Contestant #\_\_\_\_\_\_

Team #\_\_\_\_\_\_

UNIVERSITY INTERSCHOLASTIC LEAGUE

ACCOUNTING EXAM

Invitational 2021-A

**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”.**

**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** |

**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.**

**If the answer has zero cents, it is not necessary to write the decimal or the zeroes for cents.**

**A dollar amount with cents must have two decimal places. A required decimal point must be clearly visible and in the correct position.**

**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.**

**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.”**

**Work papers and the test itself are never reviewed by graders.**

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**UIL Accounting**

**Invitational 2021-A**

**Group 1**

**The owner of a small sole proprietorship uses three financial statements at the end of each month. These are the balance sheet, income statement, and statement of changes in owner’s equity. The owner’s equity section of the balance sheet only shows the ending capital amount. The income statement includes a detailed section for cost of merchandise sold and gross profit. The company uses the periodic inventory method.**

**For items 1 through 13, indicate on which financial statement(s) the item will appear. Write the identifying letter of the correct response on your answer sheet.**

**A. Balance Sheet only**

**B. Income Statement only**

**C. Statement of Changes in Owner’s Equity only**

**D. Balance Sheet and Statement of Changes in Owner’s Equity**

**E. Income Statement and Statement of Changes in Owner’s Equity**

**F. Balance Sheet and Income Statement**

1. cost of merchandise sold 8. fees earned

2. beginning balance of merchandise inventory 9. net loss

3. investments made by owner during the fiscal period 10. owner withdrawals

4. beginning balance of capital 11. prepaid insurance

5. ending balance of capital 12. insurance expense

6. sales tax payable 13. transportation in

7. ending balance of merchandise inventory

**Group 2**

**Selected information from the work sheet for the twelve months ended December 31, 2020 is shown below. For questions 14 through 17, write the correct amount on your answer sheet.**

|  |  |  |
| --- | --- | --- |
|  **ACCOUNT TITLE**  | **TRIAL BALANCE** | **ADJUSTED TRIAL BALANCE** |
| **DEBIT** | **CREDIT** | **DEBIT** | **CREDIT** |
| Prepaid Insurance |  **Q#14** |  | 1,170 |  |
| Supplies | 12,750 |  | 1,855 |  |
| Merchandise Inventory | 65,730 |  |   **Q#15** |  |
| Income Summary |  |  | 1,530 |  |
| Insurance Expense |  |  | 4,620 |  |
| Supplies Expense |  |  |  **Q#16** |  |

\*17. If the amount of Prepaid Insurance in the Adjusted Trial Balance Debit column

 represents three months of a 12-month premium paid during the year 2020, what

 was the balance of Prepaid Insurance on January 1, 2020?

**Group 3**

**For Q #18 (in table below) write the correct amount on your answer sheet.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2018** | **2019** | **2020** |
| The Owner, Capital, January 1 | **-0-** | **??** | **??** |
| Owner’s investments during the year | **125,000** | **50,000** | **5,000** |
| Total revenue | **115,403** | **175,445** | **207,634** |
| Total expenses | **110,061** | **Q# 18** | **142,567** |
| The Owner, Withdrawals | **1,500** | **25,000** | **80,000** |
| The Owner, Capital, December 31 | **??** | **??** | **184,147** |

**Group 4**

**It is company policy to record any necessary journal entries and to update the checkbook balance after the bank reconciliation is completed. The company does not know the amount of any bank charges until the bank statement is received.**

**Data: Bank Service Charge for December is $16.50**

 **Deposits in transit on December 31 are $1,347.19 and $2,040.16 Reconciled bank balance on December 31 is $2,463.69**

 **Outstanding checks on December 31 are $864.10, $29.15 and $2,610.04**

**For questions 19 and 20, write the correct amount on your answer sheet.**

\*19. Given the above facts, what was the amount that was printed on the bank statement

 as the closing balance for December?

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

 reconciling the bank statement for December?

**Group 5**

**Various account titles from the work sheet of a profitable service business (under normal circumstances) are listed below with identifying letters. In questions 21 through 26, identify which account would reflect each condition given across the work sheet. Write the identifying letter on your answer sheet.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A** | **Accounts Receivable** |  | **D** | **Income Summary** |
| **B** | **Sam Stone, Capital** |  | **E** | **Insurance Expense** |
| **C** | **Fees Earned** |  | **F** | **Prepaid Insurance** |

 **Trial Income Balance**

 **Balance Adjustments Statement Sheet**

21. debit balance N/A N/A debit balance

22. credit balance N/A N/A credit balance

23. N/A debit amount debit balance N/A

24. debit balance credit amount N/A debit balance

25. N/A N/A N/A N/A

26. credit balance N/A credit balance N/A

**Group 6**

**For items 27 through 36, if the statement is a true statement, write “True” on your answer sheet. If the statement is a false statement, write “False” on your answer sheet.**

27. The GAAP principle of “revenue recognition” is that revenue is recorded on the date

 earned, even if cash has not been received.

28. An account’s normal balance is always on the side used to record increases to that

 account.

29. Accounts Payable is the amount of money owed, or payable, to the customers of a

 business.

30. In a manual accounting system, the accounting information is processed by hand

 and the use of a calculator is not allowed.

31. Each of the three types of business operations (service, merchandising and

 manufacturing) sells products or services and incurs expenses.

32. Accounts Payable is a temporary account because eventually the business will pay

 all it owes to creditors.

33. A sole proprietorship is sometimes simply called a proprietorship.

34. When a business buys an item on credit, it is referred to as buying on the future.

35. Cash withdrawals by the owner decrease owner’s equity by decreasing assets and

 the owner’s financial claim.

36. The ledger is called the book of original entry.

**Group 7**

**The partially completed income statements for Silver’s Gifts and Bookstore for the years 2019 and 2020 follow. The gross profit percentage in 2019 was 40% and in 2020 was 42% Determine the missing amounts in items 37 through 47 and write the correct amount on your answer sheet.**

|  |  |  |
| --- | --- | --- |
|  | **2019** | **2020** |
| **Revenues** | 80,640 | **#42** |
| **Beginning Inventory** |  **\* #37** |  **??** |
| **Purchases** | 50,464 | 53,806 |
| **Transportation In** | 4,685 | 5,200 |
| **Purchases Discounts** | 3,295 |  **\* #43** |
| **Purchases Returns & Allowances** | 2,675 | 3,055 |
| **Net Purchases** | **#38** | **#44** |
| **Cost of Merchandise Available for Sale** | **#39** | **#45** |
| **Ending Inventory** | 12,765 | 10,945 |
| **Cost of Merchandise Sold** | **#40** | 53,621 |
| **Gross Profit** | **#41** |  **\* #46** |
| **Expenses** | 24,350 | **#47** |
| **Net Income** | **??** | 4,219 |

**Group 8**

**Three customers owed a total of $92,645 to a business called Tim’s Tools as of November 30, 2020 and one of these customers was Wilson’s Fence Co. that owed $42,800. During December 2020, Wilson’s charged on account $16,750 and Borland Company paid on account $22,690. On December 31, 2020 the balance of Tim’s controlling account for Accounts Receivable had decreased by $980 since the beginning of the month.**

**From Tim’s**

**General Ledger**: **Accounts Receivable**

|  |  |
| --- | --- |
| (12-1-2020)  |  |
|  |  |
| (Dec 2020) \_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_ (Dec 2020) |
|  |  |
| (12-31-2020)  |  |
|  |  |

**Tim’s Accounts Receivable Subsidiary Ledger:**

**Borland Company Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 12-1-2020 |  |  |  |
| Dec 2020 | 18,370 |  |  |

**Jill’s Supply Co. Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 12-1-2020 |  |  | 24,970 |
| Dec 2020 |  | 20,000 | 24,615 |

**Wilson’s Fencing Co. Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 12-1-2020 |  |  |  |
| Dec 2020 |  |  |  |

**For questions 48 through 50 write the correct amount on your answer sheet.**

48. What is the total amount of charges made by all three customers in December?

\*49. What amount did Wilson’s pay to Tim’s during the month of December 2020?

50. What was the balance of Wilson’s account on 12-31-2020?

**Group 9**

**Following are the accounts of Jayne’s Sewing Circle as of September 30, 2020. All accounts have normal balances. It is the company’s policy to prepare adjusting and closing entries only at the end of the fiscal year, which is December 31.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash in Bank** | **8,710** |  | **Jayne Payne, Capital** | **39,940** |
| **Accounts Receivable** | **1,865** |  | **Jayne Payne, Drawing** | **22,500** |
| **Supplies on Hand** | **4,280** |  | **Services Income** | **38,725** |
| **Sewing Equipment** | **30,000** |  | **Rent Expense** | **6,750** |
| **Office Equipment** | **2,500** |  | **Utilities Expense** | **2,070** |
| **Accounts Payable** | **1,825** |  | **Repairs Expense** | **1,815** |

**During October 2020, the business completed the following transactions:**

 Trans 1 Paid cash for October rent $750

 **Trans 2 Purchased supplies on account $900**

 **Trans 3 Paid $825 on account**

 **Trans 4 Received cash for services performed $560**

 **Trans 5 Paid cash for owner to use for personal expenses $2,500**

 **Trans 6 Performed services on account $1,800**

 **Trans 7 Purchased additional sewing equipment on account $3,600**

 **Trans 8 Received $845 on account**

 **Trans 9 Paid cash for repairs to equipment $260**

 **Trans 10 Received cash for services performed $210**

 **Trans 11 Paid cash for October’s utilities $290**

**For questions 51 through 57 write the correct amount on your answer sheet.**

51. What is the total of the credits posted to the Cash in Bank account resulting from

 October transactions?

52. What is the total amount due to creditors on October 31?

53. What is the total on the Schedule of Accounts Receivable on October 31?

54. By what amount did the Services Income account increase from October 1 to

 October 31?

\*\*55. What is the amount of net income for the month of October (disregard any

 necessary adjusting entries)?

 \*56. What is the balance of the Cash in Bank account on October 31?

 \*57. If a physical inventory of supplies on October 31 indicated $1,370 on hand, what

 amount should be recorded as expense if this were the end of the fiscal year?

**Group 10**

**Abbie Anderson is the sole owner of Abbie’s Attic Treasures that sells vintage furnishings and gifts. Abbie began operations on March 1, 2018.**

**The business rents a building space but needs insurance coverage on the merchandise inventory, supplies and all equipment in the store.**

**It is company policy to record adjusting and closing entries only at the end of the fiscal year, which is December 31. Abbie uses a 10-column work sheet at the end of each fiscal year.**

**Listed below are the payments of the 12-month insurance policy purchased and renewed since the business started. It is the only business insurance policy owned by Abbie.**

|  |  |
| --- | --- |
| **Date** | **Amount Paid** |
| 4-1-18 | $3,720 |
| 4-1-19 | $3,900 |
| 4-1-20 | $4,080 |

**For questions 58 through 66, write the correct amount on your answer sheet.**

What is the amount on the work sheet for Prepaid Insurance for each of the following:

58. on 12-31-18 in the Trial Balance column

59. on 12-31-19 in the Trial Balance column

\*60. on 12-31-20 in the Trial Balance column

What is the amount on the work sheet for Insurance Expense for each of the following:

61. on 12-31-18 in the Adjusted Trial Balance column

62. on 12-31-19 in the Adjusted Trial Balance column

63. on 12-31-20 in the Adjusted Trial Balance column

What is the amount on the work sheet for Prepaid Insurance for each of the following:

64. on 12-31-18 in the Adjusted Trial Balance column

65. on 12-31-19 in the Adjusted Trial Balance column

\*66. on 12-31-20 in the Adjusted Trial Balance column

**Group 11**

**Lawns Plus provides landscaping services and uses the following policy when closing the temporary accounts at the end of the fiscal year:**

 **First, close all revenue accounts in one combined entry.**

 **Second, close all expense accounts in one combined entry.**

 **Third, close the Income Summary account.**

 **Fourth, close the owner’s drawing account.**

**The adjusted trial balance data for Lawns Plus for the calendar year 2020 follows. All accounts have normal balances. Clay Poston invested $32,250 in cash in his business on February 4, 2020.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash in Bank** | **5,960** |  | **Commercial Service Fees** | **25,862** |
| **Accounts Receivable** | **1,525** |  | **Landscape Design Fees** | **3,270** |
| **Supplies** | **625** |  | **Rent Expense** | **3,100** |
| **Prepaid Insurance** | **2,800** |  | **Utilities Expense** | **856** |
| **Equipment** | **75,825** |  | **Supplies Expense** | **3,380** |
| **Truck** | **49,325** |  | **Salary Expense** | **2,605** |
| **Accounts Payable** | **1,850** |  | **Truck Expense** | **3,845** |
| **Clay Poston, Capital** | **130,164** |  | **Advertising Expense** | **1,720** |
| **Clay Poston, Withdrawals** | **30,000** |  | **Insurance Expense** | **5,100** |
| **Residential Service Fees** | **25,835** |  | **Miscellaneous Expense** | **315** |

**The words “red, blue, yellow, green” are referenced in the questions to be answered in this group.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Capital** |  |  |  | **Income Summary** |
|  | \_\_red\_\_ |  | 01-01-20  |  |  |  |
|  |  \_\_\_\_\_\_\_\_  |  | 02-04-20 | 12-31-20 closing entries | \_\_\_blue\_\_\_ | \_\_yellow\_\_ |
|  |  |  |  |  |  |  |
| \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ |  | 12-31-20closing entries |  |  |  |
|  |  |  |  |  |  |  |
|  | \_\_green\_\_ |  | 12-31-20balance after closing entries |  |  |  |

**For questions 67 through 73 write the correct amount on your answer sheet.**

67. What is the amount of “red” in the Capital account?

68. What is the amount of “blue” in the Income Summary account?

69. What is the amount of “yellow” in the Income Summary account?

70. What is the amount of “green” in the Capital account?

71. What was the balance of the Capital account in the general ledger on 01-01-20?

\*72. What was the amount of Capital in the Trial Balance column of the work sheet for

 the twelve months ended 12-31-20?

\*73. What was the amount of Capital on the Post-Closing Trial Balance dated 12-31-20?

**Group 12**

**The following information was taken from the accounting records of Dunn-Rite Services. Purchases of supplies and insurance are first recorded in the respective asset accounts. Adjusting and closing entries are prepared only at the end of the fiscal year, which is December 31. All accounts have normal balances.**

|  |  |  |
| --- | --- | --- |
|  | **Post-Closing****Trial Balance****Dated 12-31-2019** | **Balances on 12-31-2020 After Adjusting Entries and Before Closing Entries** |
| **Cash** | **3,710** | **16,095** |
| **Accounts Receivable** | **2,960** | **4,075** |
| **Supplies on Hand** | **1,860** | **3,150** |
| **Prepaid Insurance** | **925** | **1,025** |
| **Equipment** | **-0-** | **?** |
| **Accounts Payable** | **4,780** | **5,275** |
| **Brady Dunn, Capital** | **?** | **?** |

**Information Regarding 2020 Transactions:**

1. **Services performed on account $47,960**
2. **Services performed for cash $59,330**
3. **Various expenses incurred and charged on account $24,395**
4. **Various expenses incurred and paid by cash $36,310**
5. **Insurance premiums paid in advance by check $2,460**
6. **Owner cash withdrawals $30,000**
7. **The supplies bought during the year were paid for by cash**
8. **Supplies used $7,330**
9. **Owner investment of cash during 2020 was $25,000**
10. **The remainder of the credits to Cash represent cash purchases of equipment**

**For questions 74 through 80, write the correct amount on your answer sheet.**

**What is the…**

\*74. amount of cash paid on accounts payable in 2020?

\*75. total amount received from credit customers in 2020?

\*76. total amount of equipment purchased in 2020?

\*77. amount of total expenses on the income statement for 2020?

78. amount of capital after 12-31-20 adjusting entries but before closing entries?

\*79. net income for the year 2020?

\*80. capital amount on the December 31, 2020 Post-Closing Trial Balance?

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