**UIL ACCOUNTING**

**Invitational 2011-A**

**Group 1**

**For questions 1 through 6 indicate the increase side of each of the following by writing on your answer sheet either DR for debit or CR for credit.**

1. Purchases Returns & Allowances

2. Angie Freeman, Drawing

3. Sales

4. Accounts Receivable

5. Fees Income

6. Sales Tax Payable

**Group 2**

**For questions 7 through 13 indicate the decrease side of each of the following by writing on your answer sheet either DR for debit or CR for credit.**

7. Prepaid Insurance

8. Angie Freeman, Capital

9. Accounts Payable

10. Transportation In

11. Sales Discounts

12. Rent Expense

13. Merchandise Inventory

**Group 3**

**The following information comes from the accounting records of two separate businesses.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Gold Co.** |  | **Silver Co.** |
| **December 31, 2009:** |  |  |  |
| Assets | 27,830 |  | 36,210 |
| Liabilities | 5,690 |  | 8,989 |
| **December 31, 2010:** |  |  |  |
| Assets | 43,819 |  | 87,974 |
| Liabilities | 8,337 |  | ? |
| **During 2010:** |  |  |  |
| Owner Investments | 15,000 |  | 20,000 |
| Net Income (Loss) | ? |  | 86,295 |
| Owner Withdrawals | 3,000 |  | 56,000 |

**Answer questions 14 through 16 by writing the correct amount on your answer sheet. Use brackets or parentheses to indicate a net loss or a decrease.**

14. What is the amount of owner’s equity for Gold Co. on January 1, 2010?

15. What is the amount of net income or net loss for 2010 for Gold Co.?

\* 16. By what amount did liabilities increase or decrease during 2010 for Silver Co.?

**Group 4**

**For items 17 through 22 write “Yes” on your answer sheet if the item is a reason a bank would dishonor a check; write “No” if it is not a reason.**

17. The check writer wrote the date 1-8-11 instead of writing January 8, 2011.

18. The check is postdated.

19. The signature of the person who signed the check is a different name than the one

on the signature card at the bank.

20. The check has faint images in the background like windmills or jumping monkeys.

21. The check writer began using blue ink then switched to purple ink to finish writing

the check.

22. The check appears to be altered.

**Group 5**

**On January 3, 2011 Grant Stone, owner of Stone Insurance, received a bank statement dated December 28, 2010. It is company policy to record any necessary journal entries and to update the checkbook balance after the bank reconciliation is completed. Grant compared the company’s checkbook records with the bank statement and found the following:**

* The December bank statement shows an ending balance of $11,416.80
* The statement shows the December bank service charge of $8.50
* A check from Ed Wright for $83.75 that was deposited in the Stone Insurance account on December 26 was returned by the bank. Grant’s bank charged his account with a $25 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 $819 was made on December 30 but does not appear on the bank statement.
* Four December checks do not appear on the bank statement:

Check #7050 for $364.29 Check #7053 for $48.05

Check #7051 for $1,149.14 Check #7055 for $1,642.25

**For questions 23 and 24, write the correct amount on your answer sheet.**

23. What is the reconciled (adjusted) bank balance on December 31, 2010?

\* 24. What was the balance in the checkbook immediately before the bank reconciliation was prepared?

**Group 6**

**Use the following information to answer questions 25 through 30. Write the identifying letter of the best response on your answer sheet.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sales | 130,715 |  | Sales Discounts | 3,296 |
| Transportation In | 6,284 |  | Purchases Returns | 4,280 |
| Net Sales | 122,600 |  | Ending Inventory | 32,420 |
| Sales Returns | ? |  | Beginning Inventory | ? |
| Purchases | 74,865 |  | Purchases Discounts | 3,765 |
| Gross Profit | 50,266 |  |  |  |

25. The amount of sales returns is:

A. $3,296 D. $4,819

B. $3,765 E. $9,099

C. $4,280

26. The amount of net purchases is:

A. $66,820 D. $74,865

B. $72,334 E. $81,149

C. $73,104

\*27. The amount of cost of delivered merchandise is:

A. $6,284 D. $74,865

B. $66,820 E. $81,149

C. $73,104

28. The amount of cost of merchandise sold is:

A. $66,050 D. $90,180

B. $72,334 E. $104,754

C. $74,095

\*\*29. The amount of beginning inventory is:

A. $23,605 D. $32,420

B. $27,450 E. $39,765

C. $31,650

\*30. The amount of cost of merchandise available for sale is:

A. $66,050 D. $90,180

B. $72,334 E. $104,754

C. $74,095

**Group 7**

**Doland’s is a retail clothing store. At the beginning of each week the change fund has exactly $300 in currency and coins. Customers who have previously purchased merchandise using a Doland’s credit card may make payments on their accounts inside the Doland’s store. (This is indicated by the column called “Collected from Customers on Account.”) Rather than maintain a separate petty cash fund, employees are allowed to make small cash expenditures from the change fund provided a “Cash Paid-Out Voucher” is prepared and placed in the cash drawer. These expenditures are for expenses such as postage and window washing. After removing exactly $300 to start the next week’s cash drawer, the excess cash is deposited weekly to the checking account. For each of the four weeks in the month of January, the following information is known:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Week** | **Cash Sales** | **Sales Tax**  **Collected** | **Collected**  **from**  **Customers on**  **Account** | **Cash**  **Paid**  **Out for**  **Expenses** | **Cash in**  **Drawer at End of Week** |
| **1** | **7,752.00** | **678.30** | **794.50** | **18.49** | **9,505.86** |
| **2** | **6,924.00** | **605.85** | **216.80** | **32.60** | **8,012.16** |
| **3** | **8,060.00** | **705.25** | **398.16** | **21.18** | **9,443.32** |
| **4** | **8,240.00** | **721.00** | **187.60** | **8.80** | **9,439.75** |

**For questions 31 through 36, write the identifying letter of the best response on your answer sheet.**

31. The total cash sales for the month of January are:

A. $30,894.93 C. $32,176 E. $33,686.40 G. $35,283.46

B. $30,976 D. $32,573.06 F. $35,201.09 H. $36,401.09

32. By what amount was a liability account increased for the month of January?

A. $0.00 B. $81.07 C. $1,200 D. $1,597.06 E. $2,710.40

33. By what amount was an asset account decreased for the month of January?

A. $0.00 B. $81.07 C. $1,200 D. $1,597.06 E. $2,710.40

34. The sales tax rate is

A. 5% B. 7.75% C. 8% D. 8.25% E. 8.75% F. 9%

\*35. For the month of January, the cash fund was over or short and by what amount?

A. $0.45 short E. $0.45 over

B. $1.09 short F. $1.09 over

C. $1.30 short G. $1.30 over

D. $3.48 short H. $3.48 over

\*36. What is the total amount deposited to the checking account for January?

A. $34,001.09 C. $35,201.09 E. $35,203.69 G. $36,401.09

B. $34,901.09 D. $35,202.39 F. $36,101.09 H. $36,402.39

**Group 8**

**Write the correct amount on your answer sheet for questions 37 through 48. Below is the adjusted trial balance from the work sheet of Wynette’s Dinette City (which sells kitchen and dining room furniture in Fayro, Texas) for the year ended December 31, 2010. All accounts have normal balances. All prepaid expenses, inventory, and supply items are recorded in respective asset accounts when they are originally purchased. Adjusting and closing entries are prepared only at the end of the fiscal year.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Title** | **Amount** |  | **Account Title** | **Amount** |
| Cash in Bank | 560 |  | Sales | 56,480 |
| Accounts Receivable | 4,650 |  | Sales Returns & Allow. | 978 |
| Prepaid Insurance | 350 |  | Purchases | 18,972 |
| Office Supplies | 670 |  | Purchases Returns | 380 |
| Office Equipment | 1,300 |  | Insurance Expense | 600 |
| Merchandise Inventory | 9,850 |  | Rent Expense | 18,000 |
| Accounts Payable | 3,420 |  | Utilities Expense | 9,400 |
| Honey Raye, Capital | 27,360 |  | Office Supplies Expense | 1,570 |
| Honey Raye, Drawing | 6,000 |  | Salary Expense | 15,600 |
| Income Summary, credit | 1,380 |  | Miscellaneous Expense | 520 |

37. What is the balancing total for the adjusted trial balance columns on the work sheet?

38. On the work sheet what is the subtotal before net income or net loss is calculated

for the balance sheet debit column?

39. On the work sheet what is the subtotal before net income or net loss is calculated

for the balance sheet credit column?

40. On the work sheet what is the subtotal before net income or net loss is calculated

for the income statement debit column?

41. On the work sheet what is the subtotal before net income or net loss is calculated

for the income statement credit column?

42. If the only insurance purchased during 2010 cost $725, what was the balance in

Prepaid Insurance on January 1, 2010?

43. What was the balance in Merchandise Inventory on January 1, 2010?

44. What is the amount of Cost of Merchandise Sold on the Income Statement?

45. What is the amount of Gross Profit on the Income Statement?

\*\*46. What was the net income or net loss for the year?

\*47. What is the balance of the owner’s capital account on the Post-Closing Trial

Balance?

48. What is the amount of total assets that would appear on the Post-Closing Trial

Balance?

**Group 9**

**Chad Dempsey owns Ecommerce Web Service which offers website design, hosting, and maintenance services to the public. Chad started his business on June 1, 2010 when he invested cash of $25,000 and computer equipment with a current fair market value of $12,000. The opening entry was correctly recorded.**

**His fiscal year ends December 31, at which time adjusting entries and financial statements will be prepared for the year. Regular operating transactions are journalized daily and posted no less often than monthly. Chad hopes to pay off a substantial amount of his liabilities by the end of the year, so on November 6, 2010 he invested an additional amount of cash into his business.**

**Table 1 on pages 9 and 10 shows his unadjusted trial balance as of November 30, 2010 and his transactions for the month of December 2010. All accounts have normal balances. Additional information is provided including data 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 49 through 58, indicate for the transaction numbers listed below the debit and credit part of each transaction. Write the correct chart of accounts number (shown in Table 1) on your answer sheet.**

|  |  |  |
| --- | --- | --- |
| **Trans. #** | **DEBIT** | **CREDIT** |
| 4 | 49. | 50. |
| 9 | 51. | 52. |
| 10 | 53. | XXXXXX |
| 11 | 54. | 55. |
| 15 | 56. | XXXXXX |
| 23 | 57. | XXXXXX |
| 25 | 58. | XXXXXX |

**For questions 59 through 67 use the above data and Table 1. Consider in each case that all the transactions for December 2010 have been journalized and posted correctly. Write the identifying letter of the best answer on your answer sheet.**

59. The opening entry on June 1, 2010 when Chad started his new business had the

following effects on the accounting equation:

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

1. increase no change decrease
2. increase increase increase
3. decrease no change increase
4. increase no change increase

**Group 9 continued**

60. Chad purchased insurance on June 1, 2010 and recorded the transaction correctly

in the journal. For this question only, if Chad had incorrectly recorded the purchase

of insurance directly to an expense account, what would be wrong with the following

items on the unadjusted trial balance?

**Assets** **Revenue** **Expense**

1. understated understated not affected
2. understated not affected overstated
3. overstated not affected overstated
4. understated overstated understated

61. Transaction #1 had the following effects on the accounting equation:

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

1. decrease no change increase
2. decrease decrease no change
3. decrease no change decrease
4. increase decrease decrease

62. Transaction #4 had the following effects on the accounting equation:

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

1. increase increase no change
2. increase decrease increase
3. no overall effect no change no change
4. decrease increase no change

63. Transaction #8 had the following effects on the accounting equation:

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

1. decrease no change decrease
2. decrease decrease no change
3. decrease increase no change
4. no change decrease increase

\*64. The balance of Office Supplies on the unadjusted trial balance for 12-31-10 is

A. zero B. $175 C. $218 D. $717 E. $760 F. $935

\*65. Accounts Payable on December 31, 2010 consisted of:

A. $4,500 owed to Superb Furniture Co.

B. $19,000 owed to APlus Computer Store

C. $23,800 owed to APlus Computer Store

D. none of the above

\*66. The total of all the expenses shown in the unadjusted trial balance of the work sheet

for the year ended December 31, 2010 is equal to:

1. $11,017 B. $13,029 C. $13,764 D. $16,242

\*67. What amount of computer equipment was purchased after the opening entry and

prior to December 1, 2010?

1. zero B. $4,500 C. $12,000 D. $19,000 E. $31,000

**Group 9 continued**

**Continue using the previous data in Group 9 and Table 1. Consider in each case that adjusting entries have been journalized and posted. Closing entries have not been prepared. For items 68 through 71, write True if the statement is true; write False if the statement is false.**

68. The expired insurance for 2010 is $2,555 and is found in the Insurance Expense

account.

69. The amount of insurance premiums that represents all insurance coverage for

January 1, 2011 and beyond is $1,260.

70. The adjusting entry for office supplies includes a credit to Office Supplies for $717.

71. On the work sheet for the year ended December 31, the total of the unadjusted trial

balance debit column is $106,175.

**Continue using the above data in Group 9 and Table 1. Consider in each case that financial statements have been prepared and that closing entries have been journalized and posted. For questions 72 through 80 write the correct amount on your answer sheet.**

\*72. What was the amount of the owner’s investment on November 6, 2010?

73. What was the amount that affected Income Summary in the first closing entry?

74. What was the amount that affected Income Summary in the second closing entry?

75. What is the amount that affected Income Summary in the third closing entry?

76. What is the amount that affected Income Summary in the fourth closing entry?

\*\*77. What is the balance of the capital account on the Post-Closing Trial Balance dated

December 31, 2010?

\*78. What is the balance in the Cash account on the Post-Closing Trial Balance dated

December 31, 2010?

\*79. What is the amount of total assets on the Balance Sheet dated December 31, 2010?

80. What is the amount of total liabilities on the Balance Sheet dated December 31,

2010?

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

***TABLE 1***

**(This table consists of pages 9 and 10.)**

**(for questions 49 through 80)**

Ecommerce Web Service

Trial Balance

November 30, 2010

|  |  |  |
| --- | --- | --- |
| **Acct #** | **Account Title** | **Amount** |
| 110 | Cash | 27,980 |
| 120 | Accounts Receivable—The Corner Market | 1,875 |
| 125 | Accounts Receivable—Sunshine Dairy | 0 |
| 130 | Office Supplies | 760 |
| 140 | Prepaid Insurance | 2,220 |
| 150 | Computer Equipment | 31,000 |
| 160 | Office Furniture & Equipment | 4,500 |
| 210 | Accounts Payable—APlus Computer Store | 19,000 |
| 215 | Accounts Payable—Superb Furniture Co. | 4,500 |
| 310 | Chad Dempsey, Capital | 45,000 |
| 315 | Chad Dempsey, Withdrawals | 21,000 |
| 320 | Income Summary | 0 |
| 410 | Web Design Fees | 26,165 |
| 420 | Web Hosting & Maintenance Fees | 3,575 |
| 510 | Rent Expense | 3,450 |
| 515 | Utilities Expense | 1,515 |
| 520 | Advertising Expense | 2,250 |
| 525 | Insurance Expense | 0 |
| 530 | Office Supplies Expense | 0 |
| 535 | Equipment Repair Expense | 1,690 |

***TABLE 1 continued***

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

1 Issued a check for $575 for the December rent.

2 Issued a check to purchase office supplies $175.

3 Bought three metal filing cabinets for $525 for the office.

4 Received invoice from APlus Computer Store for a used server purchased on

account, $4,800.

5 Received $1,650 from various customers for monthly hosting fees.

8 Issued a check to Superb Furniture Co. that pays the full amount owed to them.

9 Received $500 from The Corner Market on account.

10 Issued a check for $1,260 for general liability insurance coverage that will go

into effect in January 2011.

11 Completed web site design on account for Sunshine Dairy $3,425.

12 Issued a check for $192 for utilities used.

15 Issued a check for $670 for repair of computer equipment.

16 Issued a check for $2,200 for a new laptop computer.

17 Received $6,210 for new web site design for Standard Oil Company.

18 Issued a check for $3,500 for owner’s personal use.

19 Received $8,250 for new website design for Olympia Cosmetics Co.

22 Issued a check to Mohawbe Co. for online advertising $675.

23 Sent a check to APlus Computer Store that pays half of the amount owed to

them as of this date.

25 Issued check for $5,000 for owner’s personal use.

**Other Information Noted as of December 31, 2010:**

**1. Physical inventory of office supplies is $218.**

**2. Chad has only two insurance policies:**

* **The insurance policy bought on June 1, 2010 was for coverage on the**

**computer equipment and office furniture & equipment for one-year.**

* **general liability insurance purchased in December 2010**