

UIL ACCOUNTING
Invitational 2008-A

Group 1

For each item 1 through 6, write "Yes" if all data for that account is correct; write "No" if any of the data is incorrect for that account.

	Account	Account Classification	Account's Normal Balance		Increase Side		Decrease Side	
			DR	CR	DR	CR	DR	CR
1.	Sales Tax Payable	Liability		✓		✓	✓	
2.	David Sills, Drawing	Capital	✓		✓			✓
3.	Prepaid Insurance	Expense	✓		✓			✓
4.	Purchases	Cost of Merchandise	✓		✓		✓	
5.	Cash in Bank	Asset	✓			✓	✓	
6.	Rental Revenue	Revenue		✓		✓	✓	

Group 2

PETTY CASH REPORT				
Date: December 31, 2007		Custodian: Jody Hall		
Explanation	Reconciliation		Replenish Amount	
Fund total		200.00		
Payments:				
Supplies				
Postage	41.00			
Miscellaneous	18.15			
Less: Total payments			→	
Equals: Recorded amount on hand				
Less: Actual amount on hand		15.95		
Equals: Cash short or over? <u>short</u>		.45	→	
Amount to replenish				

For questions 7 and 8, write the correct amount on your answer sheet.

7. What is the amount to replenish?

8. What was the amount spent for supplies?

Group 3

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

**Income Statement
For the Year Ended December 31, 2007**

	Lassie Company	Snoopy Company	Pluto Company
Revenues	(a)	86,210	62,410
Expenses	27,295	92,970	(g)

**Owner's Equity Statement
For the Year Ended December 31, 2007**

	Lassie Company	Snoopy Company	Pluto Company
Capital, January 1	56,219	48,815	(h)
Additional Capital Investment	(b)	50,000	25,000
Net Income <Loss>	6,422	(d)	<2,300>
Drawing	10,000	2,500	7,500
Capital, Dec. 31	57,641	(e)	

**Balance Sheet
December 31, 2007**

	Lassie Company	Snoopy Company	Pluto Company
Total assets	(c)	112,035	53,980
Total liabilities	24,615	(f)	(i)
Total owner's equity			43,855

Determine the missing amounts for items "a" through "i" and write the correct amount for each on your answer sheet. A net loss must be indicated by brackets or parentheses.

9. Item a
10. Item b
11. Item c
12. Item d
13. Item e
14. Item f
15. Item g
16. Item h
17. Item i

Group 4

For questions 18 through 29, refer to the document below and write the identifying letter of the best response on your answer sheet.

No. 1782 \$ <u>200.00</u>		Darcey Landscaping Services		No. 1782
Date <u>January 3, 2008</u>		1650 Jayco Street		
To <u>Davis Oil Co.</u>		Delton, TX 77777		<u>January 3, 2008</u>
For <u>fuel</u>		Pay to the Order of <u>Davis Oil Co.</u>		\$200.00
Bal Brought Fwd	<u>6,870.00</u>	<u>Two hundred and no/100</u>		DOLLARS
Deposits <u>Jan. 2</u>	<u>1,100.00</u>	First State Bank		
Total	<u>7,970.00</u>	Delton, Texas		
This Check	<u>200.00</u>	For <u>Account # 113-44</u>		<u>Sidney Darcey</u>
Bal to Carry Fwd	<u>7,770.00</u>	⑆111777777⑆ 11333 38 1782		

18. The payee is

A. Darcey Landscaping Services	C. Sidney Darcey
B. Davis Oil Co.	D. First State Bank

- *19. The drawer is

A. Darcey Landscaping Services	C. Sidney Darcey
B. Davis Oil Co.	D. First State Bank

20. The drawee is

A. Darcey Landscaping Services	C. Sidney Darcey
B. Davis Oil Co.	D. First State Bank

- *21. The check stub balance immediately after check #1781 was written was

A. \$1,100	B. \$6,870	C. \$7,770	D. \$7,970
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22. Checks should be

A. typewritten	D. computer-generated
B. written in ink	E. either A or B only
C. written in pencil	F. either A, B, or D

23. When writing a check for payment, which of the following should be prepared first?

A. the check	C. the check endorsement
B. the check stub	D. the bank reconciliation

24. The Federal Deposit Insurance Corporation insures bank deposits up to \$_____ per depositor.

A. \$1,000	B. \$10,000	C. \$100,000	D. \$1,000,000
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Group 4 continued

25. Only authorized persons may sign a check. An authorized person is the person(s) who
- A. is listed on the company's website.
 - B. the bank personnel designate for each account.
 - C. signed the signature card for the account when the account was opened.
 - D. is selected by the FDIC.
26. A system that allows banks to transfer funds among accounts quickly and accurately without the exchange of checks is called
- A. Paperless Monetary Exchange System
 - B. Electronic Funds Transfer System
 - C. E-bank Money Transport System
 - D. Internet Funds Exchange
27. In an effort to protect a check from alteration some businesses prepare checks using a check-writing machine which ? the amount of the check in words on the Dollars line.
- A. endorses
 - B. paints a hologram of
 - C. uses a special dye to encrypt
 - D. perforates
28. Which of the following statements about a voided check is false?
- A. If an error is made while writing a check, that check is not used.
 - B. Corrected checks look suspicious to banks so the incorrect check is voided and a new check is prepared.
 - C. A voided check may be placed in a special file or it may be folded and stapled to the check stub.
 - D. A voided check is not journalized for purposes of internal control of cash.
29. Determining that the balance shown in the checkbook agrees to the balance of the Cash In Bank account is called
- A. proving the ledger
 - B. the Schedule of Cash
 - C. a bank reconciliation
 - D. proving cash
 - E. reconciling petty cash

Group 5

Determine the unknown amount in each of the following independent situations. The amounts in the Beginning and Ending Balance columns represent normal balances. Answer questions 30 through 32 by writing the correct amount on your answer sheet.

Account	Beginning Balance	Ending Balance	Other Information
Accounts Payable	59,600	15,420	Paid on account \$48,720
Prepaid Insurance	1,840	2,150	Insurance expired during the period \$2,290
Owner's Capital	64,980	82,395	Owner's withdrawals \$3,000 Owner's investments \$15,000

- 30. What amount was purchased on account from vendors during the period?
- *31. What was the amount of net income or net loss for the period?
- 32. What amount of insurance premiums were paid during the period?

Group 6

For statements 33 through 39, on your answer sheet write True if the statement is true; write False if the statement is false.

- 33. Financial accounting focuses on reporting information to external users, whereas management accounting focuses on reporting information to internal users.
- 34. The definition of double-entry accounting is a system of recordkeeping in which each business transaction is recorded affecting no more than two accounts and then is double-checked for accuracy.
- 35. The definition of a temporary capital account is an investment where funds are kept earning interest until the funds are needed for business operations.
- 36. In the accounting cycle a transaction is first journalized and then is posted.
- 37. If the posting process is interrupted, the posting reference signals the point at which posting stopped.
- 38. The accounting usage of the term "ruling" involves the interpretation of a statement issued by the Financial Accounting Standards Board.
- 39. One ledger that most likely would contain accounts with the names of individuals is the Accounts Receivable Ledger.

Group 7

Rufus Company is a retail establishment 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 Rufus Company for the calendar year 2007 follows. All accounts have normal balances. Paige Rufus invested \$15,000 in cash in her business during 2007.

Cash in Bank	4,615	Sales Discounts	3,050
Accounts Receivable	8,750	Sales Returns & Allow.	1,008
Merchandise Inventory	16,740	Purchases	40,253
Prepaid Insurance	875	Transportation In	2,156
Equipment	21,410	Purchases Discounts	3,815
Trucks	32,650	Purchases Returns & Allow.	2,710
Accounts Payable	4,750	Rent Expense	4,200
Paige Rufus, Capital	70,940	Advertising Expense	960
Paige Rufus, Withdrawals	6,000	Insurance Expense	1,800
Income Summary	820 cr	Miscellaneous Expense	1,066
Sales	62,498		

For questions 40 through 50, write the correct amount on your answer sheet.

- *40. What was the balance of Paige Rufus, Capital on January 1, 2007?
- 41. What was the amount that affected Income Summary in the first closing entry?
- 42. What was the amount that affected Income Summary in the second closing entry?
- *43. What was the amount of the third closing entry?
- *44. What was the balance of Paige Rufus, Capital on 12-31-07 after all closing entries were posted?
- *45. What was the amount of beginning inventory on January 1, 2007?
- 46. What was the amount of Prepaid Insurance on the trial balance of the work sheet for the year ended 12-31-07?
- *47. What was the subtotal of the balance sheet debit column on the work sheet for the year ended 12-31-07 before net income or net loss is calculated?
- 48. What is the amount of net sales?
- **49. What is the amount of gross profit?
- 50. What is the amount of cost of merchandise available for sale?

Group 8

Penny Winn owns Get Fit Now which offers memberships to the public for the right to use the fitness facilities. She has been in business for several years. Her fiscal year ends December 31 at which time a work sheet and financial statements are prepared. Regular operating transactions are journalized daily and posted no less often than monthly.

Table 1 on pages 10 and 11 shows her year-to-date unadjusted account balances as of November 30, 2007 in the form of T-accounts. (Accounts with a zero balance are not included because of space limitations on the page.) Table 1 also shows her transactions for the month of December 2007. Additional information is provided that will be needed for end-of-year adjusting entries.

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 the fiscal year.

For questions 51 through 64, indicate for the transaction numbers listed below the debit and credit part of each transaction. Write the correct chart of accounts number (shown after the account title above each T-account) on your answer sheet.

Trans. #	DEBIT	CREDIT
2	51.	52.
4	53.	54.
6	55.	56.
8	57.	58.
10	59.	60.
12	61.	62.
22	63.	64.

For questions 65 through 69 use the above data and Table 1. Consider in each case that all the transactions for December 2007 have been journalized and posted, but no adjusting or closing entries have been made. Write the identifying letter of the best answer on your answer sheet.

65. On the work sheet for the year ended December 31 in the unadjusted trial balance columns, the following account balances are:

	<u>Fitness Supplies</u>	<u>Fitness Supplies Expense</u>
A.	zero	\$3,225
B.	\$ 375	\$2,850
C.	\$3,225	\$ 375
D.	\$3,225	zero
E.	\$2,850	\$ 375
F.	\$2,850	zero
G.	\$1,950	\$1,275

Group 8 continued

66. The December transactions affecting Accounts Payable—Body Builders included:
- A. a debit of \$4,800
 - B. a credit of \$5,000
 - C. a debit of \$5,000
 - D. a credit of \$40,850
- *67. The total of all the expenses shown in the unadjusted trial balance columns of the work sheet for the year ended December 31 is equal to
- A. \$2,945
 - B. \$33,175
 - C. \$35,450
 - D. \$36,120
 - E. \$36,495
- *68. On the unadjusted trial balance for the year ended December 31, the cash account balance is
- A. \$2,490
 - B. \$2,690
 - C. \$7,490
 - D. \$11,090
- *69. On the unadjusted trial balance for the year ended December 31, the Prepaid Insurance account balance is
- A. zero
 - B. \$1,950
 - C. \$6,840
 - D. \$7,210
 - E. \$11,460
 - F. \$18,300

Continue to use the data in Group 8 and Table 1. Consider in each case that adjusting entries have been journalized and posted. Closing entries have not been prepared. For items 70 through 74, write True if the statement is true; write False if the statement is false.

70. The unexpired insurance as of December 31, 2007 is \$7,210 and is found in the Insurance Expense account.
71. The amount of insurance premiums that represent insurance coverage for January 1, 2008 and beyond is \$7,210.
72. The adjusting entry for insurance includes a credit to Prepaid Insurance for \$4,250.
73. The adjusting entry for fitness supplies includes a credit of \$1,275 to Fitness Supplies.
74. On the work sheet for the year ended December 31, the total of the unadjusted trial balance debit column is \$420,485.

Group 8 continued

Continue to use the data in Group 8 and Table 1. Consider in each case that financial statements have been prepared and that adjusting and closing entries have been journalized and posted. For questions 75 through 80 write the correct amount on your answer sheet.

*75. What is the amount of total assets?

*76. What is the amount of total liabilities?

**77. What is the amount of net income for 2007?

78. If the owner invested \$5,000 in the business during 2007, what was the balance in the capital account on January 1, 2007?

**79. What is the balance of the capital account on December 31, 2007 after closing entries have been posted?

*80. What is the balancing total on the post-closing trial balance dated December 31, 2007.

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

Table 1
(for questions 51 through 80)

Trans. # (Transaction numbers also represent the date in December.)

- 1 Issued a check for \$1,000 for the December rent.
- 2 Issued a check to purchase fitness supplies \$375.
- 4 Received invoice from Body Builders for fitness equipment purchased on account, \$4,800.
- 6 Received \$5,950 for membership fees for the week.
- 8 Issued a check to Allfit Equipment Co. in payment on account \$5,000.
- 10 Received \$50 from Tony Ramos on account.
- 12 Issued a check for \$6,840 for insurance that will go into effect in January 2008.
- 13 Received \$7,480 for membership fees for the week.
- 15 Issued a check for \$1,275 for utilities used.
- 17 Issued a check for \$670 for maintenance work on fitness equipment.
- 18 Issued a check for \$1,200 for a new laser printer for the office computer.
- 20 Received \$6,210 for membership fees for the week.
- 22 Issued a check for \$1,000 for owner's personal use.
- 27 Received \$1,560 for membership fees for the week.
- 30 Issued a check to Body Builders for \$5,000 on account.
- 31 Issued check for \$5,000 for owner's personal use.

Other Information Noted as of December 31, 2007:

- 1. Physical inventory of fitness supplies is \$1,950.**
- 2. Unexpired insurance is \$7,210.**

Cash in Bank 110
 (11-30-07) 8,600

Accts. Rec.—Tony Ramos 120
 (11-30-07) 200

Fitness Supplies 130
 (11-30-07) 2,850

Office Equipment 160
 (11-30-07) 6,450

Accts. Pay.—Allfit Eq. Co. 210
 (11-30-07) 9,500

Accts. Pay.—Body Builders 220
 (11-30-07) 40,850

Penny Winn, Capital 310
 (11-30-07) 123,735

Penny Winn, Drawing 320
 (11-30-07) 95,650

Membership Fees Income 410
 (11-30-07) 230,400

Maintenance Expense 510
 (11-30-07) 8,425

Rent Expense 520
 (11-30-07) 11,000

Utilities Expense 530
 (11-30-07) 13,750

Prepaid Insurance 140
 (11-30-07) 11,460

Fitness Equipment 150
 (11-30-07) 246,100

UIL ACCOUNTING—Invitational 2008-A
Key

Group 1	
1	Yes
2	Yes
3	No
4	No
5	No
6	Yes

Group 2	
7	\$ 184.05
8	\$ 124.45

Group 3	
9	\$ 33,717
10	\$ 5,000
11	\$ 82,256
12	\$ <6,760>
13	\$ 89,555
14	\$ 22,480
15	\$ 64,710
16	\$ 28,655
17	\$ 10,125

Group 4	
18	B
*19	C
20	D
*21	B
22	F

Group 4 cont.	
23	B
24	C
25	C
26	B
27	D
28	D
29	D

Group 5	
30	\$ 4,540
*31	\$ 5,415
32	\$ 2,600

Group 6	
33	True
34	False
35	False
36	True
37	True
38	False
39	True

Group 7	
*40	\$ 55,940
41	\$ 69,023
42	\$ 54,493
*43	\$ 15,350
*44	\$ 80,290

Group 7 cont.	
*45	\$ 15,920
46	\$ 2,675
*47	\$ 91,040
48	\$ 58,440
**49	\$ 23,376
50	\$ 51,804

Group 8	
51	130
52	110
53	150
54	220
55	110
56	410
57	210
58	110
59	110
60	120
61	140
62	110
63	320
64	110
65	D
66	C
*67	D
*68	A

Group 8 cont.	
*69	F
70	False
71	True
72	False
73	True
74	True
*75	\$ 270,350
*76	\$ 45,150
**77	\$ 203,115
78	\$ 118,735
**79	\$ 225,200
*80	\$ 270,350