

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
B	Sam Stone, Capital
C	Fees Earned

D	Income Summary
E	Insurance Expense
F	Prepaid Insurance

	<u>Trial Balance</u>	<u>Adjustments</u>	<u>Income Statement</u>	<u>Balance Sheet</u>
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

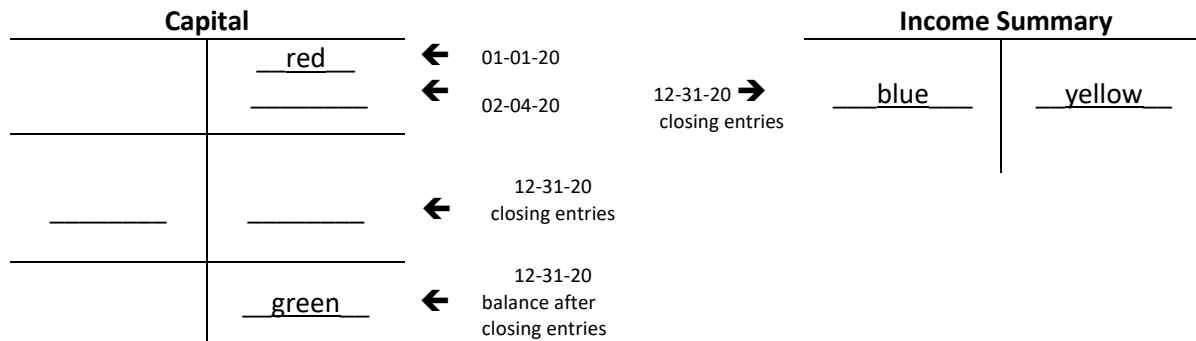
Lawns Plus provides landscaping services and uses the following policy when closing the temporary accounts at the end of the fiscal year:

- 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.



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!

**UIL ACCOUNTING—Invitational 2021-A
KEY**

Group 1	
1	B
2	B
3	C
4	C
5	D
6	A
7	F
8	B
9	E
10	C
11	A
12	B
13	B

Group 2	
14	\$ 5,790
15	\$ 64,200
16	\$ 10,895
*17	\$ 1,110

Group 3	
18	\$ 135,207

Group 4	
*19	\$ 2,579.63
20	\$ 2,480.19

Group 5	
21	A
22	B
23	E
24	F
25	D
26	C

Group 6	
27	True
28	True
29	False
30	False
31	True
32	False
33	True
34	False
35	True
36	False

Group 7	
*37	\$ 11,970
38	\$ 49,179
39	\$ 61,149
40	\$ 48,384
41	\$ 32,256
42	\$ 92,450
*43	\$ 4,150

Group 7 cont.	
44	\$ 51,801
45	\$ 64,566
*46	\$ 38,829
47	\$ 34,610

Group 8	
48	\$ 54,765
*49	\$ 13,055
50	\$ 46,495

Group 9	
51	\$ 4,625
52	\$ 5,500
53	\$ 2,820
54	\$ 2,570
**55	\$ 1,270
*56	\$ 5,700
*57	\$ 3,810

Group 10	
58	\$ 3,720
59	\$ 4,830
*60	\$ 5,055
61	\$ 2,790
62	\$ 3,855
63	\$ 4,035
64	\$ 930
65	\$ 975
*66	\$ 1,020

Group 11	
67	\$ 97,914
68	\$ 20,921
69	\$ 54,967
70	\$ 134,210
71	\$ 97,914
*72	\$ 130,164
*73	\$ 134,210

Group 12	
*74	\$ 23,900
*75	\$ 46,845
*76	\$ 17,500
*77	\$ 70,395
78	\$ 29,675
*79	\$ 36,895
*80	\$ 36,570