

UNIVERSITY INTERSCHOLASTIC LEAGUE
ACCOUNTING EXAM
Invitational 2019-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”.

For each multiple choice question, write only the identifying letter of the correct answer on your answer sheet.

Acceptable responses (and not case sensitive) for the following are:

Yes	=	Yes or Y
No	=	No or N

If you choose another response for the examples given above, it will be counted as incorrect.

When an answer contains more than one response, all responses must be correct for the answer to be correct. The correct responses may be listed in any order unless the group instructions say otherwise. An incorrect response among the correct responses will cause your answer to be wrong.

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.”

After the start signal is given, you may remove table pages and any work papers from the staple for convenience. Work papers and the test itself are never reviewed by graders.

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
B	Cash
C	Income Summary
D	Insurance Expense

E	Merchandise Inventory
F	Miscellaneous Expense
G	Owner's capital
H	Owner's withdrawals

I	Prepaid Insurance
J	Sales
K	Supplies
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:

<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Owner's Equity</u>
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:

<u>Assets</u>	<u>Liabilities</u>	<u>Owner's Equity</u>
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:

<u>Assets</u>	<u>Liabilities</u>	<u>Owner's Equity</u>
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:

<u>Assets</u>	<u>Liabilities</u>	<u>Owner's Equity</u>
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:

<u>Assets</u>	<u>Liabilities</u>	<u>Owner's Equity</u>
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:

<u>Assets</u>	<u>Liabilities</u>	<u>Owner's Equity</u>
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:

<u>Assets</u>	<u>Liabilities</u>	<u>Owner's Equity</u>
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:

<u>Assets</u>	<u>Liabilities</u>	<u>Owner's Equity</u>
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:

<u>Assets</u>	<u>Liabilities</u>	<u>Owner's Equity</u>
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:

<u>Assets</u>	<u>Liabilities</u>	<u>Owner's Equity</u>
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:

	<u>Overall Owner's Equity</u>	<u>Individual Expense Account</u>
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:

	<u>Overall Owner's Equity</u>	<u>Individual Revenue Account</u>
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

UIL ACCOUNTING—Invitational 2019-A KEY

Group 1	
1	Yes
2	No
3	No
4	Yes
5	No
6	Yes
7	No
8	Yes
9	Yes

Group 2	
10	C
11	L
12	D
13	I
14	G
15	C
16	C
17	E
18	G
19	H
20	L
21	K
22	J
23	C

Group 3	
24	\$ 4,401.32
25	\$ 4,960.80
*26	\$ 5,351.40

Group 4	
27	\$ 2,389.24
28	\$ 893.65
29	\$ 18.42
30	\$ 5,420

Group 5	
31	\$ 8,055
32	\$ 35,000
33	\$ 57,295
34	\$ 35,000
*35	\$ 39,055

Group 6	
36	D
*37	\$ 120,123

Group 7	
38	\$ 5,800
*39	\$ 106,693
*40	\$ 91,743
*41	\$ 12,975
42	\$ 100,250
*43	\$ 56,324

Group 7 cont.	
44	\$ 53,705
45	\$ 14,035
46	\$ 60,148
47	\$ 24,295
48	\$ 79,975
*49	\$ 48,363
*50	\$ 51,338
**51	\$ 40,363

Group 8	
52	C
53	D
54	B
55	C
56	A
57	A
58	C
59	D
60	B
61	D
62	C
63	C
*64	C
*65	\$ 30,365
66	\$ 6,445

Group 8 cont.	
67	\$ 695
68	\$ 7,885
69	\$ 42,000
70	\$ 89,615
71	\$ 35,000
72	\$ 0 or zero
*73	\$ 1,100
*74	\$ 1,870
*75	\$ 5,500
*76	\$ 4,575
77	\$ 56,470
*78	\$ 33,145
*79	\$ 58,030
*80	\$ 50,145

Grader #1 _____
Grader #2 _____
Grader #3 _____

Contestant # _____
Team # _____

UIL ACCOUNTING
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SCORING CHART

Number of **correct** answers out of 80
(without considering asterisks)..... times 5 = _____

Plus extra credit for asterisk questions answered **correctly**.
(If the answer is incorrect, draw a line through the block.)

Question Number	Asterisks on Exam	Extra Points If Correct
26	1	
35	1	
37	1	
39	1	
40	1	
41	1	
43	1	
49	1	
50	1	
51	2	
64	1	
65	1	
73	1	
74	1	
75	1	
76	1	
78	1	
79	1	
80	1	

Total Extra Points

TOTAL SCORE.....

