**UIL ACCOUNTING**

**District 2011-D1**

**Group 1**

An individual started a new business on June 1, 2007. At that time the individual invested his personal life savings in the business. In 2007 revenues were $37,950, expenses were $52,685, and there were no owner withdrawals.

In 2008 the owner made an additional capital contribution of $7,000 and made no withdrawals. Total revenues for 2008 were $148,115 and expenses were $146,987.

In 2009 the owner made no additional contributions of capital. Total revenues for 2009 were $275,940 and expenses were $196,817. During 2009 the owner withdrew $25,000.

In 2010 the owner made no additional contributions of capital. Total revenues for 2010 were $369,418 and expenses were $263,948. The owner determined from the financial statements that his original investment in 2007 was finally indicating a high rate of return on his investment so he withdrew $80,000 for personal use. The ending capital account balance on December 31, 2010 after closing entries were posted was $114,671.

**For question #1, write the correct amount on your answer sheet.**

1. What was the amount of the owner’s original investment in the business in 2007?

**Group 2**

**For questions 2 through 9, use the following list of account titles to determine the accounts to be debited and credited for the closing entries below. On your answer sheet, write the identifying letter for the correct account.**

 **A. Allison Finney, Capital E. Sales Returns**

 **B. Allison Finney, Withdrawals F. Purchases**

 **C. Income Summary G. Purchases Discounts**

 **D. Sales H. Rent Expense**

2. To close Purchases Discounts, debit \_\_\_.

3. To close Rent Expense, credit \_\_\_.

4. To close Sales Returns, debit \_\_\_.

5. To close Income Summary when there is a net loss, debit \_\_\_.

6. To close the revenue account, debit \_\_\_.

7. To close Purchases, debit \_\_\_.

8. To close Income Summary when there is a net income, debit \_\_\_.

9. To close the owner’s drawing account, debit \_\_\_.

**Group 3**

**At the beginning of the fiscal year 2010, Ross Company’s assets were $18,495. During the year, assets increased by $23,195 and liabilities increased by $2,170. At the end of the year, liabilities totaled $5,750. The owner made withdrawals of $2,500, and invested $25,000 in the business during the year.**

**For questions 10 through 12, write the correct amount on your answer sheet. (A net loss must be indicated on your answer sheet either in brackets or in parenthesis.)**

10. What was the total owner’s equity at the beginning of the year?

11. What was the total owner’s equity at the end of the year?

12. What was the amount of net income or net loss for the year?

**Group 4**

**Selected information from a work sheet is shown below. For questions 13 through 15, write the correct amount on your answer sheet.**

|  |  |  |
| --- | --- | --- |
|  **ACCOUNT TITLE** | **TRIAL BALANCE** | **ADJUSTED TRIAL BALANCE** |
|   | **DEBIT** | **CREDIT** | **DEBIT** | **CREDIT** |
| Prepaid Insurance |  **Q#13** |  | 688 |  |
| Supplies | 7,286 |  | 1,395 |  |
| Merchandise Inventory | 42,890 |  |   **Q#14** |  |
| Income Summary |  |  | 1,370 |  |
| Insurance Expense |  |  | 4,164 |  |
| Supplies Expense |  |  |  **Q#15** |  |

**Group 5**

**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 January is $14.80**

 **Deposits in transit on January 31 are $2,943.10 and $1,807.19**

 **Reconciled bank balance on January 31 is $6,030.80**

 **Outstanding checks on January 31 are $487.19, $29.37, and $604.54**

**For questions 16 and 17, write the correct amount on your answer sheet.**

16. Given the above facts, what was the amount that was printed on the bank statement

 as the closing balance for January?

17. What was the balance in the cash account in the accounting records prior to

 reconciling the bank statement?

**Group 6**

**For question #18, write the correct amount on your answer sheet. Some of the subtotals on a worksheet before net income or net loss is calculated are as follows:**

|  |  |
| --- | --- |
| **Income Statement Debit** | **$82,615** |
| **Balance Sheet Debit** | **51,948** |
| **Balance Sheet Credit** | **61,730** |

18. What is the amount of the Income Statement Credit column subtotal before net

 income or net loss is calculated?

**Group 7**

**From the list of terms, select the one that best relates to each statement (items 19 through 27). Each term (if used) is used only once. Write the identifying letter of the correct term on your answer sheet.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A** | **cash-in journal** |  | **M** | **merchandise inventory** |
| **B** | **cash-out journal** |  | **N** | **miscellaneous journal** |
| **C** | **cash payments journal** |  | **O** | **owner's equity** |
| **D** | **cash receipts journal** |  | **P** | **purchases** |
| **E** | **cost of merchandise available for sale** |  | **Q** | **purchases journal** |
| **F** | **cost of merchandise sold** |  | **R** | **retailer** |
| **G** | **final seller** |  | **S** | **sales** |
| **H** | **general journal** |  | **T** | **sales journal** |
|  **I** | **gross profit** |  | **U** | **special journals** |
| **J** | **initial profit before expenses** |  | **V** | **stocker** |
| **K** | **initial seller** |  | **W** | **subsidiary journals** |
| **L** | **inventory journal** |  | **X** | **wholesaler** |

19. The special journal used to record sales of merchandise on account.

20. The actual cost to the business of the merchandise sold to customers.

21. Beginning inventory plus net purchases.

22. The accounting term for a business that sells to the final consumer.

23. The accounting term for the difference between revenue earned from sales and the

 total cost of merchandise sold.

24. Items of merchandise that the business has in stock.

25. The special journal used to record purchases of merchandise on account.

26. The journal used to record transactions that are not recorded in a special journal.

27. When a business uses the periodic inventory method and buys new goods to

replace those sold to customers, the account debited for the cost of the new
merchandise is \_?\_.

**Group 8**

**A business with a fiscal year end of Dec 31 has the following normal account balances and other information for the dates given in the year 2010. The company prepares monthly adjusting entries, but closes the accounts only at the end of the fiscal year. Therefore, the date Dec. 31 refers to balances after closing entries are posted. In 2010 the company had net sales of $98,600 and a gross profit of 41%.**

|  |  |
| --- | --- |
| **Cash, Jan 1** | **18,647** |
| **Cash, Dec 31** | **6,267** |
| **Accounts Receivable, Jan 1** | **3,842** |
| **Accounts Receivable, Dec 31** | **32,690** |
| **Lana Cooper, Capital, Jan 1** | **….?….**  |
| **Lana Cooper, Capital, Dec 31** | **….?….** |
| **Merchandise Inventory, Jan 1** | **24,680** |
| **Merchandise Inventory, Dec 31** | **23,710** |
| **Accounts Payable, Jan 1** | **6,915** |
| **Accounts Payable, Dec 31** | **….?….** |
| **Net Loss, Jan 1 – Dec 31** | **7,402** |
| **Owner withdrew cash for personal use on May 14, 2010** | **15,000** |
| **Owner made additional investment in her business on December 4, 2010** | **20,000** |

**For questions 28 through 32, write the correct amount on your answer sheet.**

28. What was the amount of Total Expenses on the Income Statement for the year

 ended December 31, 2010?

29. What was the amount of total owner’s equity on January 1, 2010?

30. What was the amount of total owner’s equity on December 31, 2010?

\*31. By what amount did Accounts Payable increase from the beginning of the year to

 the end of the year?

\*\*32. What was the amount of merchandise purchased in 2010?

**Group 9**

**Fish City owed a total of $64,920 to three suppliers as of January 31, 2011, which included $27,965 owed to Aquarium Supply. On February 28, 2011 the balance of the controlling account for Accounts Payable had increased by $2,649 since the beginning of the month.**

**From Fish City’s**

**General Ledger**:

 **Accounts Payable**

|  |  |
| --- | --- |
|  |  (02-01-11) |
|  |  |
| (Feb 2011)\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_ (Feb 2011) |
|  |  |
|  |  (02-28-11) |
|  |  |

**Fish City’s Accounts Payable Subsidiary Ledger:**

  **Fishmart Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 02-01-11 |  |  | ? |
| Feb 2011 | 27,500 | ? | ? |

 **Fish Super Store Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 02-01-11 |  |  | ? |
| Feb 2011 | 7,425 | 2,740 | 17,560 |

  **Aquarium Supply Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 02-01-11 |  |  | ? |
| Feb 2011 | 11,139 | ? | 33,449 |

**For questions 33 through 35, write the correct amount on your answer sheet. All three of these questions examine the subsidiary account of Fishmart:**

\*33. What was the balance of the account on 01-31-11?

34. What was the balance of the account on 02-28-11?

35. How much did Fish City purchase from Fishmart in the month of February?

**Group 10**

**On your answer sheet, write the identifying letter of the explanation that best matches each step of the accounting cycle in questions 36 through 46.**

A. Prove that the permanent general ledger accounts are in balance at the close of the

 accounting period.

B. Update the general ledger accounts for changes that result from the internal

 operations of the business or from the passage of time.

C. An important activity is to check the arithmetic on each source document.

D. Prove the equality of total debits and credits in the general ledger after all the regular

 business transactions are posted.

E. This accounting work paper could have six, eight, or ten columns and is used to

 organize end-of-period tasks.

F. Prepare schedules of accounts payable and accounts receivable from the subsidiary

 ledgers.

G. Transfer the regular business transaction entries from the journal to an account.

H. Report the financial progress of the fiscal period of time and the financial position or

 condition of the business as of a specific date.

I. Transfer the temporary account balances to a permanent account.

J. Review the source documents to determine the debit and credit parts of each

 transaction.

K. Transactions are recorded on this accounting form in chronological order.

36. Journalize and post the adjusting entries.

37. Analyze business transactions.

38. Prepare the trial balance (unadjusted).

39. Journalize each business transaction.

40. Journalize and post the closing entries.

41. Post to the general ledger, the accounts payable ledger, and the accounts

 receivable ledger.

42. Prepare a post-closing trial balance.

43. Prepare financial statements

44. Collect and verify source documents.

45. Complete the work sheet.

46. Reconcile the subsidiary ledgers to the respective controlling accounts.

**Continue to refer to the steps in the accounting cycle listed in A through K. Write the identifying letter of the best response for question #47 on your answer sheet.**

 \*47. The correct order of the accounting cycle is:

|  |  |
| --- | --- |
| A. |  J, C, K, G, F, D, E, H, B, I, A |
| B. |  C, J, K, G, F, D, E, B, I, H, A |
| C. |  C, J, K, G, F, D, E, H, B, I, A |
| D. |  A, I, K, G, C, H, E, B, D, F, J |

**Group 11**

**Write the correct amount on your answer sheet for questions 48 through 60. Following are all the accounts (except capital) of the Cochran Co. as of the end of the fiscal year after adjustments. All accounts have normal balances. Laura made one owner investment during the year of $7,500.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Title** | **Amount** |  | **Account Title** | **Amount** |
| Accounts Payable | 2,781 |  | Rent Expense | 14,400 |
| Accounts Receivable | 3,675 |  | Revenue | 51,795 |
| Advertising Expense | 1,380 |  | Utilities Expense | 5,940 |
| Laura Cochran, Drawing | 18,000 |  | Supplies | 3,985 |
| Cash in Bank | 3,221 |  | Supplies Expense | 16,815 |

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

49. What is the balance in the capital account at the end of the fiscal year before closing

 entries are posted?

50. What was the balance in the capital account at the beginning of the fiscal year?

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

 for the balance sheet debit column?

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

 for the balance sheet credit column?

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

 for the income statement debit column?

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

 for the income statement credit column?

\*\*55. What was the net income or net loss for the year?

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

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

58. What was the amount that affected Income Summary in the third closing entry?

\*59. What was the capital account balance at the end of the fiscal year after closing

entries?

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

 Balance?

**Group 12**

**Table 1 on page 11 shows the Employee Earnings Record of Kate Dayton. All the information presented is correct. The missing information can be determined from the data given. Round each calculation to the nearest cent. The employer’s payroll policies and other information are also shown in the Table. Adjusting and closing entries are prepared annually as of the end of the fiscal year, which is December 31. For questions 61 through 71, write the identifying letter of the best response on your answer sheet.**

61. Kate’s overtime rate of pay per hour is

 A. $10 B. $12 C. $15 D. $18 E. $20 F. $30

62. How many overtime hours did Kate work in May?

 A. zero B. 28 C. 50 D. 64 E. 92

63. What are Kate’s gross earnings for the week of May 6?

 A. $360 B. $480 C. $840 D. $863 E. $1,522

64. What are Kate’s gross earnings for the week of May 20?

 A. $480 B. $750 C. $755 D. $775 E. $3,207

65. What is the amount of net pay for the week of May 6?

 A. $230.50 B. $343.06 C. $680.74 D. $702.31 E. $1,320.46

66. What total amount of Medicare tax has been withheld year-to-date as of the last pay

 period in May?

 A. $79.70 B. $126.67 C. $155.39 D. $249.43 E. $340.75 F. $664.39

67. What total amount of Social Security tax has been withheld year-to-date as of the

 last pay period in May?

 A. $155.39 B. $323.64 C. $340.75 D. $571.39 E. $593.14 F. $664.39

\*68. What is the amount of federal unemployment tax owed just for the week ending

 April 29?

 A. zero B. $0.46 C. $0.56 D. $4.64 E. $5.15 F. $5.71 G. $45.50 H. $56.00

\*69. What is the amount of state unemployment tax owed just for the week ending

 May 13?

 A. zero B. $1.76 C. $2.16 D. $3.35 E. $4.13 F. $5.11 G. $58.50 H. $72.00

\*70. Consider that Kate quit this job (because of all the overtime required) and therefore

 did not receive any paychecks in June through December. What amount would the

 employer report on Kate’s IRS Form W-2 in Box 3, entitled Social Security Wages?

 A. zero B. $664.39 C. $5,220 D. $5,496 E. $8,556 F. $8,713.22 G. $10,716

\*\*71. What is the total amount debited to the employer’s general ledger account called

 Payroll Tax Expense for January through May for this one employee?

 A. $934.28 B. $1,639.56 C. $1,754.06 D. $1,794.94 E. $2,002.78 F. $2,822.56

**Group 13**

**Sissy Lee is a sole proprietor and a special events planner. She has been in business for several years. Regular operating transactions are journalized daily and posted no less often than monthly. She prepares adjusting entries and financial statements on a monthly basis. However, she prepares closing entries only at the end of her fiscal year, which is December 31.**

**Table 2 on pages 12 and 13 shows her year-to-date account balances as of November 30, 2010 in the form of T-accounts. (Accounts with a zero balance are not included because of space limitations on the page.) Table 2 also shows her transactions for the month of December 2010. Additional information is provided that will be needed for adjusting entries at the end of December.**

**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 each month.**

**For questions 72 through 75 use the above data and Table 2. Consider in each case that all the transactions for December 2010 have been journalized and posted correctly, but no adjusting or closing entries have been made. Write the identifying letter of the best answer on your answer sheet.**

\*72. The balance in the Cash in Bank account is

 A. zero B. $55 C. $14,205 D. $14,260 E. $17,160 F. $18,105

\*73. The balance of the Supplies account is

 A. zero B. $2,680 C. $2,945 D. $3,400 E. $4,970 F. $8,370

74. The balance of the Prepaid Insurance account is

 A. zero B. $110 C. $1,210 D. $1,320 E. $1,375 F. $1,500

\*75. The balancing total of the trial balance is

 A. $63,465 B. $101,955 C. $111,805 D. $157,515 E. $163,465

**Group 13 continued**

**Continue to use the information in Group 13 and Table 2. Consider now that the work sheet has been prepared for the twelve months ending December 31, 2010 and that any necessary adjusting entries have been prepared and posted to the general ledger. Closing entries have not been journalized at this time. For questions 76 through 79 write the identifying letter of the best answer on your answer sheet.**

\*76. The balance of the Supplies Expense account is

 A. zero B. $2,945 C. $3,400 D. $5,425 E. $8,370 F. $18,210 G. $23,635

77. The balance of the Insurance Expense account is

 A. zero B. $125 C. $1,210 D. $1,335 E. $1,375 F. $1,500

\*78. The net income/<net loss> for the twelve months is

 A. $ <21,350> D. $ 6,315

 B. $ < 6,315> E. $ 8,800

 C. $ 3,250 F. $21,350

\*79. The subtotal of the work sheet’s Balance Sheet Debit column before net income

 is calculated is

 A. $ 42,460 D. $115,860

 B. $ 96,405 E. $117,755

 C. $110,540 F. $121,005

**Continue to use the information in this group, and now assume that all closing entries have been journalized and posted.**

\*80. The balance of the account called Sissy Lee, Capital is

 A. $9,545 B. $65,855 C. $90,455 D. $96,005 E. $115,055

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

***Table 1***

**(For questions 61 through 71)**

**Company payroll policies and other information:**

|  |  |
| --- | --- |
| **Payroll Period** | **Weekly** |
| **Standard Work Week** | **40 hours** |
| **Overtime Pay** | **Time and a half for hours over standard** |
| **Social Security Rate (employer and employee)** | **6.2% on gross earnings up to $106,800 per employee** |
| **Medicare Rate** | **1.45% on all gross wages** |
| **FUTA (federal unemployment tax)** | **.8% on first $7,000 gross earnings per employee** |
| **SUTA (state unemployment tax)** | **.65% on first $9,000 gross earnings per employee** |
| **Kate Dayton’s standard rate of pay** | **$\_\_?\_\_ per hour** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Week Ending** | **Standard****Hours** | **OT****Hours** | **Gross****Earnings** | **Social Security Tax** | **Medicare Tax** | **Federal Income** **Tax** | **Net****Pay** |
| **1st Qtr.** |  |  | **5,220.00** | **323.64** | **75.69** | **575.00** | **4,245.67** |
|  |  |  |  |  |  |  |  |
| **Apr 8** | **40** |  | **660.00** |  |  | **74.00** |  |
| **15** | **40** | **0** | **480.00** | **29.76** | **6.96** | **53.00** | **390.28** |
| **22** | **40** |  |  | **35.34** |  | **62.00** | **464.39** |
| **29** | **40** |  | **714.00** | **44.27** | **10.35** | **78.00** | **581.38** |
|  |  |  |  |  |  |  |  |
| **May 6** | **40** |  |  |  | **12.18** | **95.00** |  |
| **13** | **40** |  | **786.00** | **48.73** | **11.40** | **86.00** | **639.87** |
| **20** | **40** |  |  | **46.50** |  | **83.00** | **609.62** |
| **27** | **40** |  | **696.00** | **43.15** | **10.09** | **77.00** | **565.76** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

***Table 2***

**(for questions 72 through 80)**

**December 2010 Transactions:**

Date

 1 Issued a check for $650 for the December rent.

 1 Issued a check for insurance $1,500 for a 12-month policy that goes into effect

 today since last year’s policy has now expired.

 2 Issued a check to purchase event supplies $1,425.

 4 Received invoice from Online Supplies for tables and chairs to be used in event

 dinners purchased on account, $3,900.

 5 Received $5,950 for wedding event services performed.

 8 Issued a check to Eventful Supply in payment on account, $1,000.

 9 Received $1,600 from Jill Sawyer on account.

 9 Issued a check for $865 for event supplies.

 10 Used debit card to pay for truck rental used to transport equipment and supplies

 to a Sweet Fifteen Party $275.

 12 Received $960 for planning a retirement party.

 15 Issued a check for $210 for utilities used at the office.

 18 Issued a check for $2,500 for a new leather couch for the office waiting room.

 20 Received $890 for catering a party.

 22 Issued a check for $1,800 for owner’s personal use.

 27 Received $8,450 for wedding reception services.

 30 Issued a check to Online Supplies for $2,000 on account.

 31 Issued check for $3,000 for owner’s personal use.

 31 Used debit card to buy event supplies $2,680.

**Other Information:**

1. Physical inventory of supplies on December 31, 2010 was $2,945

2. On December 1, 2009 insurance was purchased for $1,320 for a 12-month policy that

 went into effect on this same date.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  |  |  |  |
|  **Cash in Bank**  |  |  **Accts. Rec.—Jill Sawyer** |  |  **Supplies** |
| ***(11-30-10)* 14,260** |  |  | ***(11-30-10)* 3,800** |  |  | ***(11-30-10)* 3,400** |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  **Prepaid Insurance**  |  |  **Furniture & Equipment** |
|  |  |  | ***(11-30-10)* 0.00** |  |  | ***(11-30-10)* 69,280**  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  **Accts. Pay.—Eventful Supply** |  |  **Accts. Pay.—Online Supplies** |  |  **Sissy Lee, Capital** |
|  | ***(11-30-10)* 4,800** |  |  | ***(11-30-10)* 250** |  |  | ***(11-30-10)* 111,805**  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  **Sissy Lee, Drawing** |  |  **Event Service Fees** |  |  **Rent & Utilities Expense** |
| ***(11-30-10)* 19,800** |  |  |  | ***(11-30-10)* 29,460** |  | ***(11-30-10)* 10,480** |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  **Insurance Expense**  |  |  **Delivery Expense**  |  |  **Supplies Expense** |
| ***(11-30-10)* 1,210** |  |  | ***(11-30-10)* 5,875** |  |  | ***(11-30-10)* 18,210** |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |