

Inv. B – 1998

Caroline Waters owns The Fitness Center 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 adjusting entries and financial statements are prepared. Regular operating transactions are journalized daily and posted no less often than monthly.

Table 1 on pages 8 and 9 shows her unadjusted trial balance as of November 30, 1997 and her transactions for the month of December 1997. Additional information is provided including data needed for end of year adjusting entries. (You may remove the pages from the staple for convenience.)

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 52 through 65, indicate for the transaction numbers listed below the debit and credit part of each transaction. Write the correct chart of accounts number.

Trans. #	DEBIT	CREDIT
2	52.	53.
4	54.	55.
6	56.	57.
8	58.	59.
10	60.	61.
12	62.	63.
22	64.	65.

For questions 66-70 use the above data and Table 1. Consider in each case that all the transactions for December 1997 have been journalized and posted, but no adjusting or closing entries have been made. Write the identifying letter of the best answer.

The Fitness Center
Trial Balance
November 30, 1997

Acct #	Account Title	Amount
110	Cash	5,860
120	Accounts Receivable—Troy Brakeman	200
130	Fitness Supplies	4,650
140	Prepaid Insurance	2,870
150	Fitness Equipment	185,400
160	Office Furniture & Equipment	5,850
210	Accounts Payable—Gym Equipment Unlimited	50,200
215	Accounts Payable—Body Builders Co.	30,360
310	Caroline Waters, Capital	75,200
315	Caroline Waters, Withdrawals	20,200
320	Income Summary	
410	Membership Fees	91,200
510	Maintenance Expense	2,460
515	Rent Expense	11,000
520	Utilities Expense	8,470
525	Insurance Expense	
530	Fitness Supplies Expense	

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 Co. for fitness equipment purchased on account, \$4,800.
- 6 Received \$5,950 for membership fees for the week.
- 8 Issued a check to Gym Equipment Unlimited in payment on account, \$5,000.
- 10 Received \$50 from Troy Brakeman on account.
- 12 Issued a check for a down payment of \$250 for insurance that will go into effect in January 1998.
- 13 Received \$7,480 for membership fees for the week.
- 15 Issued a check for \$875 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 Co. for \$3,000 on account.
- 31 Issued check for \$5,000 for owner's personal use.

Other Information Noted as of December 31, 1997:

- 1. Physical inventory of fitness supplies is \$425.**
- 2. Unexpired insurance is \$490.**

66. 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.	\$4,650	zero
B.	\$ 375	\$4,650
C.	\$5,025	zero
D.	\$4,650	\$ 375
E.	\$5,025	\$ 375
F.	\$ 425	\$4,600

67. The December transactions affecting Accounts Payable—Body Builders Co. included:

- | | |
|------------------------|------------------------|
| A. a debit of \$4,800 | C. a debit of \$5,000 |
| B. a credit of \$3,000 | D. a credit of \$4,800 |

68. 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. \$2,545 | B. \$21,930 | C. \$24,475 | D. \$24,850 | E. \$25,100 |
|------------|-------------|-------------|-------------|-------------|

69. On the unadjusted trial balance for the year ended December 31, the cash account balance is

- | | | | |
|------------|------------|------------|------------|
| A. \$2,880 | B. \$3,940 | C. \$5,860 | D. \$8,740 |
|------------|------------|------------|------------|

70. On the unadjusted trial balance for the year ended December 31, the Prepaid Insurance account balance is

- | | | | | | |
|---------|----------|----------|------------|------------|------------|
| A. zero | B. \$250 | C. \$490 | D. \$2,630 | E. \$2,870 | F. \$3,120 |
|---------|----------|----------|------------|------------|------------|

Continue using the previous 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 71 through 75, write T if the statement is true; write F if the statement is false.

71. The expired insurance for 1997 is \$2,630 and is found in the Insurance Expense account.
72. The amount of insurance premiums that represent insurance coverage for January 1, 1998 and beyond is \$490.
73. The adjusting entry for insurance includes a debit to Prepaid Insurance for \$2,630.
74. The adjusting entry for insurance includes a debit of \$4,600 to Insurance Expense.
75. On the work sheet for the year ended December 31, the total of the unadjusted trial balance debit column is \$264,960.

Continue using the above data in Group 8 and Table 1. Consider in each case that financial statements have been prepared and that closing entries have been journalized and posted. For questions 76 through 80 write the correct amount on your answer sheet.

76. What is the amount of total assets?
77. What is the amount of total liabilities?
78. What is the amount of net income for 1997?
79. If the owner invested \$5,000 in the business during 1997, what was the balance in the capital account on January 1, 1997?
80. What is the balance of the capital account on December 31, 1997 after closing entries have been posted?

District 1&2 - 1997

Ginger Allspice started a bookkeeping service in June of 1996. In this month she completed ten transactions which were all journalized and posted correctly. She correctly prepared the trial balance that follows.

Ginger Allspice Bookkeeping Service Trial Balance June 30, 1996

	Debit	Credit
Cash	9,700	
Accounts Receivable	2,400	
Office Supplies	600	
Prepaid Insurance	1,400	
Equipment	4,000	
Accounts Payable		3,750
Ginger Allspice, Capital		7,500
Ginger Allspice, Drawing	500	
Fees Earned		8,100
Rent Expense	750	
Totals	19,350	19,350

Additional Information:

- ♦ The owner withdrawal was for cash.
- ♦ All equipment (and only equipment) was purchased on account.
- ♦ Only one customer made a payment on account and it was for \$300.

Analyze the trial balance to determine what the ten transactions were. For questions 16-25, on your answer sheet, write T if the statement is true; write F if the statement is false.

16. The Prepaid Insurance account increased by \$1,400.
17. The \$7,500 credit to the capital account also decreased the Cash account.
18. There was a debit to Accounts Payable for \$250.
19. The debit to Office Supplies had a corresponding credit to Cash.
20. The debit to Accounts Receivable was For \$2,400.
21. Fees Earned which at the time the service was provided resulted in no immediate increase to Cash were \$5,400.
22. The total of the credits to the Cash account is \$3,500.
23. The credit to Accounts Payable was for \$4,000.
24. The transaction for cash fees earned was for \$5,400.
25. The total of the debits to the Cash account is \$13,200.

Invitational A-990A Group 7

Refer to the data and work paper in Table 2 below. Mark the identifying letter of the BEST answer on your answer sheet for questions 56 through 68.

56. 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. increase	no change	increase
C. increase	increase	no change
D. decrease	no change	increase

57. Transaction #2 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

58. 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	decrease
B. increase	increase	no change
C. no overall effect	no change	no change

59. 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

60. Transaction #5 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. 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

62. Transaction #7 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

63. 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

*64. Looking back at transaction #2 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

*65. 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

*66. After all eight transactions, the balance of the Cash in Bank account is

A. \$46,500 B. \$49,000 C. \$71,500 D. \$74,000 E. \$78,500

**67. After all eight transactions, total assets equal

A. \$77,900 B. \$80,400 C. 102,900 D. \$105,400 E. \$109,900

- **68. If these eight transactions were the only transactions for the year, and no adjustments were necessary, then the balance of the Betsy Donovan, Capital account on the Post-Closing Trial Balance should be
- A. \$75,000 B. \$75,100 C. \$78,000 D. \$78,400 E. \$80,900

Table 2
(for questions 56 through 68)

The following are the first eight transactions of a new digital photography business. For each transaction (1) identify the accounts affected, and (2) write the amount of the increase or decrease in the work paper provided. The work paper will not be graded.

1. Betsy Donovan opened a checking account for the business by depositing \$75,000 of her personal funds.
2. Paid monthly rent of \$500.
3. Bought supplies for developing photographs by issuing a check for \$900.
4. Bought \$25,000 worth of camera equipment on account.
5. Received payment for photography services \$900.
6. Betsy Donovan invested in the business camera equipment she had owned personally, valued at \$3,000.
7. Wrote a check to a creditor as partial payment on account, \$3,000
8. Took wedding photographs and agreed to accept payment later, \$2,500.

Trans #	Cash in Bank	Accounts Receivable	Camera Equip.	Photo Supplies	Accounts Payable	Betsy Donovan, Capital	Revenue	Expenses
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								

2003 D2 - Group 3

Jackie Betts started a new business. Each item #17 through #23 represents the accounting equation after a transaction has been recorded.

	Cash	+	Accts. Receivable	+	Office Equip.	=	Accts. Payable	+	Betts Capital	+	Revenue	-	Expenses
17.	50000								50000				
18.	25000				75000		50000		50000				
19.	25000		5000		75000		50000		50000		5000		
20.	35000		5000		75000		50000		50000		15000		
21.	33000		5000		75000		50000		50000		15000		2000
22.	36000		2000		75000		50000		50000		15000		2000
23.	21000		2000		75000		35000		50000		15000		2000

Analyze the above equations and determine the type of each transaction that occurred using the following code:

- A. Bought an asset for cash only**
- B. Bought an asset on credit only**
- C. Bought an asset with cash paid down and the balance on credit**
- D. Owner invests in business**
- E. Payment of a liability**
- F. Billed a customer for services provided**
- G. Took out a loan and deposited the proceeds**
- H. Performed a service and received cash**
- I. Customer paid on account**
- J. Recorded an expense paid with cash**
- K. Owner withdrawal of cash**

Regional 2010 –Group 11

Colby Company began operations of a service business on Jan 4, 2009 when Colby Donaldson invested \$10,000 cash in the business. The fiscal year end is December 31.

During 2009, the company had service revenue of \$98,427; of this amount, \$81,022 was collected during 2009 and the rest was considered a collectible outstanding receivable at year-end.

Colby incurred \$85,942 of expenses during 2009; of this amount, \$11,014 was unpaid as of December 31, 2009.

Colby withdrew \$5,000 of cash from the business on December 23, 2009.

Use the above information to answer questions 60 through 63. Write the correct amount on your answer sheet.

60. What is the balance of the cash account on 12-31-09?

61. What is the amount of total liabilities on 12-31-09?

62. What is the company's net income for 2009?

* 63. What is the balance in the capital account after closing entries for 2009 are posted?

Regional 2000 - Group 3

Use the following information to answer questions 23 through 27. Georgia O'Tara began operating a sole proprietorship on January 18, 1999. The fiscal year end is December 31. On January 18, she invested \$15,000 cash and \$25,000 of other assets in the business. During 1999, the company had service revenue of \$65,000. Of this amount \$52,850 was collected during 1999 and the remaining amount was an outstanding receivable as of December 31, 1999. The business incurred \$42,500 of expenses during 1999 and of this amount, \$3,200 was unpaid as of December 31, 1999. Georgia O'Tara withdrew \$2,000 cash from the business on August 18, 1999.

23. The company's Cash in Bank balance at year-end was
A. \$26,550 B. \$35,500 C. \$37,500 D. \$51,550
24. The company's total liabilities at year-end were
A. zero B. \$3,200 C. \$8,950 D. \$12,150
25. The net income for 1999 was
A. \$12,150 B. \$13,550 C. \$20,500 D. \$22,500
26. The balance of the capital account on the work sheet's trial balance was
A. \$15,000 B. \$38,000 C. \$40,000 D. \$60,500
- *27. The balance of the capital account after closing entries was a credit of
A. \$22,500 B. \$40,000 C. \$60,500 D. \$62,500