**UIL ACCOUNTING**

**Invitational 2015-A**

**Group 1**

**Identify the account classification of items 1 through 12 by writing the correct identifying letter on your answer sheet AND indicate the increase side of the account by writing DR for debit or CR for credit. Both parts of each compound answer must be correct in order for your response to be counted correct.**

 **A. Asset D. Revenue DR=debit**

 **B. Liability E. Cost of Merchandise Sold CR=credit**

 **C. Capital F. Expense**

 1. the amount owed to a supplier

 2. the amount of supplies on hand available for future use

 3. Sales Discounts

 4. the value of supplies used this fiscal period

 5. Fees earned by a service-oriented business

 6. Transportation In

 7. the single account that contains amounts invested by the owner, amounts withdrawn

 by the owner in prior years, plus the net income (and net losses) from prior years

 8. the value of insurance still in force for the next fiscal period

 9. Accounts Payable

10. Utilities Expense

11. the amount owed to the state for state sales taxes collected

12. the controlling account for the subsidiary ledger that includes the company’s

 customers

**Group 2**

**The adjusted trial balance columns of the work sheet of Samsing Co. (a service business) for the year ended December 31, 2014 revealed the following information:**

|  |  |
| --- | --- |
| **Total Assets** | **142,690**  |
| **Total Liabilities** | **43,447** |
| **Owner’s capital account balance** | **103,431** |
| **Owner’s withdrawals** | **2,000** |
| **Total Revenue** | **82,430** |
| **Total Expenses** | **84,618** |

**The general ledger also revealed that the owner made two investments in the business during 2014 as follows:**

|  |  |
| --- | --- |
| **April 16, 2014** | **$10,000** |
| **July 1, 2014** | **6,000** |

**For questions 13 through 20, write “True” if the statement is true; write “False” if it is false.**

13. The net loss for the year 2014 was <$2,188>.

14. The balance in the capital account in the Trial Balance column of the worksheet

 for the twelve months ended December 31, 2014 was $87,431.

15. There is an adjusting entry on the worksheet for the twelve months ended

 December 31, 2014 that includes a credit to the capital account for $16,000.

16. The balance in the capital account in the General Ledger on January 1, 2014

 was $87,431.

17. If Samsing Co. does not use a separate financial statement that reports the

 changes in owner’s equity from the beginning of the year to the end of the year,

 then this information could be presented in the owner’s equity section of the

 balance sheet dated December 31, 2014.

18. The first closing entry would include debit(s) to the revenue account(s)

 totaling $82,430.

19. The second closing entry would include a debit to Income Summary of $2,000.

20. The balance of the capital account on the post-closing trial balance dated

 December 31, 2014 was $99,243.

**Group 3**

**Moondollar owed the three suppliers $37,629 as of March 31, 2014, and one of these was Mocha Company for $10,215. On April 30, 2014 the balance of the controlling account for Accounts Payable had decreased by $9,219 since the beginning of the month.**

**From Moondollar’s**

**General Ledger**:

 **Accounts Payable**

|  |  |
| --- | --- |
|  |  (04-01-14) |
|  |  |
| (April 2014)\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_ (April 2014) |
|  |  |
|  |  (04-30-14) |
|  |  |

**Moondollar’s Accounts Payable Subsidiary Ledger:**

  **Mocha Company Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 04-01-14 |  |  | ? |
| April 2014 | 27,985 | 32,810 | ? |

 **Vanilla Co. Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 04-01-14 |  |  | ? |
| April 2014 | ? | 24,695 | ? |

  **Chi Tea Co. Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 04-01-14 |  |  | ? |
| April 2014 | 44,128 | 35,275 | 7,081 |

**For questions 21 through 23, write the correct amount on your answer sheet. All three of these questions examine the subsidiary account of Vanilla Co.:**

21. What was the balance of the account on 3-31-14?

22. What was the balance of the account on 4-30-14?

23. How much did Moondollar pay to Vanilla Co. on account in the month of April?

**Group 4**

**The information in the table below is for a sole proprietorship and is taken from the Income Statement columns of the work sheet for the twelve months ended December 31, 2014. All accounts have normal balances and are listed in random order.**

**Merchandise Inventory on January 1, 2014 was $18,642. During the year 2014 the owner withdrew $15,000 and also made one additional investment of $8,575. The Statement of Changes in Owner’s Equity for the twelve months ended December 31, 2014 showed an ending balance of $97,849.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Income Summary** | **1,648 CR** |  | **Insurance Expense** | **2,016** |
| **Purchases Ret. & Allow.** | **3,290** |  | **Rent Expense** | **7,860** |
| **Net Sales** | **84,370** |  | **Transportation In** | **3,642** |
| **Utilities Expense** | **2,460** |  | **Supplies Expense** | **1,712** |
| **Purchases Discounts** | **1,647** |  | **Purchases** | **53,565** |

**For questions 24 and 25 write the correct amount on your answer sheet.**

**What is the correct amount of:**

\*24. the owner’s capital account balance in the Trial Balance column of the work sheet

 for the twelve months ended 12-31-14?

\*\*25. the owner’s capital account balance on the prior year’s Post-Closing Trial Balance

 dated December 31, 2013?

**Group 5**

**On November 1, 2014 Barbara Sayle, owner of Sayle Boat Supply, received a bank statement dated October 30, 2014. It is company policy to record any necessary journal entries and to update the checkbook balance after the bank reconciliation is completed. Barbara compared the company’s checkbook records with the bank statement and found the following:**

* The October bank statement shows an ending balance of $4,362.94
* The statement shows the October bank service charge of $22.75
* A check from Ben Waters for $367.80 that was deposited in the business bank account on October 27 was returned by the bank. Barbara’s bank charged her 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 $2,618 was made on October 31 but does not appear on the bank statement.
* Four October checks do not appear on the bank statement:

 Check #5081 for $227.14 Check #5084 for $16.04

 Check #5082 for $1,285.27 Check #5085 for $464.37

**For questions 26 and 27, write the correct amount on your answer sheet.**

26. What is the reconciled (adjusted) bank balance on October 31, 2014?

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

**Group 6**

**Keep Running Co. is a retail shoe store and uses the following order to close the temporary accounts at the end of the fiscal year:**

* **Close appropriate accounts with credit balances in one combined entry.**
* **Close appropriate accounts with debit balances in one combined entry.**
* **Close the Income Summary account.**
* **Close the owner’s drawing account.**

**The adjusted trial balance for Keep Running Co. for the calendar year 2014 follows. All accounts have normal balances. Kym Breaker invested $25,000 in cash in her business during 2014.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash in Bank** | **8,796** |  | **Sales Discounts** | **3,172** |
| **Accounts Receivable** | **3,215** |  | **Sales Returns & Allow.** | **2,448** |
| **Merchandise Inventory** | **14,170** |  | **Purchases** | **53,806** |
| **Prepaid Insurance** | **740** |  | **Purchases Discounts** | **1,678** |
| **Equipment** | **10,395** |  | **Purchases Returns & Allow.** | **1,044** |
| **Store Fixtures** | **22,650** |  | **Transportation In** | **3,240** |
| **Accounts Payable** | **15,207** |  | **Rent Expense** | **5,100** |
| **Kym Breaker, Capital** | **41,944** |  | **Salary Expense** | **12,630** |
| **Kym Breaker, Withdrawals** | **10,000** |  | **Payroll Tax Expense** | **1,307** |
| **Income Summary** | **1,260 DR** |  | **Advertising Expense** | **2,024** |
| **Sales** | **98,260** |  | **Insurance Expense** | **3,180** |

**For questions 28 through 38, write the correct amount on your answer sheet.**

28. What was the balance of Kym Breaker, Capital on January 1, 2014?

29. What is the amount of Cost of Delivered Merchandise?

30. What is the amount of Net Purchases?

31. What was the amount that affected Income Summary in the first closing entry?

32. What was the amount that affected Income Summary in the second closing entry?

\*33. What was the amount of the third closing entry?

 \*34. What was the balance of Kym Breaker, Capital on 12-31-14 after all closing entries

 were posted?

 \*35. What was the amount of beginning inventory on January 1, 2014?

36. What was the amount of Prepaid Insurance on the trial balance of the work sheet

 for the year ended 12-31-14?

37. What is the amount of net sales?

38. What is the amount of gross profit?

**Group 7**

**A company’s unadjusted and adjusted trial balances for the twelve months ending December 31, 2014 are as follows:**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Unadjusted** |  | **Adjusted** |
|  | **Trial Balance** |  | **Trial Balance** |
|  | **Debit** | **Credit** |  | **Debit** | **Credit** |
| **Cash** | **11,240** |  |  | **11,240** |  |
| **Office Supplies** | **3,094** |  |  | **550** |  |
| **Merchandise Inventory** | **24,780** |  |  | **26,410** |  |
| **Prepaid Insurance** | **3,056** |  |  | **776** |  |
| **Equipment** | **52,980** |  |  | **52,980** |  |
| **Accounts Payable** |  | **12,478** |  |  | **12,478** |
| **Lynn Abdou, Capital** |  | **74,282** |  |  | **74,282** |
| **Lynn Abdou, Drawing** | **10,000** |  |  | **10,000** |  |
| **Income Summary** |  |  |  |  | **1,630** |
| **Sales** |  | **94,310** |  |  | **94,310** |
| **Purchases** | **58,220** |  |  | **58,220** |  |
| **Rent Expense** | **17,700** |  |  | **17,700** |  |
| **Office Supplies Expense** |  |  |  | **2,544** |  |
| **Insurance Expense** |  |  |  | **2,280** |  |
|  **Subtotals** | **181,070** | **181,070** |  | **182,700** | **182,700** |

**For questions 39 through 51, write the correct amount on your answer sheet.**

39. What is the amount of office supplies used during 2014?

40. What is the amount of unexpired insurance on 12-31-14 after the end-of-year

 adjustment?

41. If the company bought $2,479 of office supplies during 2014, what was the amount

 of supplies on hand on January 1, 2014?

42. What is the amount of expired insurance?

43. If the Prepaid Insurance account had a January 1, 2014 debit balance of $728, what

 was the amount of insurance purchased during the year 2014?

44. If the owner’s capital account had a January 1, 2014 credit balance of $39,282, what

 amount of capital contribution did the owner make to the business during the year

 2014?

45. What is the amount of Cost of Merchandise Available for Sale?

46. What is the amount of Cost of Merchandise Sold?

47. What is the amount of Gross Profit?

48. On the Income Statement for the twelve months ended December 31, 2014, what is

 the amount of Total Expenses?

49. What is the amount of net income that should be shown on the Statement of

 Changes in Owner’s Equity for the twelve months ended 12-31-14?

\* 50. On the Statement of Changes in Owner’s Equity for the twelve months ended

 December 31, 2014, what is the correct amount of ending capital?

51. On the Post-Closing Trial Balance dated December 31, 2014, what is the amount of

 Lynn Abdou, Capital?

**Group 8**

**Match the correct formula (choices A through P) to the term below. Consider each term and formula as it applies to a merchandising business.**

|  |  |
| --- | --- |
| **A** | **Beginning Inventory less Ending Inventory** |
| **B** | **Beginning Inventory plus Net Purchases** |
| **C** | **Beginning Inventory plus Cost of Merchandise Sold** |
| **D** | **Cost of Delivered Merchandise less the contra cost of merchandise accounts** |
| **E** | **Cost of Delivered Merchandise plus the contra cost of merchandise accounts** |
| **F** | **Cost of Merchandise Available less Ending Inventory** |
| **G** | **Cost of Merchandise Available plus Ending Inventory** |
| **H** | **Gross Profit on Sales less Total Expenses** |
| **I** | **Net Purchases plus Transportation In** |
| **J** | **Net Sales less Total Expenses** |
| **K** | **Net Sales less Cost of Merchandise Sold** |
| **L** | **Net Sales plus Cost of Merchandise Sold** |
| **M** | **Purchases plus Transportation In** |
| **N** | **Purchases plus Transportation In plus Purchases Discounts plus Purchases Returns and Allowances** |
| **O** | **Sales less Sales Discounts and Sales Returns and Allowances** |
| **P** | **Sales plus Transportation In** |

**For terms 52 through 57, write on your answer sheet the identifying letter of the correct formula.**

52. Net Purchases

53. Gross Profit on Sales

54. Cost of Merchandise Sold

55. Cost of Delivered Merchandise

56. Net Income

57. Cost of Merchandise Available for Sale

**Group 9**

**Refer to Table 1 on page 11 for the income statement, statement of changes in owner’s equity, and balance sheet of the Bush Company prior to the discovery of several major errors.**

**The following errors and omissions were made by Bush and discovered by the independent auditor:**

**1. Bush prepared the bank reconciliation for December, but failed to record the**

 **entries required to reflect the following:**

 **A. bank service charges for December $25**

 **B. customer check returned for insufficient funds $210 (Customer account**

 **was reopened and collection efforts are ongoing.)**

 **C. bank charge for the NSF check $35. (No attempt will be made by Bush**

 **to collect this fee from the customer.)**

 **D. Failure to record an electronic funds transfer of December 29 paying a**

 **vendor on account $275.**

**2. Bush failed to record $1,200 in customer invoices on account.**

**3. The ending inventory of supplies on hand was overstated by $400.**

**4. The company that performed the physical inventory of merchandise sent a**

 **letter of apology for their errors. The ending inventory as of 12-31-14 originally**

 **reported by them and used by Bush to prepare the financial statements was**

 **understated by $1,090.**

**5. Unrecorded invoices were found in the desk of Bush’s accounts payable clerk**

 **who was recently fired. The unpaid invoices were for advertising and utilities**

 **incurred in December 2014 that are payable in January 2015 totaling $935.**

**6. Bush misread the insurance policy terms which caused Prepaid Insurance to**

 **be understated by $150.**

**7. A capital contribution made by the owner in April, 2014 in the amount of $5,000**

 **was recorded in error as sales.**

**Consider that all corrections have been made and the financial statements are prepared correctly. For questions 58 through 68 write the correct amount for each on your answer sheet.**

58. Investments by Owner (correct amount that should appear on the Statement of

 Changes in Owner’s Equity)

\*59. Cash

60. Accounts Receivable

61. Supplies

62. Prepaid Insurance

63. Merchandise Inventory

64. Accounts Payable

\*65. Ted Bush, Capital (correct amount that should appear on the Balance Sheet dated

 December 31, 2014)

\*\*66. Gross Profit

67. Expenses

\*\*68. Net Income

**Group 10**

**Sara Raynes is a sole proprietor and interior designer. She has been in business for several years. Regular operating transactions are journalized daily and posted no less often than monthly. She prepares adjusting entries and financial statements on a monthly basis. However, she prepares closing entries only at the end of her fiscal year, which is December 31.**

**Table 2 on pages 12 and 13 shows her year-to-date, adjusted account balances as of November 30, 2014 in the form of T-accounts. (Accounts with a zero balance are not included because of space limitations on the page.)**

**The balance of Accounts Receivable on 11-30-14 consists of one customer account.**

**Sara Raynes made a capital contribution only once during the year (on March 7, 2014) in the amount of $15,000. The transaction was correctly recorded and posted in the month of March 2014.**

**Table 2 also shows her transactions for the month of December 2014. Additional information is provided that will be needed for adjusting entries at the end of December.**

**Company procedure is to record purchases of supplies and insurance in asset accounts and adjust for ending supplies on hand and unexpired insurance at the end of each month.**

**For questions 69 through 73 use the above data and Table 2. Consider in each case that all the transactions for December 2014 have been journalized and posted correctly, but no adjusting or closing entries have been made for December. Write the identifying letter of the best answer on your answer sheet.**

\*69. The balance in the Cash in Bank account is

 A. $13,974 B. $21,408 C. $22,068 D. $35,382 E. $40,142

\*70. The balance of the Supplies account is

 A. $1,425 B. $2,670 C. $3,255 D. $4,500 E. $5,925

71. The balance of the Prepaid Insurance account is

 A. zero B. $1,782 C. $1,944 D. $2,098 E. $3,792

\*72. The balancing total of the trial balance is

 A. $179,606 B. $182,034 C. $186,696 D. $201,696

73. In the General Ledger on January 1, 2014, the balance of Sara Raynes, Capital was

 A. zero B. $15,000 C. $69,226 D. $84,226 E. $99,226

**Group 10\_continued**

**Continue to use the information in Group 10 and Table 2. Consider now that the work sheet has been prepared for the twelve months ending December 31, 2014 and that any necessary adjusting entries have been prepared and posted to the general ledger. Closing entries have not been journalized at this time. For questions 74 through 78 write the identifying letter of the best answer on your answer sheet.**

\*74. The balance of the Supplies Expense account is

 A. $10,990 B. $15,490 C. $18,745 D. $19,990

75. The balance of the Insurance Expense account is

 A. zero B. $162 C. $1,694 D. $1,782 E. $1,856 F. $1,944

76. The balance of Prepaid Insurance is

 A. zero B. $162 C. $1,694 D. $1,782 E. $1,856 F. $1,944

\*77. The net income for the twelve months ending December 31, 2014 is

 A. $21,269 B. $37,451 C. $59,136 D. $64,769 E. $69,431

\*78. The subtotal of the work sheet’s Balance Sheet Debit column before net income

 is calculated is

 A. $32,789 B. $76,289 C. $149,245 D. $153,907 E. $186,696

**Continue to use the information in this group, and now for questions 79 and 80 assume that all closing entries have been journalized and posted.**

79. Accounts with a zero balance are:

 A. Insurance Expense; Design Fees; Sara Raynes, Drawing

 B. Design Fees; Delivery Expense; Prepaid Insurance

C. Sara Raynes, Drawing; Sara Raynes, Capital

 D. Design Fees; Sara Raynes, Drawing; Supplies

\*80. The balance of the account called Sara Raynes, Capital is

A. $69,226 D. $105,495

 B. $84,226 E. $120,495

 C. $90,495 F. $148,995

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

***Table 1***

**(for questions 58 through 68)**

|  |
| --- |
| ***Bush Company*** |
| ***Income Statement*** |
| ***For the Twelve Months Ended December 31, 2014*** |
| **Sales** | **72,980** |  |
| **Cost of Merchandise Sold** | **42,590** |  |
| **Gross Profit** |  | **30,390** |
| **Expenses** |  | **24,155** |
| **Net Income**  |  | **6,235** |

|  |
| --- |
| ***Bush Company*** |
| ***Statement of Changes in Owner’s Equity*** |
| ***For the Twelve Months Ended December 31, 2014*** |
| **Beginning Capital, January 1, 2014** |  | **19,620** |
| **Add: Investments by Owner** | **10,000** |  |
|  **Net Income** | **6,235** |  |
| **Total Increase in Capital** |  | **16,235** |
| **Subtotal** |  | **35,855** |
| **Less: Withdrawals by Owner** |  | **2,500** |
| **Ending Capital, December 31, 2014** |  | **33,355** |

|  |
| --- |
| ***Bush Company*** |
| ***Balance Sheet*** |
| ***December 31, 2014*** |
| ***Assets*** |  |  | ***Liabilities*** |  |
| **Cash** | **18,645** |  | **Accounts Payable** | **14,815** |
| **Accounts Receivable** | **2,400** |  |  |  |
| **Supplies** | **1,810** |  | ***Owner’s Equity*** |  |
| **Prepaid Insurance** | **750** |  | **Ted Bush, Capital** | **33,355** |
| **Merchandise Inventory** | **24,565** |  |  |  |
|  |  |  | ***Total Liabilities and*** |  |
| ***Total Assets*** | **48,170** |  |  ***Owner’s Equity*** | **48,170** |

***Table 2***

**(for questions 69 through 80)**

**December 2014 Transactions:**

Date

 1 Issued a check for $425 for the December rent.

 1 Issued check #3311 for $1,944 for a 12-month insurance policy. The coverage

 is effective on this date.

 2 Issued a check to purchase design supplies $650.

 4 Received invoice from Designer Ideas for fabric samples purchased on

 account, $250.

 5 Received $960 for design services performed.

 8 Issued a check to Design Supply in payment on account, $2,740.

 9 Received $1,800 from Dale Jenkins on account.

 9 Issued a check for $1,980 for design supplies.

 10 Used debit card to pay for truck rental used to transport equipment and supplies

 to a design job for a museum $285.

 12 Issued an invoice on account to Central Shopping Center $8,250 for the

 completion of designing and installing Christmas displays.

 15 Issued a check for $205 for utilities used at the office.

 18 Issued a check for $3,500 for a new leather couch for the office waiting room.

 20 Received $500 for redecorating the university president’s home.

 22 Issued a check for $3,000 for owner’s personal use.

 27 Received $1,500 for redecorating a commercial property.

 30 Issued a check to Designer Ideas for $1,630 on account.

 31 Issued check for $2,000 for owner’s personal use.

 31 Used debit card to buy design supplies $375.

**Other Information:**

* Physical inventory of supplies on December 31, 2014 was $1,425
* Summary of insurance policies purchased:
	+ December 1, 2013 $1,848 for a 12-month policy (coverage effective 12-1-13)
	+ December 1, 2014 (see above check #3311)

UIL Accounting Invitational 2015-A ***Table 2 continued*** -13-

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  |  |  |  |
|  **Cash in Bank**  |  |  **Accounts Receivable** |  |  **Supplies** |
| ***(11-30-14)* 35,382** |  |  | ***(11-30-14)* 1,800** |  |  | ***(11-30-14)* 2,670** |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  **Prepaid Insurance**  |  |  **Furniture & Equipment** |
|  |  |  | ***(11-30-14)* 0**  |  |  | ***(11-30-14)* 69,380** |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  **Accts. Pay.—Designer Ideas** |  |  **Accts. Pay.—Design Supply** |  |  **Sara Raynes, Capital** |
|  | ***(11-30-14)* 1,630** |  |  | ***(11-30-14)* 2,740** |  |  | ***(11-30-14)* 84,226** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  **Sara Raynes, Drawing** |  |  **Design Fees** |  |  **Rent & Utilities Expense** |
| ***(11-30-14)* 38,500** |  |  |  | ***(11-30-14)* 91,010** |  | ***(11-30-14)* 7,480** |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  **Insurance Expense**  |  |  **Delivery Expense**  |  |  **Supplies Expense** |
| ***(11-30-14)* 1,694** |  |  | ***(11-30-14)* 7,210** |  |  | ***(11-30-14)* 15,490** |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |