- A. debit to Income Summary
 - B. debit to Esther Parks, Capital
 - C. credit to Esther Parks, Drawing
 - D. credit to Income Summary
 - E. Both A and C are correct
- *68. The balance of the capital account on the Post-Closing Trial Balance dated December 31, 2021 is
- A. \$45,015
 - B. \$49,274
 - C. \$57,274
 - D. \$61,015
 - E. \$81,015
69. On the line for Insurance Expense on the work sheet, the amount in the Adjusted Trial Balance column represents the value of insurance
- A. used during the fiscal period
 - B. in force at the beginning of the fiscal period
 - C. bought during the fiscal period
 - D. available during the fiscal period
 - E. still in force at the end of the fiscal period
70. On the line for Supplies on the work sheet, the amount in the Trial Balance column represents the value of supplies
- A. on hand at the beginning of the fiscal period only
 - B. bought during the fiscal period only
 - C. available during the fiscal period
 - D. still on hand at the end of the fiscal period
- *71. If the accountant fails to adjust the supplies account, it will result in an
- A. understatement of liabilities
 - B. overstatement of assets and ending owner's capital
 - C. overstatement of assets only
 - D. overstatement of expenses

Group 11

Refer to Table 1. For questions 72 through 74, write the identifying letter of the best response on your answer sheet. Consider the Income Statement for the twelve months ending December 31, 2021.

72. The Cost of Merchandise Available for Sale is
 A. \$40,344 B. \$58,056 C. \$59,486 D. \$80,736 E. \$82,166 F. \$86,316
73. The Cost of Merchandise Sold is
 A. \$40,344 B. \$58,056 C. \$59,486 D. \$80,736 E. \$82,166 F. \$86,316
- *74. The amount of Gross Profit is
 A. \$40,344 B. \$58,056 C. \$59,486 D. \$80,736 E. \$82,166 F. \$86,316

Group 12

Refer to Table 1. The following chart represents the bottom three lines of selected columns on the completed work sheet: subtotals before net income or net loss is calculated; the line for net income or net loss; and the line for the respective balancing totals for the income statement columns and the balance sheet columns.

For each of the questions 75 through 78 (found in the chart below), write the correct amount on your answer sheet.

	Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit
Subtotals	*#75	*#76	*#77	*#78
Net Income or <Net Loss>	Corn	Cabbage	Capers	Carrots
Totals				

For question 79, write the correct amount on your answer sheet.

- *79. What is the amount of net income for the year?

For question 80, write the identifying letter of the best response on your answer sheet.

- *80. After the net income is calculated, indicate in which columns of the work sheet the amount would appear in the chart above using the vegetable names as indicators.
 A. Capers Carrots B. Capers Cabbage C. Corn Carrots D. Corn Cabbage

This is the end of the exam. Please hold your exam and answer sheet until the contest director asks for them. Thank you.

Table 1

(for questions 43 through 80)

A company owned by Esther Parks has the following unadjusted and adjusted trial balances as of December 31, 2021.

	Unadjusted		Adjusted	
	Trial Balance		Trial Balance	
	Debit	Credit	Debit	Credit
Cash in Bank	2,480		2,480	
Accounts Receivable	4,175		4,175	
Merchandise Inventory	21,250		22,680	
Supplies	8,705		4,180	
Prepaid Insurance	4,080		1,040	
Equipment	29,830		29,830	
Accounts Payable		2,690		2,690
Sales Tax Payable		680		680
Esther Parks, Capital		57,274		57,274
Esther Parks, Drawing	20,000		20,000	
Income Summary				1,430
Sales		98,400		98,400
Purchases	59,486		59,486	
Rent Expense	5,520		5,520	
Utilities Expense	2,558		2,558	
Advertising Expense	960		960	
Supplies Expense			4,525	
Insurance Expense			3,040	
Subtotals	159,044	159,044	160,474	160,474

Company Policies:

- The temporary capital accounts are closed only at the end of the fiscal year, which is December 31.
- The first two steps (there are four steps) of the closing process include:
 1. close all revenue accounts in one combined entry
 2. close all expense and cost of merchandise accounts in one combined entry

Information Found in the General Ledger:

- Esther transferred from her personal savings account to her business bank account \$8,000 on March 6, 2021.
- Supplies purchased throughout the year 2021 totaled \$4,955
- The only insurance premium paid during 2021 was on May 1 for \$3,120, which was a twelve-month policy