**UIL Accounting**

**Invitational 2019-A**

**Group 1**

**For items 1 through 9, on your answer sheet write YES if the answer is yes; write NO if the answer is no.**

1. Is Accounts Receivable a real account?

2. Is Prepaid Insurance a nominal account?

3. Is Cash Short and Over a real account?

4. Is Supplies Expense a temporary account?

5. Should the Income Summary account appear on the Post-Closing Trial Balance?

6. Should Merchandise Inventory appear on the Post-Closing Trial Balance?

7. Should the owner’s withdrawal account appear on the Post-Closing Trial Balance?

8. Does the owner’s capital account belong on the Post-Closing Trial Balance?

9. Is the Petty Cash account a permanent account?

**Group 2**

**Analyze each of the following transactions into debit and credit parts. Company accounting methods require that all supplies and insurance purchased be posted initially to the respective asset account.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **A** | **Advertising Expense** |  | **E** | **Merchandise Inventory** |  | **I** | **Prepaid Insurance** |
| **B** | **Cash** |  | **F** | **Miscellaneous Expense** |  | **J** | **Sales** |
| **C** | **Income Summary** |  | **G** | **Owner’s capital** |  | **K** | **Supplies** |
| **D** | **Insurance Expense** |  | **H** | **Owner’s withdrawals** |  | **L** | **Supplies Expense** |

**Using the account titles chart above, write the identifying letter of the correct response for items 10 through 23 on your answer sheet.**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
| Closing entry for Supplies Expense | #10 | #11 |
| Adjusting entry for prepaid insurance expired | #12 | #13 |
| Closing entry for Income Summary with a net loss | #14 | #15 |
| Entry to adjust Merchandise Inventory from a beginning inventory of $9,500 to an ending inventory of $9,000 | #16 | #17 |
| Closing entry for owner’s drawing account | #18 | #19 |
| Adjusting entry for supplies used | #20 | #21 |
| Closing entry for revenue account | #22 | #23 |

**Group 3**

**On February 1, 2019 Bill Mayo, owner of the Mayo Veterinary Clinic, received a bank statement dated January 29, 2019. It is company policy to record any necessary journal entries and to update the checkbook balance after the bank reconciliation is completed. Dr. Mayo compared the company’s checkbook records with the bank statement and found the following:**

* The January 2019 bank statement shows a beginning balance of $4,694.03, total deposits of $34,682.90, total checks of $34,585.01, the Amy Murphy returned check and bank handling fee (see details in the next paragraph), and a deduction of $15.60 for the January bank service charge (that is calculated based on activity in the account, which is different each month).
* A check from Amy Murphy for $360 that was deposited in the business bank account on January 27 was returned by the bank on January 28. On this same day, the bank charged Dr. Mayo’s account with a $15 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 $3,245 was made on January 30 but does not appear on the bank statement.
* Four checks written in January do not appear on the bank statement as cleared:

 Check #4405 for $24.00 Check #4408 for $184.99

 Check #4407 for $1,842.33 Check #4409 for $634.20

**For questions 24 through 26, write the correct amount on your answer sheet.**

24. What was the ending balance on the bank statement dated January 29, 2019?

25. What is the reconciled (adjusted) bank balance on January 31, 2019?

\*26. What was the balance in the checkbook immediately before the bank reconciliation

 was prepared?

**Group 4**

**For questions 27 through 30, write the correct amount on your answer sheet.**

27. Your company purchased merchandise on account from a supplier on January 3 for $2,438 with terms of sale of 2/10, n/30. You paid the invoice on January 12. What was the amount of your check?

28. Your company sold merchandise to a customer for $690 plus 8.5% sales tax, FOB shipping point. Freight for the shipment was $145, which you paid to Spiffy Freight Company. How much does your customer owe you upon receipt of your merchandise and invoice?

**Group 4 continued**

29. On the first day of January, the Petty Cash account had a balance of $200, which agreed to the amount of actual cash in the petty cash box. During the month the fund was increased by $25. Actual vouchers in the box on January 31 before replenishment totaled $208.53. Included in the replenishment journal entry on January 31, a credit to Cash Short and Over was made for $1.95. How much cash was actually in the box immediately preceding the replenishment on January 31?

30. In the first week of operation, an auto lube business reported the following: taxable

sales $2,960, non-taxable sales $2,645, and state sales tax collected $240. The

previous three items include customer sales on account for $685. No bank credit cards were accepted. The company started and ended the week with $500 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. During the week the owner used some of the cash in the cash register to purchase small items as follows: $6 for postage, $35 for advertising in the high school basketball programs, and $24 for office supplies. The owner also had three customers pay on their accounts for a total received of $325. When the cash drawer was checked up at the end of the week, it was neither short nor over. What was the correct amount of the bank deposit made on Friday for the week?

**Group 5**

**The following are all of the accounts of Mustard Company that have a balance at the end of December, the company’s first month of operation. All accounts have normal balances.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Accounts Payable** | **7,895** |  | **Rent Expense** | **580** |
| **Accounts Receivable** | **3,410** |  | **Salaries Expense** | **3,915** |
| **Advertising Expense** | **1,850** |  | **Service Revenue** | **14,400** |
| **Cash** | **7,240** |  | **Gabe French, Capital** |  **?** |
| **Store Equipment** | **31,500** |  | **Gabe French, Drawing** | **4,000** |
| **Office Equipment** | **4,800** |  |  |  |

**For questions 31 through 35, write the correct amount on your answer sheet.**

31. What is the amount of net income?

32. What is the amount of capital on the trial balance?

33. What is the amount of the balancing totals on the trial balance?

34. What is the amount that the owner invested in the business?

\*35. What is the amount of owner’s equity as of December 31 that should be reported on

 the balance sheet?

**Group 6**

**Use the following information to answer questions 36 and 37.**

**On a given balance sheet, total assets were $136,249 and liabilities were $18,756.**

**The following errors and omissions were made by the accountant:**

 **1. Charge sales of $750 were not recorded.**

 **2. The invoice for repairs expense on account $285 was lost in the mail and**

 **was not recorded.**

 **3. The accountant failed to take an inventory of office supplies, which**

 **caused the Office Supplies account to be overstated by $1,640.**

 **4. The accountant misread the insurance policy term, which caused**

 **Insurance Expense to be overstated by $860.**

 **5. The physical count of ending merchandise inventory was understated by**

 **$2,945.**

**For question #36, write the identifying letter of the best response on your answer sheet.**

36. These combined errors will cause the following sections of the UNCORRECTED

 balance sheet to be:

 **Total Assets** **Total Liabilities** **Owner’s Equity**

 A. correctly stated correctly stated correctly stated

 B. understated correctly stated understated

 C. overstated understated overstated

 D. understated understated understated

 E. overstated overstated overstated

**For question #37, write the correct amount on your answer sheet.**

 \*37. What is the amount of capital on the CORRECTED balance sheet?

**Group 7**

**Super-Charged is a retail store that sells batteries 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 of Super-Charged for the calendar year 2018 follows. All accounts have normal balances. Hannah invested $8,000 in cash in her business during 2018. The merchandise inventory on 1-1-18 was $26,270. Salary Expense is equal to 14% of gross sales. The gross profit for 2018 is $40,320, which represents 42% of net sales.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash in Bank** | **3,405** |  | **Sales Discounts** | **2,763** |
| **Accounts Receivable** | **1,488** |  | **Sales Returns & Allow.** | **1,487** |
| **Merchandise Inventory** |  **?** |  | **Purchases** |  **?** |
| **Prepaid Insurance** | **2,860** |  | **Purchases Discounts** | **3,974** |
| **Equipment** | **8,260** |  | **Purchases Returns & Allow.** | **2,469** |
| **Store Fixtures** | **15,875** |  | **Transportation In** | **3,824** |
| **Accounts Payable** | **4,845** |  | **Rent Expense** | **8,160** |
| **Hannah Wilkes, Capital** |  **?** |  | **Salary Expense** |  **?** |
| **Hannah Wilkes, Withdrawals** | **10,000** |  | **Payroll Tax Expense** | **1,314** |
| **Income Summary** | **1,975 DR** |  | **Advertising Expense** | **896** |
| **Sales** |  **?** |  | **Insurance Expense** | **2,940** |

**For questions 38 through 51, write the correct amount on your answer sheet.**

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

 for the twelve months ended 12-31-18?

\*39. What was the amount that affected Income Summary in the first closing entry?

\*40. What was the amount that affected Income Summary in the second closing entry?

\*41. What was the amount of the third closing entry?

**On the Income Statement for the twelve months ended December 31, 2018, what is the correct amount of…**

42. gross sales 46. Cost of Delivered Merchandise

\*43. Purchases 47. merchandise inventory on 12-31-18

44. Net Purchases 48. Cost of Merchandise Available for Sale

45. Salary Expense

**What was the balance of Hanna Wilkes, Capital…**

\*49. on the work sheet in the Trial Balance column

\*50. in the general ledger after all 2018 closing entries are posted

\*\*51. in the general ledger on January 1, 2018

**Group 8**

**Refer to Table 1 on page 9. Mark the identifying letter of the BEST answer on your answer sheet for questions 52 through 64.**

52. Transaction #1 has the following effects on the accounting equation:

 Assets Liabilities Owner’s Equity

 A. increase no change decrease

 B. decrease no change increase

 C. increase no change increase

 D. increase increase no change

53. Transaction #3 has the following effects on the accounting equation:

 Assets Liabilities Owner’s Equity

 A. decrease no change increase

 B. decrease decrease no change

 C. increase decrease decrease

 D. decrease no change decrease

54. Transaction #4 has the following effects on the accounting equation:

 Assets Liabilities Owner’s Equity

 A. increase decrease increase

 B. no overall effect no change no change

 C. increase increase no change

 D. decrease increase no change

55. Transaction #5 has the following effects on the accounting equation:

 Assets Liabilities Owner’s Equity

 A. decrease no change decrease

 B. increase increase no change

 C. no overall effect no change no change

56. Transaction #6 has the following effects on the accounting equation:

 Assets Liabilities Owner’s Equity

 A. increase no change increase

 B. no overall effect no change no change

 C. decrease no change decrease

 D. increase increase no change

57. Transaction #7 has the following effects on the accounting equation:

 Assets Liabilities Owner’s Equity

 A. increase no change increase

 B. no overall effect no change no change

 C. increase no change decrease

 D. increase decrease no change

**Group 8 continued**

58. Transaction #8 has the following effects on the accounting equation:

 Assets Liabilities Owner’s Equity

 A. increase increase no change

 B. no change increase increase

 C. increase no change increase

 D. increase no change decrease

59. Transaction #9 has the following effects on the accounting equation:

 Assets Liabilities Owner’s Equity

 A. decrease no change decrease

 B. decrease increase no change

 C. no change decrease increase

 D. decrease decrease no change

60. Transaction #10 has the following effects on the accounting equation:

 Assets Liabilities Owner’s Equity

 A. increase no change increase

 B. no overall effect no change no change

 C. increase no change decrease

 D. increase decrease no change

61. Looking back at transaction #3 again, the transaction has the following effects on an

 expense account and owner’s equity in general:

 Overall Owner’s Equity Individual Expense Account

 A. decrease decrease

 B. no effect increase

 C. increase decrease

 D. decrease increase

62. Looking back at transaction #8 again, the transaction has the following effects on a

 revenue account and owner’s equity in general:

 Overall Owner’s Equity Individual Revenue Account

 A. no effect increase

 B. decrease decrease

 C. increase increase

 D. no effect no effect

63. After the ten March transactions, the balance of the Cash in Bank account was

 A. $ 11,165 D. $28,790

 B. $ 16,790 E. $30,365

 C. $23,165

**Group 8 continued**

\*64. **For this question only**, assume Billy Zoomer’s company policy is to prepare all

 necessary adjusting entries monthly, and assume the actual inventory of supplies

 on March 31, 2018 was $2,425. What would be the correct amount of net income

 for the month of March?

 A. $5,440 D. $ 8,190

 B. $5,990 E. $ 8,415

 C. $7,640 F. $11,915

**Continue to Refer to Table 1 on page 9. For questions 65 through 80, write the correct amount on your answer sheet.**

**Assume that all transactions for the entire year 2018 have been correctly journalized and posted. On the worksheet, only the unadjusted trial balance has been prepared.**

On the unadjusted trial balance dated December 31, 2018, what is the balance of:

\*65. Cash in Bank 69. Billy Zoomer, Capital

66. Supplies 70. Revenue

67. Accounts Receivable 71. Rent Expense

68. Accounts Payable 72. Supplies Expense

**Assume the entire worksheet for the year ending December 31, 2018 has been correctly prepared.**

In the adjusted trial balance, what is the balance of:

\*73. Prepaid Insurance \*75. Insurance Expense

\*74. Supplies \*76. Supplies Expense

**Assume the financial statements for the year 2018 have been prepared.**

On the Income Statement, what is the correct amount of:

77. Total Expenses

\*78. Net Income

On the Balance Sheet dated December 31, 2018, what is the correct amount of:

\*79. Total assets

\*80. Total ending capital

**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 52 through 80)**

**The following are the first ten transactions of a new business called Zoomer Ziplines that provides guided zipline adventures. These first ten transactions all occurred in March 2018. Billy Zoomer rents the zipline facilities (land, platforms, ziplines, and all fixed equipment) from Raven Company. Supplies and insurance are properly recorded in asset accounts when they are purchased. The general ledger has a controlling account called Accounts Payable and is used for all vendors (whether the purchase on account is for equipment, supplies or various expenses incurred). Billy Zoomer uses the accrual basis of accounting and has chosen a fiscal year end of December 31. He prepares adjusting and closing entries only at the end of each fiscal year.**

 1. Billy Zoomer opened a checking account for the business by depositing $30,000 of

 his personal funds.

 2. Bought 50 sets of new harnesses and helmets (asset account Equipment) on

 account for $12,000 from Adventure Supply.

 3. Paid by check the monthly rent of $3,500 to Raven Company.

 4. Paid by check $6,600 for a 12-month liability insurance policy on March 1, 2018.

 5. Bought supplies by issuing a check for $2,650.

 6. Billy Zoomer invested in the business a passenger van he had owned personally,

 valued at $12,000.

 7. Provided a full-day guided zipline adventure and teambuilding retreat for the

 employees of Jayton Management Co. on account $5,625.

 8. Provided zipline services for various individuals for the month of March and

 received cash $6,290.

 9. Wrote a check to Adventure Supply in partial payment on account, $6,000

10. Received $5,625 from customer, Jayton Management Co. in payment of the

 company retreat held earlier this month.

**Below is a narrative summary of all the transactions that occurred in the months of April through December 2018.**

1. Services performed on account $11,780

2. Services performed for cash $65,920

3. Collections on account (as a result of customer charges that were made April 1 or

 thereafter) $11,085

4. Various expenses incurred and charged on account $11,395

5. Paid by checks the monthly rent for April through December for a total of $31,500

6. Supplies purchased on account $3,795

7. Two payments by checks to Adventure Supply for $1,800 each for the equipment purchased in March

8. Payments on account to vendors other than Adventure Supply $9,705

9. Owner withdrawal by check $25,000

**Other Information:**

The physical inventory of supplies on December 31, 2018 was $1,870