

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

UNIVERSITY INTERSCHOLASTIC LEAGUE  
ACCOUNTING EXAM  
Invitational 2019-B

**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.

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.

A loss, net loss, negative number, or cash short must be indicated by brackets or parentheses. (Minus sign is not acceptable.)

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.”

You must follow group instructions regarding rounding and the format of each answer. A percentage must be expressed as a percentage (not a decimal).

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-B**

**Group 1**

**Brazos Company began operations of a service business on Jan 7, 2018 when the owner invested \$15,000 cash in the business. The fiscal year end is December 31.**

**During 2018, the company had service revenue of \$79,360; of this amount, \$64,390 was collected during 2018 and the rest was considered a collectible outstanding receivable at year-end.**

**Brazos incurred \$71,430 of expenses during 2018; of this amount, \$4,360 was unpaid as of December 31, 2018.**

**The owner withdrew \$3,000 of cash from the business on December 20, 2018.**

**Use the above information to answer questions 1 through 4. Write the correct amount on your answer sheet.**

1. What is the balance of the cash account on 12-31-18?
2. What is the amount of total liabilities on 12-31-18?
3. What is the company's net income for 2018?
- \*4. What is the balance in the capital account after closing entries for 2018 are posted?

**Group 2**

**Answer questions 5 through 8 regarding the six-column worksheet using the identifying letter of the following account titles.**

<b>A</b>	<b>Supplies</b>
<b>B</b>	<b>Joe Anson, Capital</b>
<b>C</b>	<b>Service Revenue</b>
<b>D</b>	<b>Utilities Expense</b>

5. This account has a normal credit balance in the Trial Balance section, and the balance is extended to the Balance Sheet section.
6. This account has a normal debit balance in the Trial Balance section, and the balance is extended to the Income Statement section.
7. This account has a normal credit balance in the Trial Balance section, and the balance is extended to the Income Statement section.
8. This account has a normal debit balance in the Trial Balance section, and the balance is extended to the Balance Sheet section.

**Group 3**

**For questions 9 through 29 write the identifying letter of the best response on your answer sheet.**

9. Which of the following is false?
  - A. Permanent accounts are also known as real accounts.
  - B. Temporary accounts are also known as minimal accounts.
  - C. A company's fiscal year could be the same as the calendar year.
  - D. FICA taxes are exact taxes that are not affected by an employee's allowances or marital status.
10. Accounts Receivable is a \_\_\_\_ because its balance must equal the total of all the account balances in the \_\_\_\_.
  - A. controlling account; subsidiary journals
  - B. asset; general ledger
  - C. controlling account; subsidiary ledger
  - D. driving account; accounts receivable subsidiary ledger
11. In accounting, the financial recordkeeping system in which each business transaction affects at least two accounts is called \_\_\_\_ accounting.
  - A. two-faced
  - B. two-sided
  - C. double-entry
  - D. equation-based
12. Which of the following statements about the post-closing trial balance is true?
  - A. The purpose is to assure that debits and credits in the accounts are in balance before adjusting entries are posted.
  - B. Only subsidiary ledger accounts are included.
  - C. Even general ledger accounts with a zero balance are listed.
  - D. Only general ledger accounts with balances are included.
13. The form of the balance sheet with the liability and capital sections printed below the asset section is referred to as the \_\_\_\_ form.
  - A. vertical format
  - B. horizontal form
  - C. account form
  - D. report form
14. The asset account called Change Fund is usually debited only once \_\_\_\_.
  - A. when the change fund amount is decreased
  - B. when petty cash is replenished
  - C. when the change fund is established
  - D. to record cash shortages from errors in making change
15. In accounting, there are two kinds of equity:
  - A. Receivables and payables
  - B. Controlling and subsidiary
  - C. Liabilities and owner's equity
  - D. Assets and claims against the assets
16. A seller that does not use the account called Transportation In would record freight costs of merchandise purchased for resale in the account called \_\_\_\_.
  - A. Purchases
  - B. Purchases Discounts
  - C. Purchases Returns & Allowances
  - D. FOB Shipping Point

**Group 3 continued**

17. Which of the following errors would leave the trial balance in balance?
- A. a journal entry credited to Sales Tax Payable and incorrectly posted as a debit
  - B. a journal entry debiting Supplies for \$650 and incorrectly posted as a \$560 debit
  - C. a journal entry debited to Rent Expense instead of Advertising Expense
  - D. all of the above
  - E. none of the above

- \*18. Employers are required to furnish Form W-2 to each current employee by Jan. 31 of the next year. If an employee ends employment before December 31, Form W-2 must be furnished
- A. by January 31 of the next year
  - B. within 30 days of the last date of employment if requested by the employee
  - C. within 60 days of the last date of employment
  - D. by December 31 of the year employment ceases

- \*19. A business did not record its expired insurance at the end of the fiscal period. Originally, all insurance premiums had been recorded in Prepaid Insurance. What effect would this error have on the following?

	<u>Assets</u>	<u>Expenses</u>	<u>Net Income</u>	<u>Capital (after closing)</u>
A.	overstated	overstated	understated	overstated
B.	overstated	understated	overstated	unaffected
C.	understated	unaffected	unaffected	overstated
D.	overstated	understated	overstated	understated
E.	none of the above			

20.   ? businesses include clothing stores, car dealers, supermarkets, and hobby shops.

A. Manufacturing    B. Merchandising    C. Service

21. The sequence 2/10, n/30

A. is an example of terms of sale  
 B. communicates a potential 10% discount  
 C. is usually offered by the seller to receive the resulting cash quickly  
 D. both A and C

22. If there is a net loss for the fiscal period, the amount of the net loss would appear on the work sheet in the

A. income statement debit column; the balance sheet credit column  
 B. income statement credit column; the balance sheet credit column  
 C. the income statement debit column; the balance sheet debit column  
 D. the income statement credit column; the balance sheet debit column  
 E. none of the above

23.   ? businesses include travel agencies, beauty salons, movers, repair shops, and real estate offices.

A. Manufacturing    B. Merchandising    C. Service

**Group 3 continued**

24. How are each of the following increased?

	<u><b>Asset</b></u>	<u><b>Liability</b></u>	<u><b>Capital</b></u>	<u><b>Revenue</b></u>	<u><b>Expense</b></u>
A.	debit	debit	credit	debit	credit
B.	debit	credit	credit	credit	credit
C.	credit	credit	debit	credit	debit
D.	debit	credit	credit	credit	debit

25. The net income or net loss reported on the income statement must match the amount calculated on the

- |                                    |                             |
|------------------------------------|-----------------------------|
| A. receipt                         | D. work sheet               |
| B. Schedule of Accounts Receivable | E. unadjusted trial balance |
| C. Post-Closing Trial Balance      | F. subsidiary ledger        |

26. Which of the following is not a basic rule relating to how transactions affect the accounting equation?

- A. When all the changes occur on one side of the accounting equation, increases on that side must be matched by decreases on the same side.
- B. When a transaction increases one side of the accounting equation, the other side of the equation must also be increased by the same amount.
- C. Each transaction changes at least two accounts in the accounting equation.
- D. When a transaction decreases one side of the accounting equation, the other side of the equation must also be increased by the same amount.

27. Which of the following statements about bankcards is false?

- A. Visa, MasterCard, and Discover are examples of bankcards.
- B. When a customer uses a bankcard, the seller of the goods must wait to receive the funds until the customer has repaid the bankcard company.
- C. The sales tax portion of a sale entry creates a liability in the accounting records of the seller.
- D. Bankcard sales are usually recorded by the seller as though they are cash sales.

28. What must be true of changes in owner's equity if a business is to be successful?

- A. The business must have more decreases than increases in owner's equity.
- B. The business must have more increases than decreases in owner's equity.
- C. The owner should draw out of the business for personal use more than the amounts credited to the capital account.

29. In accounting the matching principle means to

- A. report in the same accounting period the revenue from business activities and the expenses associated with earning that revenue.
- B. compare all shipping documents with purchase orders before paying the invoice.
- C. confirm that all previous outstanding checks have now cleared the bank and are properly reported on the bank statement.
- D. use a computer program to find your soul mate.

**Group 4**

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 \$11.50

Deposits in transit on December 31 are \$842.19 and \$2,426.18

Reconciled bank balance on December 31 is \$4,107.06

Outstanding checks on December 31 are \$962.14, \$622.49 and \$2,681.79

For questions 30 and 31, write the correct amount on your answer sheet.

30. Given the above facts, what was the amount that was printed on the bank statement as the closing balance for December?
31. What was the balance in the cash account in the accounting records prior to reconciling the bank statement for December?

**Group 5**

You are the payroll clerk for Jiffy Co. After reviewing the payroll records for the time period January 1 through November 30, 2018, you observed that three employees are approaching the 2018 maximum taxable amount for social security of \$128,400. These employees do not earn a salary or wages; they earn only commissions based on the sales they generate.

You prepared the following electronic spreadsheet to determine how much more in sales each employee needed to reach the maximum taxable amount for social security. However, you lost data when a co-worker tripped on the power cord to your computer.

For questions 32 through 37, write the correct amount or percentage on your answer sheet.

	Earnings to Date	Commission Rate	Additional Sales Needed
Bart Quick	101,082	7.5%	Q#32
Josie Fast	112,200	Q#33	270,000
Albert Speedy	*Q#34	8.0%	9,000

As of November 30, 2018, what was the amount of sales that generated the "Earnings to Date" in the table above for each of the following employees:

35. Bart Quick  
 36. Josie Fast  
 37. Albert Speedy

**Group 6**

Bang Company owed the three suppliers \$50,626 as of August 31, 2018, and one of these was Sheldon Company for \$15,894. On September 30, 2018 the balance of the controlling account for Accounts Payable had increased by \$943 since the beginning of the month.

**From Bang Company's  
General Ledger:**

Accounts Payable	
	(09-01-18)
(Sept 2018) _____	_____ (Sept 2018)
	(09-30-18)

**Bang Company's Accounts Payable Subsidiary Ledger:**

Hofstadter Company	Debit	Credit	Balance
9-01-18			?
Sept 2018	?	9,848	?

Sheldon Company	Debit	Credit	Balance
09-01-18			?
Sept 2018	14,276	13,749	?

Wolowitz Company	Debit	Credit	Balance
09-01-18			?
Sept 2018	23,446	26,718	24,352

**For questions 38 through 40, write the correct amount on your answer sheet. All three of these questions examine the subsidiary account of Hofstadter Company:**

38. What was the balance of the account on 8-31-18?

39. What was the balance of the account on 9-30-18?

40. How much did Bang Company pay to Hofstadter Company on account in the month of September?



**Group 7**

The following rates and maximums per employee per year are in effect:

<b>Social Security</b>	<b>6.2% on gross earnings up to \$128,400</b>
<b>Medicare</b>	<b>1.45% on all earnings</b>
<b>Employee Federal Income Tax</b>	<b>15% on all earnings</b>
<b>Employee State Income Tax</b>	<b>2% on all earnings</b>
<b>Federal Unemployment Tax</b>	<b>.6% on first \$7,000 of gross earnings</b>
<b>State Unemployment Tax</b>	<b>1.5% on first \$9,000 of gross earnings</b>
<b>Overtime</b>	<b>1½ times regular rate for hours worked in excess of 40 hours in a 5-day work week</b>

The applicable employer matching taxes are at the same rate as the employee rate. In this state only employers are subject to unemployment taxes. Any taxes withheld from an employee for state income tax must be remitted by the employer directly to the state. Health insurance premiums are remitted to Best Health Insurance Co.

Selected information from a weekly payroll register for two employees is presented below with some amounts intentionally omitted. Prior to this week's paycheck the accumulated gross earnings respectively for each employee were: Emily \$6,290 and Hannah \$7,980. For this pay period overtime hours respectively are: Emily 10 hours and Hannah 8 hours. The payroll clerk is new to the job and was unsure what to deduct.

<b>Gross Earnings:</b>	<b>Emily</b>	<b>Hannah</b>
<b>Regular</b>		
<b>Overtime</b>	<b>240</b>	<b>240</b>
<b>Total Gross Earnings</b>		
<b>Deductions: ????</b>		
<b>Social Security</b>		
<b>Medicare</b>		
<b>Federal Income Tax</b>		
<b>State Income Tax</b>		
<b>Health Insurance Premium</b>	<b>95.00</b>	<b>80.00</b>
<b>Federal Unemployment Tax</b>		
<b>State Unemployment Tax</b>		
<b>Total Deductions</b>		
<b>Net Pay:</b>		

For questions 41 through 43, write the correct amount on your answer sheet.

- \*41. What is the correct amount of net pay for both employees combined?
- \*42. What is the correct amount of the employer's payroll tax expense for these two employees for this week?
- \*43. The employer must pay the liability (for these two paychecks) for employee federal income tax withheld and the employer and employee portion of Social Security and Medicare taxes by the 15<sup>th</sup> of the following month. What is this amount?

**Group 8**

Refer to Table 1 on page 11. Amos Elmore, a sole proprietor, uses the following policy when closing the temporary accounts at the end of the fiscal year:

1. Close all revenue and contra-purchases accounts in one combined entry.
2. Close all expenses, contra-sales accounts, and any cost of merchandise accounts that have debit balances in one combined entry.
3. Close the Income Summary account.
4. Close the owner's withdrawals account.

In the T-accounts, Blue and yellow (in random order) represent your choices for the closing steps of one and two referenced above. Red and brown are the choices that represent closing step #3. (You must decide how the colors match up to steps 1 through 3). Purple represents closing step #4.

Amos Elmore, Capital				Income Summary	
	<u>?</u>	←	01-01-18		
	10,000	←	activity during 2018	12-31-18 → adjusting entry	
<u>red</u>	<u>brown</u>	←	12-31-18 closing entries	12-31-18 → closing entries	<u>blue</u>
<u>purple</u>	<u>purple</u>				<u>yellow</u>
	<u>green</u>	←	12-31-18 balance after closing entries		

For questions 44 through 50 write the identifying letter of the best response on your answer sheet.

44. What is the balance in the capital account after all adjusting entries have been posted but before any closing entries have been posted?  
A. \$21,803   B. \$26,803   C. \$31,803   D. \$34,950   E. \$39,950   F. \$41,803
45. The amount of "blue" in the Income Summary account is  
A. \$31,199   B. \$91,833   C. \$93,318   D. \$94,448   E. \$94,578   F. \$97,193
46. The amount of "yellow" in the Income Summary account is  
A. \$98,720   B. \$99,850   C. \$101,335   D. \$102,595   E. \$103,725
47. The amount of "brown" in the capital account is  
A. zero   B. \$3,787   C. \$5,000   D. \$7,017   E. \$8,147   F. \$9,277
48. The amount of "red" in the capital account is  
A. zero   B. \$3,787   C. \$5,000   D. \$7,017   E. \$8,147   F. \$9,277
49. The amount of "purple" in the capital account is  
A. zero   B. \$3,787   C. \$5,000   D. \$7,017   E. \$8,147   F. \$9,277
- \*50. The amount of "green" in the capital account is  
A. \$21,803   B. \$31,803   C. \$28,656   D. \$34,950   E. \$39,950   F. \$44,950

**Group 8 continued**

**Continue to refer to Table 1 on page 11. For questions 51 through 57, write the correct amount on your answer sheet.**

What is the correct amount of...

- 51. net sales
- \*52. beginning merchandise inventory on January 1, 2018
- \*53. the amount of capital in the general ledger on January 1, 2018
- 54. net purchases
- 55. cost of merchandise available for sale
- 56. cost of merchandise sold
- \*57. gross profit

**Group 9**

**Refer to Table 2 AT THE BOTTOM of page 11. For questions 58 through 72, write the correct amount on your answer sheet.**

- 58. What is the amount of office supplies used during 2018?
- 59. What is the amount of unexpired insurance on 12-31-18 after the end-of-year adjustment?
- 60. If the company bought \$3,077 of office supplies during 2018, what was the amount of supplies on hand on January 1, 2018?
- 61. What is the amount of expired insurance?
- 62. If the Prepaid Insurance account had a January 1, 2018 debit balance of \$2,257, what was the amount of insurance purchased during the year 2018?
- 63. If the owner's capital account had a January 1, 2018 credit balance of \$39,706, what amount of capital contribution did the owner make to the business during the year 2018?
- 64. What is the amount of Merchandise Inventory that belongs in the Trial Balance column?
- \*65. What is the amount of Merchandise Inventory that belongs in the Adjusted Trial Balance column?
- \*66. What is the amount of Purchases for the year 2018?
- 67. On the Income Statement for the twelve months ended December 31, 2018, what is the amount of Total Expenses?
- \*68. On the work sheet for the year 2018, what is the subtotal before net income or net loss is calculated for the income statement debit column?
- \*69. On the work sheet for the year 2018, what is the subtotal before net income or net loss is calculated for the balance sheet debit column?
- \*70. What is the amount of net income or net loss that should be shown on the Statement of Changes in Owner's Equity for the twelve months ended 12-31-18?
- \*71. On the Statement of Changes in Owner's Equity for the twelve months ended December 31, 2018, what is the correct amount of ending capital?
- 72. On the Post-Closing Trial Balance dated December 31, 2018, what is the amount of Raj Johnson, Capital?

**Group 10**

**Write the correct amount on your answer sheet for questions 73 through 80. Following are all the accounts (except capital) of the Rainbow Co. as of the end of the fiscal year after adjustments. All accounts have normal balances. Rainbow made one owner investment during the year of \$8,000. Supplies purchased are first posted to an asset account. Rainbow purchased \$4,620 of supplies during the current fiscal year.**

Account Title	Amount		Account Title	Amount
Accounts Payable	2,490		Rent Expense	10,080
Accounts Receivable	4,750		Revenue	48,490
Advertising Expense	3,790		Salary Expense	25,000
Kay Baxter, Drawing	3,000		Supplies	1,375
Cash in Bank	8,765		Supplies Expense	4,525

73. What was the balance of the Supplies account on the unadjusted Trial Balance?
74. What was the balancing total of the Adjusted Trial Balance columns?
75. What is the balance in the capital account at the end of the fiscal year before closing entries are posted?
- \*76. What was the balance in the capital account at the beginning of the fiscal year?
77. What was the amount of net income or net loss for the year?
- \*78. What was the capital account balance at the end of the fiscal year after closing entries?
79. What is the amount of total assets that would appear on the Post-Closing Trial Balance?
- \*80. What was the balance of the Supplies account at the beginning of the current fiscal year?

**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 44 through 57)

The following is taken from the work sheet (for the twelve months ending December 31, 2018) from the Income Statement and Balance Sheet columns.

Account Title	Amount		Account Title	Amount
Cash in Bank	4,650		Sales	99,850
Accounts Receivable	3,480		Sales Returns & Allow.	1,485
Prepaid Insurance	1,940		Purchases	60,634
Office Supplies	1,270		Purchases Returns	2,745
Office Equipment	10,000		Insurance Expense	5,720
Merchandise Inventory	17,290		Rent Expense	5,580
Accounts Payable	3,680		Utilities Expense	4,344
Amos Elmore, Capital	31,803		Office Supplies Expense	3,240
Amos Elmore, Drawing	5,000		Salary Expense	12,000
Income Summary, debit	1,130		Miscellaneous Expense	315

**Table 2**  
(for questions 58 through 72)

A sole proprietorship's unadjusted and adjusted trial balances for the twelve months ended December 31, 2018 are shown below. All the accounts in the general ledger that have a balance are listed in the chart below even though some of the balances are missing. All the accounts have normal balances, even the unknown amounts.

The company experienced a gross profit percentage of 44% for the year 2018. The company's physical inventory of merchandise inventory on January 1, 2018 was \$22,365.

	Unadjusted			Adjusted	
	Trial Balance			Trial Balance	
	Debit	Credit		Debit	Credit
Cash	8,767			8,767	
Office Supplies	4,922			1,165	
Merchandise Inventory					
Prepaid Insurance	6,505			1,950	
Equipment	25,000			25,000	
Accounts Payable		4,855			4,855
Raj Johnson, Capital		48,706			48,706
Raj Johnson, Drawing	20,000			20,000	
Income Summary				1,935	
Sales		96,325			96,325
Purchases					
Rent Expense	10,320			10,320	
Office Supplies Expense				3,757	
Insurance Expense				4,555	

# UIL ACCOUNTING—Invitational 2019-B

## KEY

Group 1	
1	\$ 9,320
2	\$ 4,360
3	\$ 7,930
*4	\$ 19,930

Group 2	
5	B
6	D
7	C
8	A

Group 3	
9	B
10	C
11	C
12	D
13	D
14	C
15	C
16	A
17	C
*18	B
*19	E
20	B
21	D
22	D
23	C

Group 3 cont.	
24	D
25	D
26	D
27	B
28	B
29	A

Group 4	
30	\$ 5,105.11
31	\$ 4,118.56

Group 5	
32	\$ 364,240
33	6 %
*34	\$ 127,680
35	\$ 1,347,760
36	\$ 1,870,000
37	\$ 1,596,000

Group 6	
38	\$ 13,652
39	\$ 11,850
40	\$ 11,650

Group 7	
*41	\$ 1,271.72
*42	\$ 179.64
*43	\$ 581.76

Group 8	
44	C
45	C
46	D
47	E
48	A
49	C
*50	D
51	\$ 98,365
*52	\$ 18,420
*53	\$ 21,803
54	\$ 57,889
55	\$ 76,309
56	\$ 59,019
*57	\$ 39,346

Group 9	
58	\$ 3,757
59	\$ 1,950
60	\$ 1,845
61	\$ 4,555
62	\$ 4,248
63	\$ 9,000
64	\$ 22,365
*65	\$ 20,430
*66	\$ 52,007
67	\$ 18,632

Group 9 cont.	
*68	\$ 72,574
*69	\$ 77,312
*70	\$ 23,751
*71	\$ 52,457
72	\$ 52,457

Group 10	
73	\$ 5,900
74	\$ 61,285
75	\$ 10,305
*76	\$ 2,305
77	\$ 5,095
*78	\$ 12,400
79	\$ 14,890
*80	\$ 1,280

Grader #1 \_\_\_\_\_  
Grader #2 \_\_\_\_\_  
Grader #3 \_\_\_\_\_

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

UIL ACCOUNTING  
Invitational 2019-B

**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
4	1	
18	1	
19	1	
34	1	
41	1	
42	1	
43	1	
50	1	
52	1	
53	1	
57	1	
65	1	
66	1	
68	1	
69	1	
70	1	
71	1	
76	1	
78	1	
80	1	

Total Extra Points .....

TOTAL SCORE.....

Grader #3 \_\_\_\_\_

# Answer Sheet

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

	Group 10
73	\$
74	\$
75	\$
*76	\$
77	\$
*78	\$
79	\$
*80	\$

[illegible]