



# UIL Accounting Tackling the State Test!

KAY WHITTON

STATE CONTEST DIRECTOR



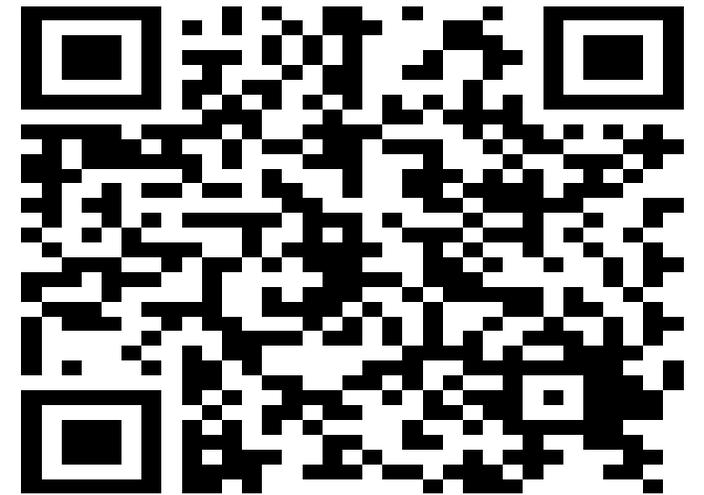
# BEFORE WE GET STARTED

Register your attendance.

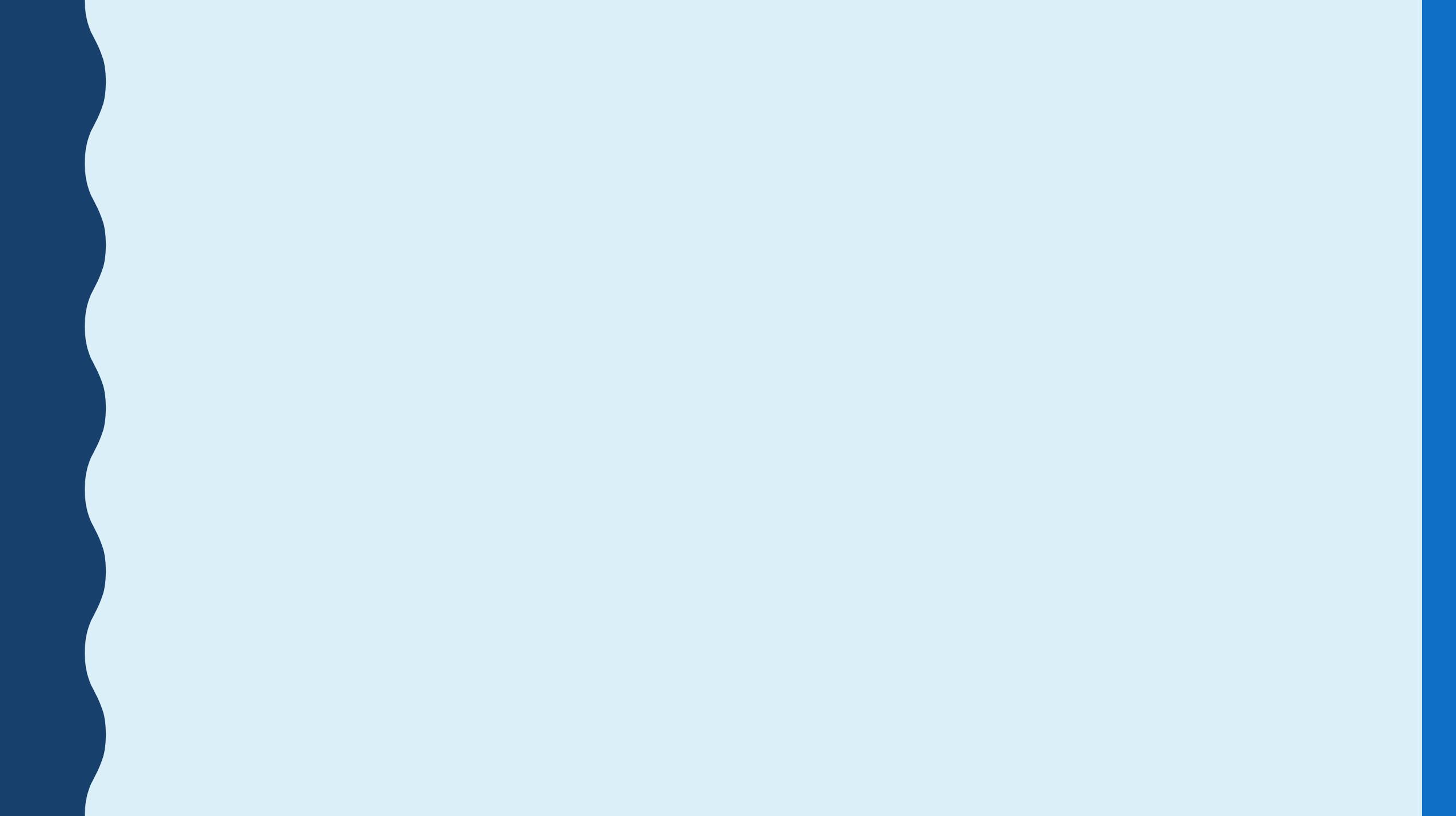
***Complete this form for EACH session you attend today.***

Session numbers are listed in schedule before titles.

**CAPITAL** 2025  
**CONFERENCE**

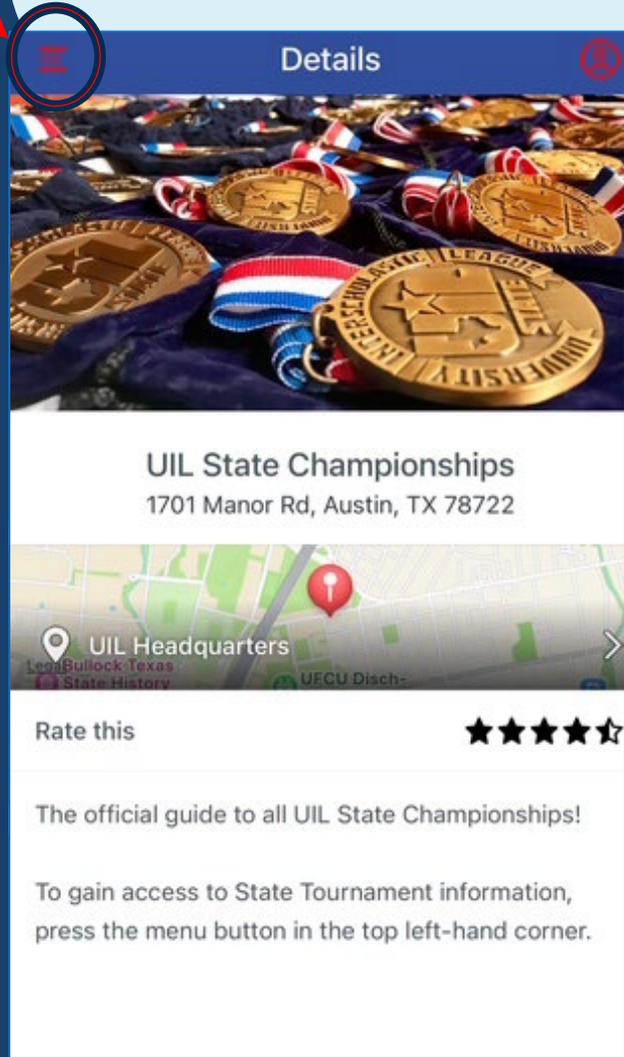


SCAN FOR ATTENDANCE  
CREDIT



# UIL STATE APP

For  
Capital Conference



**Details**

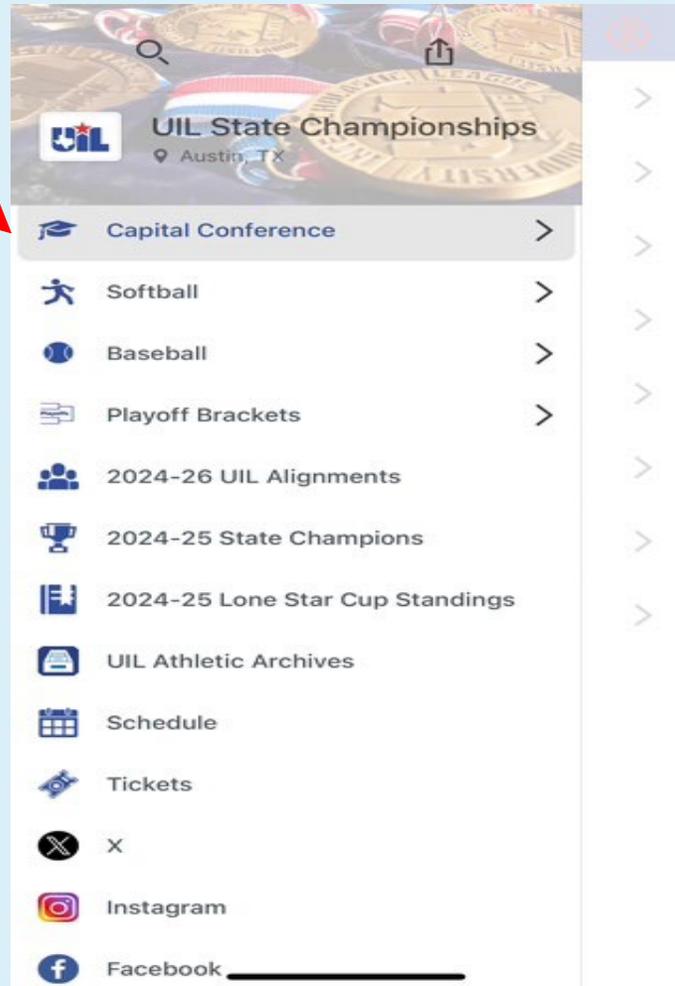
**UIL State Championships**  
1701 Manor Rd, Austin, TX 78722

UIL Headquarters

Rate this ★★★★★

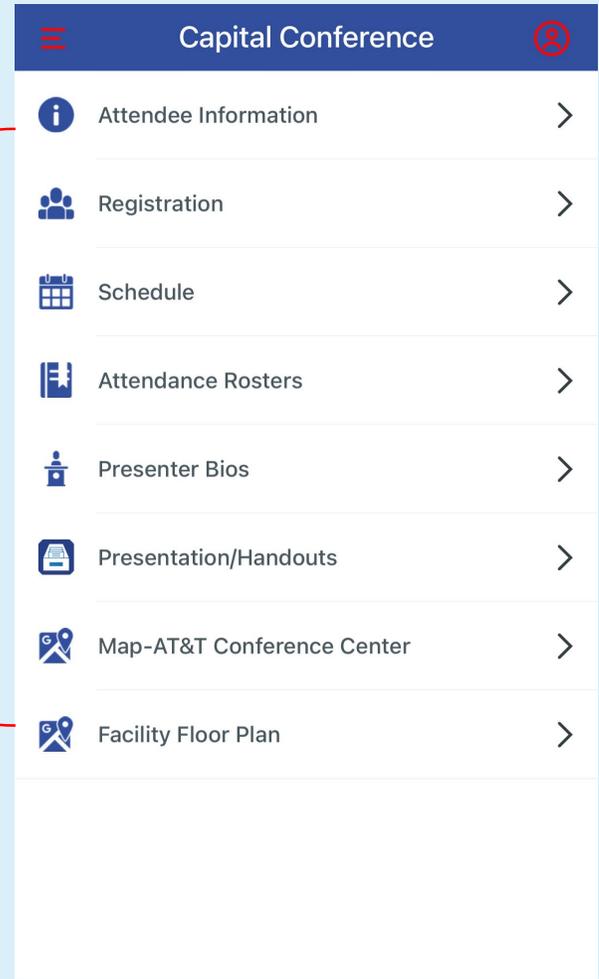
The official guide to all UIL State Championships!

To gain access to State Tournament information, press the menu button in the top left-hand corner.



**UIL State Championships**  
Austin, TX

- Capital Conference
- Softball
- Baseball
- Playoff Brackets
- 2024-26 UIL Alignments
- 2024-25 State Champions
- 2024-25 Lone Star Cup Standings
- UIL Athletic Archives
- Schedule
- Tickets
- X
- Instagram
- Facebook



**Capital Conference**

- Attendee Information
- Registration
- Schedule
- Attendance Rosters
- Presenter Bios
- Presentation/Handouts
- Map-AT&T Conference Center
- Facility Floor Plan

There is very little time between  
the Regional & State meets...

**Many concepts are added to the  
State test that take more than a  
month to master.**

**Let's explore the concepts and  
ways of presenting them before  
April!**

# State Concepts List

## STATE LEVEL

1. Any items on District and Regional Lists
2. Corporations and Capital Stock
  - a. characteristics, advantages, disadvantages, forming, terminology, transactions, entries, taxation
  - b. issuance of capital stock (preferred and common)
  - c. calculation and payment of dividends to shareholders
3. Financial statements for corporations (classified, comparative, interim): Balance Sheet, Income Statement, Statement of Retained Earnings, Statement of Stockholders' Equity, Statement of Cash Flows, annual reports
  - a. Classifying: (ex. current, plant, long-term, investments, other Income; other expense, etc.)
  - b. Analyzing financial statements (horizontal and vertical analysis) and working capital
  - c. Ratio analysis (liquidity ratios, solvency ratios, profitability ratios)
    - \* Current ratio   \* Quick ratio   \* Return on sales   \* Return on Owner's Equity
    - \* Return on Stockholders' Equity SE—formula:  $\text{Net Earnings} / \text{Average SE (Beg. SE + End. SE} / 2)$
4. Promissory notes (calculation, terminology, and entries) for notes payable and receivable
  - a. Interest-bearing notes (repayment will include principal and interest, based on interest rate)
  - b. Non-interest-bearing notes (interest deducted in advance; repayment for face value of note)
  - c. Discount on Notes Payable, contra-liability account; Book Value of N/P =  $\text{N/P} - \text{Disc. on N/P}$
  - d. adjustments when end-of-fiscal-year occurs within the term of the note
5. Accruals & Deferrals and Reversing entries; effects on financial statements of incorrect accruals and deferrals in current and future periods
6. Accounting for international sales; Internet sales

# Five Main State Concepts



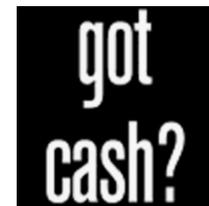
Corporations & Stock



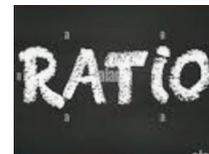
Financial Statements



Promissory Notes



Accruals & Deferrals



Ratios (part of Finan.Statements)

# Corporations & Stock



**Study Corporations early along with Sole Proprietorships and Partnerships**

Form	Advantages	Disadvantages
Sole Proprietorship	<ol style="list-style-type: none"> <li>1. Ease of formation</li> <li>2. Retention of all profits</li> <li>3. Total control</li> <li>4. Simple tax structure</li> </ol>	<ol style="list-style-type: none"> <li>1. Unlimited liability</li> <li>2. Less capital available</li> <li>3. Limited vision and skills</li> <li>4. Terminates with life of owner</li> </ol>
Partnership	<ol style="list-style-type: none"> <li>1. Ease of formation</li> <li>2. More capital available</li> <li>3. Share work; each partner can operate in their area of expertise</li> <li>4. Simple tax structure</li> </ol>	<ol style="list-style-type: none"> <li>1. Unlimited liability</li> <li>2. Liable for partner's actions</li> <li>3. Must share profits</li> <li>4. Hard to dissolve</li> <li>5. Terminates with life of one partner</li> </ol>
Corporation	<ol style="list-style-type: none"> <li>1. Limited liability</li> <li>2. Ease of transfer of ownership</li> <li>3. Unlimited life of the organization; does not terminate with death of investor</li> </ol>	<ol style="list-style-type: none"> <li>1. Harder/more expensive to form</li> <li>2. Less control</li> <li>3. Double taxation</li> <li>4. More government regulations</li> </ol>

# Financial Statements



Study the Monster problem on Kay's website under Supplemental Resources...  
**Maybe even when you first teach Financials!**



## Account Classification of Monster List for questions 72 through 80 – 2004 State Test

Account	Category
Accounts Payable	Current Liability
Accounts Receivable	Current /Quick Asset
Accumulated Depreciation—Building	Contra Plant Asset
Accumulated Depreciation—Equipment	Contra Plant Asset
Advertising Expense	Operating Expense
Allowance for Uncollectible Accounts	Contra Current Asset
Bad Debt Expense	Operating Expense
Building	Plant Asset
Cash in Bank	Current/Quick Asset
Common Stock	Stockholders' Equity
Depreciation Expense (Building & Eqp)	Operating Expense
Dividends—Common	Contra S/E
Dividends Payable	Current Liability

## CLASSIFIED FINANCIAL STATEMENTS

In 2004, an alphabetical 'monster' list of accounts was included on the state test with questions that required students to classify the accounts provided.

# Promissory Notes



IOU



Remind the Ss...  
**They already know  
how to do this!**

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## Simple Interest Formula

$$I = P \times R \times T$$

Where:

**I** = the Interest Money created in dollars

**P** = the "Principal" starting amount of money

**R** = the Interest Rate per year (in decimal form)

**T** = the Time the money is Invested,

# Accruals & Deferrals

got  
cash?



They just have to ask one question:

**Has any CASH changed hands yet?**

**If yes, it's a deferral**

**If no, it's an accrual**

They already learned about an Accrued Revenue....

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# Accounts Receivable

When businesses sell their services on credit:

**DR Accounts Receivable**

**CR Sales, Fees, or other revenue account**

The **Realization of Revenue CPA** states that revenue is earned when a sale is made, not when the receivable is collected.

**This is a perfect example of an accrual. No cash yet.**

They already learned about a Deferred Expense....

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# Supplies

When businesses buy supplies with a check:

**DR Supplies**

**CR Cash in Bank**

The supplies used are transferred to an expense account when the adjustment on the worksheet is made.

This is a perfect example of an accrual. (Cash has been paid.)

# for Ratios...

**No help here!**

**You're on your own!**

**But it's just formulas!**

**Check out the Ratios PowerPoint  
on [accountingrocks.net](http://accountingrocks.net)!**

# Bonus Content!

(for what it's worth)

Because you're here with me 'til the very end...

kaywhitton@gmail.com

Take ABOW

Page 1

6/24/2025

## STATE LEVEL CONCEPTS

### 1. Corporation concepts:

- Corporation is **separate legal entity** (identity) with its own **charter** (birth certificate), giving it **legal permission by STATE to operate** and its own "SSN" (federal employer i.d. # [EIN] issued by **federal gov't**); with **stockholders** and **professional management**.
- Incorporation fees paid to the state, attorneys' fees for legal services, payments to promoters to sell stock, the cost of printing stock certificates, and other costs to bring a corporation into existence are called **organization costs** (Other Assets).
- A corporation can own property, incur liabilities, and enter into contracts in its own name
- A corp. may sell ownership in itself; each unit of ownership is called a **share of stock**
- Corporations are run by a board of directors (**elected by the common stockholders**)
- Board hires officers (President, CEO, general mgr., etc.) for day-to-day operations
- Two types of corporations: **closely held** (few people/family) or **public** (like Coke)
- Public corporations are regulated by the **Securities & Exchange Commission (SEC)**
- **Two primary reasons for buying stock**: (1) **long-term**: to increase the value of the individual's stock holdings through an increase in the value of the company (retained earnings); and (2) **short-term**: to obtain current income from dividends.

# Bring your students to a SAC near you!

- **Sept 13**    **University of Texas RGV, Edinburg**
- **Sept 27**    **West Texas A&M University, Canyon**
- **Oct 25**     **University of Texas at Austin**
- **Nov 1**      **Richland High School, Prosper**



Contact Kay at  
[kaywhitton@gmail.com](mailto:kaywhitton@gmail.com)

Free resources at  
[accountingrocks.net](http://accountingrocks.net)



*A few people will change your life forever...*

*Find them.*



*Few people get to change lives forever...*

*Be one of them.*

YOU

A R E A

HIGHLIGHT

OF MY

LIFE!

THANKS