**UIL ACCOUNTING**

**Invitational 2016-A**

**Group 1**

**In items 1 through 5 are listed some of the accounts that appear in the Account Title section of a work sheet. Indicate whether the normal account balance will be entered in the debit or the credit column of the Trial Balance section of the work sheet using the following code:**

**DR = Trial Balance debit column**

**CR = Trial Balance credit column**

1. Prepaid Insurance

2. Sales Tax Payable

3. Purchases

4. Fees Earned

5. Rent Expense

**Group 2**

**Georgia Company began operations of a service business on Jan 8, 2015 when the owner invested $50,000 cash in the business. The fiscal year end is December 31.**

**During 2015, the company had service revenue of $79,844; of this amount, $52,918 was collected during 2015 and the rest was considered a collectible outstanding receivable at year-end.**

**Georgia incurred $62,518 of expenses during 2015; of this amount, $20,257 was unpaid as of December 31, 2015.**

**The owner withdrew $7,500 of cash from the business on December 20, 2015.**

**Use the above information to answer questions 6 through 9. Write the correct amount on your answer sheet.**

6. What is the balance of the cash account on 12-31-15?

7. What is the amount of total liabilities on 12-31-15?

8. What is the company’s net income for 2015?

\*9. What is the balance in the capital account after closing entries for 2015 are posted?

**Group 3**

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

**Data: Bank Service Charge for December is $18.40**

**Deposits in transit on December 31 are $672.15 and $3,224.31 Reconciled bank balance on December 31 is $2,743.11**

**Outstanding checks on December 31 are $562.47, $91.18, and $682.73**

**For questions 10 and 11, write the correct amount on your answer sheet.**

\*10. Given the above facts, what was the amount that was printed on the bank statement

as the closing balance for December?

11. What was the balance in the cash account in the accounting records prior to

reconciling the bank statement for December?

**Group 4**

**The balance in the Supplies account on January 1 was $2,425. During the year supplies were purchased as follows: $1,892, $3,261, $1,207, and $951. A physical inventory taken on December 31 totaled $2,890.**

**Use the information above to answer questions 12 through 15. Write the identifying letter of the best response on your answer sheet.**

12. What amount should appear in the work sheet’s unadjusted trial balance column for

the account called Supplies?

A. zero C. $2,890 E. $7,311 G. $ 9,736

B. $2,425 D. $6,846 F. $7,776 H. $10,201

13. What amount should appear in the work sheet’s unadjusted trial balance column for

the account called Supplies Expense?

A. zero C. $2,890 E. $7,311 G. $ 9,736

B. $2,425 D. $6,846 F. $7,776 H. $10,201

\*14. What amount should appear in the work sheet’s adjustment columns to indicate the

supplies usage for the period?

A. zero C. $2,890 E. $7,311 G. $ 9,736

B. $2,425 D. $6,846 F. $7,776 H. $10,201

15. What amount should appear in the work sheet’s balance sheet column for the

account called Supplies?

A. zero C. $2,890 E. $7,311 G. $ 9,736

B. $2,425 D. $6,846 F. $7,776 H. $10,201

**Group 5**

**Some amounts are omitted in each of the following financial statements:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Income Statement** | | | |
| **For the Year Ended December 31, 2015** | | | |
|  | **Sheldon Company** | **Leonard Company** | **Howard Company** |
| Revenues | 80,462 | (e) | (h) |
| Expenses | 61,947 | 59,224 | 62,706 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Owner’s Equity Statement** | | | |
| **For the Year Ended December 31, 2015** | | | |
|  | **Sheldon Company** | **Leonard Company** | **Howard Company** |
| Capital, January 1 | (a) | 7,240 | 11,376 |
| Additional Capital Investment | 20,000 | 35,000 | (i) |
| Net Income <Loss> | (b) | 3,723 | <8,415> |
| Drawing | 5,000 | (f) | 500 |
| Capital, Dec. 31 | (c) | 44,463 | ? |

|  |  |  |  |
| --- | --- | --- | --- |
| **Balance Sheet** | | | |
| **December 31, 2015** | | | |
|  | **Sheldon Company** | **Leonard Company** | **Howard Company** |
| Total assets | (d) | 55,334 | 42,685 |
| Total liabilities | 34,690 | (g) | 31,724 |
| Total owner’s equity | 112,930 | ? | ? |

**Determine the missing amounts for items “a” through “i” shown above and that correspond to questions 16 through 24 below. Write the correct amount for each on your answer sheet. A net loss must be indicated by brackets or parentheses. (Question marks above indicate an unknown, but are not questions to be answered below.)**

\*16. Item a

17. Item b

18. Item c

19. Item d

20. Item e

21. Item f

22. Item g

23. Item h

24. Item i

**Group 6**

**Saundra Best started a baking service in January of 2015. In this month she completed ten transactions which were all journalized and posted correctly. She correctly prepared the trial balance that follows.**

**Best Bakery**

**Trial Balance**

**January 31, 2015**

|  |  |  |
| --- | --- | --- |
|  | Debit | Credit |
| Cash | 12,480 |  |
| Accounts Receivable | 285 |  |
| Supplies | 2,650 |  |
| Kitchen Appliances | 6,500 |  |
| Computer Equipment | 2,000 |  |
| Accounts Payable |  | 4,000 |
| Saundra Best, Capital |  | 20,000 |
| Saundra Best, Drawing | 4,000 |  |
| Sales |  | 4,340 |
| Supplies Expense | 0 |  |
| Advertising Expense | 425 |  |
| Totals | 28,340 | 28,340 |

**Additional Information:**

1. **The owner withdrawal was for cash.**
2. **All kitchen appliances (and only kitchen appliances) were purchased on account with a down payment of $2,500.**
3. **Only one customer made a payment on account and it was for $315.**
4. **All of the radio and newspaper advertising was broadcast and printed during the month of January.**

**Analyze the trial balance to determine what the ten transactions were. For questions 25 through 35, on your answer sheet, write True if the statement is true; write False if the statement is false.**

25. The amount of owner’s capital contribution is $20,000.

26. Part of the $425 in Advertising Expense belongs in an account called Prepaid

Advertising.

27. The amount in Kitchen Appliances should be $9,000 because of the down payment

amount.

28. A customer charged $600 for birthday cake to feed a very large crowd.

29. The Accounts Receivable account was credited for $315.

30. The $4,340 in Sales consists of two types of transactions: one for a baking service

provided on account and others for services provided for cash.

31. Sales at the time the baked goods were provided that resulted in an immediate

increase to Cash was for $4,340.

32. The supplies purchased resulted in a credit to Cash for $2,650.

33. The correct amount of Supplies on the Trial Balance cannot be determined

because the supplies inventory as of January 31 is not known.

34. The total of the debits to Cash is $24,055.

35. The total of the credits to Cash is $7,575.

**Group 7**

**Use the following information (arranged in alphabetical order) to answer questions 36 through 42. Write the correct amount on your answer sheet. All accounts have normal balances.**

|  |  |
| --- | --- |
| **Cost of delivered merchandise** | **80,771** |
| **Cost of merchandise available for sale** | **108,246** |
| **Gross profit** | **58,824** |
| **Net purchases** | **76,616** |
| **Net sales** | **136,800** |
| **Purchases** | **?** |
| **Purchases discounts** | **?** |
| **Purchases returns and allowances** | **1,743** |
| **Sales** | **143,232** |
| **Sales discounts** | **?** |
| **Sales returns and allowances** | **2,747** |
| **Transportation in** | **3,829** |

\*36. What is the amount of beginning inventory?

37. What is the amount of ending inventory?

38. What is the amount of purchases?

39. What is the amount of purchases discounts?

40. What is the amount of sales discounts?

41. What is the amount of cost of merchandise sold?

\*42. What is the amount of net income if expenses were $44,174?

**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, 2015?

43. Supplies

44. Prepaid Insurance

45. Merchandise Inventory

\*46. Mary Brighton, Capital

47. Mary Brighton, 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 $1,410 on the line for Income Summary resulted from an adjusting

entry.

49. Insurance expense for the year 2015 consists of the amount of unexpired insurance

premiums on January 1, 2015 plus ten twelfths of the premium paid on 3-1-15.

50. The amount of supplies used during 2015 was $4,290.

51. A closing entry resulted in an increase to Cash.

**Group 9 continued**

52. The amount of insurance that should be reported as an asset on the Balance Sheet

dated December 31, 2015 is $720.

53. The physical inventory of supplies on hand on December 31, 2015 was $510.

54. Merchandise Inventory decreased from January 1, 2015 to December 31, 2015.

55. The capital contribution made on June 4, 2015 is the main reason there is a net

profit for the year 2015.

56. Total Expenses on the Income Statement for the twelve months ending

December 31, 2015 equal $13,580.

**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. The work sheet is more than a planning tool; it is considered a permanent

accounting record.

D. A work sheet may be prepared in pencil.

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

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 3-1-15 was posted to the general ledger

with a posting date of March 1, 2015

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

**Group 10 continued**

61. Which of the following statements is false?

A. The balance of the Merchandise Inventory account in the general ledger on

January 1, 2015 was $18,650.

B. Until the adjusting entries are journalized and posted, Merchandise Inventory will

continue to have a general ledger balance of $17,240.

C. The clerk who performed the physical inventory of the merchandise in the store

on December 31, 2015 determined the correct amount of merchandise

inventory to be $17,240.

D. The adjustment for merchandise inventory on December 31, 2015 requires a

credit to the asset account called Merchandise Inventory.

62. The first closing entry includes a

A. debit to Income Summary for $92,400

B. credit to Income Summary for $92,400

C. credit to Sales for $94,200

D. credit to Mary Brighton, Capital for $92,400

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

65. The second closing entry includes a

A. debit to Mary Brighton, Capital for $84,717

B. debit to Income Summary for $73,307

C. credit to Income Summary for $74,717

D. debit to Income Summary for $74,717

66. To close the drawing account

A. debit Income Summary for $10,000

B. credit Mary Brighton, Drawing for $10,000

C. debit Mary Brighton, Capital for $10,000

D. both A and B are correct

E. both B and C are correct

**Group 10 continued**

\*67. The only remaining closing entry of a temporary capital account requires a

A. debit to Income Summary

B. debit to Mary Brighton, Capital

C. credit to Mary Brighton, 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, 2015 is

A. $44,862 B. $48,362 C. $56,045 D. $59,545 E. $66,045

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. in force at the beginning of the fiscal period

B. bought during the fiscal period

C. available during the fiscal period

D. used 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 expenses

C. overstatement of assets only

D. overstatement of assets and ending owner’s capital

**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, 2015.**

72. The Cost of Merchandise Available for Sale is

A. $18,650 B. $38,808 C. $52,182 D. $53,592 E. $70,832

73. The Cost of Merchandise Sold is

A. $18,650 B. $38,808 C. $52,182 D. $53,592 E. $70,832

\*74. The amount of Gross Profit is

A. $18,650 B. $38,808 C. $52,182 D. $53,592 E. $70,832

**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>** | Apple | Orange | Peach | Banana |
| **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 fruit names as indicators.

A. Peach Banana B. Peach Orange C. Apple Banana D. Apple Orange

**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 Mary Brighton has the following unadjusted and adjusted trial balances as of December 31, 2015.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Unadjusted** | |  | **Adjusted** | |
|  | **Trial Balance** | |  | **Trial Balance** | |
|  | **Debit** | **Credit** |  | **Debit** | **Credit** |
| **Cash in Bank** | **4,740** |  |  | **4,740** |  |
| **Accounts Receivable** | **3,600** |  |  | **3,600** |  |
| **Merchandise Inventory** | **18,650** |  |  | **17,240** |  |
| **Supplies** | **4,905** |  |  | **720** |  |
| **Prepaid Insurance** | **3,930** |  |  | **570** |  |
| **Equipment** | **31,650** |  |  | **31,650** |  |
| **Accounts Payable** |  | **2,475** |  |  | **2,475** |
| **Mary Brighton, Capital** |  | **48,362** |  |  | **48,362** |
| **Mary Brighton, Drawing** | **10,000** |  |  | **10,000** |  |
| **Income Summary** |  |  |  | **1,410** |  |
| **Sales** |  | **92,400** |  |  | **92,400** |
| **Purchases** | **52,182** |  |  | **52,182** |  |
| **Rent Expense** | **8,100** |  |  | **8,100** |  |
| **Utilities Expense** | **4,320** |  |  | **4,320** |  |
| **Advertising Expense** | **1,160** |  |  | **1,160** |  |
| **Supplies Expense** |  |  |  | **4,185** |  |
| **Insurance Expense** |  |  |  | **3,360** |  |
| **Subtotals** | **143,237** | **143,237** |  | **143,237** | **143,237** |

**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:**

* Mary transferred from her personal savings account to her business bank account $3,500 on June 4, 2015.
* Supplies purchased throughout the year 2015 totaled $4,290
* The only insurance premium paid during 2015 was on March 1 for $3,420, which was a twelve-month policy