**UIL ACCOUNTING**

**State 2011-S**

**Group 1**

**Accruals and deferrals require adjusting journal entries. In the chart below (column heading of Debit and Credit), one-half of each adjusting entry is provided. In the space for the other half is the test question number. For items 1 through 6, on your answer sheet write the identifying letter of the correct account classification for each missing debit or credit.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A** | **Asset** |  | **Debit** | **Credit** |
| **B** | **contra-Asset** |  | Accounts Receivable | #1 |
| **C** | **Liability** |  | #2 | Supplies |
| **D** | **contra-Liability** |  | Salary Expense | #3 |
| **E** | **Capital** |  | #4 | Interest Payable |
| **F** | **Revenue** |  | Unearned Fees | #5 |
| **G** | **Expense** |  | Depreciation Expense | #6 |

**Group 2**

**At the end of its fiscal year (12-31-10), after all accounts determined to be uncollectible have been written off and before any adjusting entries are recorded, the following information is available:**

|  |  |
| --- | --- |
| **Accounts Receivable** | **36,290** |
| **Allowance for Uncollectible Accounts** | **812 credit** |
| **Net sales** | **97,800** |
| **Total charge sales** | **54,300** |
| **The aging of accounts receivable indicates**  **uncollectible accounts of** | **2,420** |

**For questions 7 through 9, write the correct amount on your answer sheet.**

7. What is the amount of bad debt expense if the aging method is used to estimate

uncollectible accounts?

8. If the aging method is used to estimate uncollectible accounts expense, what is the

book value of accounts receivable on the balance sheet dated 12-31-10?

9. If the company were to estimate uncollectible accounts based on 3% of total sales

on account, what is the book value of accounts receivable on the balance sheet

dated 12-31-10?

**Group 3**

**Orange Co. has the following inventory and purchases data for a smart phone for the year 2010. During the year 96 phones were sold for $360 each and 29 phones were sold for $275 each. The company uses the periodic inventory method. The physical inventory agreed to the accounting records and no inventory was obsolete or damaged.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Quantity** | **Cost per Phone** |  |
| **1-1-10** | **Beginning Inventory** | **10** | **100** | **1,000** |
| **Jan** | **Purchase** | **20** | **105** | **2,100** |
| **Feb** | **Purchase** | **20** | **110** | **2,200** |
| **Mar** | **Purchase** | **30** | **120** | **3,600** |
| **Sept** | **Purchase** | **10** | **100** | **1,000** |
| **Oct** | **Purchase** | **20** | **95** | **1,900** |
| **Nov** | **Purchase** | **20** | **90** | **1,800** |
| **Dec** | **Purchase** | **10** | **85** | **850** |
|  |  | **140** |  | **14,450** |

**For questions 10 through 12, write the identifying letter of the best response on your answer sheet.**

10. What is the amount of gross profit for the year if the LIFO method of inventory

valuation is used?

A. $12,902 D. $26,785 G. $29,610

B. $12,925 E. $28,085 H. $29,633

C. $13,150 F. $29,385 I. $40,987

11. What is the amount of gross profit for the year if the average-cost method of

inventory valuation is used?

A. $12,902 D. $26,785 G. $29,610

B. $12,925 E. $28,085 H. $29,633

C. $13,150 F. $29,385 I. $40,987

12. What is the amount of gross profit for the year if the FIFO method of inventory

valuation is used?

A. $12,902 D. $26,785 G. $29,610

B. $12,925 E. $28,085 H. $29,633

C. $13,150 F. $29,385 I. $40,987

**Group 4**

**Plum Corp adjusts its books monthly using the accrual basis of accounting and closes its books at the end of its fiscal year, which is September 30. Plum Corp uses the banker’s year of 360 days.**

**On September 30, 2010 Plum Corp borrowed money from the First Trust Bank by signing a $120,000, 90-day non-interest-bearing note. The bank discounted the loan at a rate of 6%.**

**For questions 13 through 15 write the correct amount on your answer sheet.**

13. What is the maturity value of the note?

\*14. What amount would be recorded in Discount on Notes Payable on 9-30-10?

15. What is the amount of the proceeds?

**Group 5**

**Apple Co. carries an average monthly inventory of $60,000. When the company prepares interim financial statements, the accountant estimates the ending inventory using the gross profit method. Apple Co. historically has averaged a gross profit percentage of 42%. Following are the normal balances in the general ledger as of January 31, 2011:**

|  |  |
| --- | --- |
| **Net Sales** | **92,600** |
| **Beginning Inventory, January 1, 2011** | **58,430** |
| **Net Purchases** | **57,068** |

**For question #16 write the correct amount on your answer sheet.**

16. What is the estimated ending inventory on January 31, 2011 using the gross profit

method?

**Group 6**

**Consider the following information about a plant asset for question #17, and write the correct amount on your answer sheet. The company has a calendar year end.**

|  |  |
| --- | --- |
| **Original Cost** | **$50,000** |
| **Disposal Value** | **$4,400** |
| **Date Purchased** | **08-01-08** |
| **Estimated Useful Life** | **5 years** |
| **Depreciation Method** | **?** |
| **Accumulated Depreciation as of 12-31-10** | **22,040** |
| **Asset Sold Date** | **2-1-11** |
| **Asset Sold for** | **$30,000** |

\*17. What is the amount of gain or loss on the sale of the asset?

**Group 7**

**On August 9, 2010, Banana Company borrowed $27,000 from Infinity Bank by signing a 180-day, 6% interest-bearing promissory note. (This is the only time the company has ever had to borrow money from any source.)**

**Banana Company has the following accounting policies and procedures:**

* **Uses the accrual basis of accounting**
* **Fiscal year-end December 31**
* **Adjusting & closing entries are prepared only at fiscal year-end**
* **Uses reversing entries**
* **Uses 360-day year for promissory note calculations**

**Use the identifying letter of the correct account to record the debit(s) and credit(s) in the transactions that follow. The question numbers are found in the debit and credit columns. Some entries require more than one debit or credit.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **A** | **Cash in Bank** |  | **E** | **Income Summary** | | | |
| **B** | **Interest Receivable** |  | **F** | **Interest Expense** | | | |
| **C** | **Note Payable** |  | **G** | **Interest Income** | | | |
| **D** | **Interest Payable** |  |  |  | | | |
|  | | | | | **Debit** | **Credit** |
| Entry on August 9 when note is signed | | | | | 18. | 19. |
| Adjusting entry on December 31, 2010 | | | | | 20. | 21. |
| Closing entry on December 31, 2010 for Interest Expense | | | | | 22. | 23. |
| Reversing entry on January 1, 2011 | | | | | 24. | 25. |
| Payment of the maturity value on the maturity date | | | | | 26. | 27. |

**Continue to use the above information. For questions 28 through 30, write the correct amount on your answer sheet.**

28. What amount of interest expense is incurred in 2010?

29. What amount of interest expense is incurred in 2011?

\*30. When the maturity value is paid, what amount is posted to the Interest Expense

account?

**Continue to use all the above information. For questions 31 through 35, on your answer sheet write the correct amount of the balance in the account *AND* indicate whether the balance is a debit (DR) or a credit (CR) balance. If the account balance is zero, just write “0” (no DR or CR is needed for a zero balance).**

**Your answer might look like this: 400 DR or 150 CR or 0**

31. What is the balance of Interest Payable after closing entries and before reversing?

32. What is the balance of Interest Payable after reversing entries and before the note

is paid off?

33. What is the balance of Interest Expense on August 9?

34. What is the balance of Interest Expense after the adjusting entries and before the

closing entries?

\*35. What is the balance of Interest Expense after the reversing entries and before the

note is paid off?

**Group 8**

**Bexco, Inc. is a closely held corporation formed in 2008 and has only one shareholder, Alex Wilmon. The corporation has a fiscal year end of December 31 and the basis of accounting is the accrual basis. For this group of questions, disregard depreciation.**

**There is only one class of stock issued. On May 1, 2010 Bexco, Inc. issued 350 shares of common stock to Alex Wilmon.**

**On November 1, 2010 a cash dividend of $5 per share was declared on all shares issued as of November 15, 2010, which was paid on December 15, 2010.**

**The following account balances (listed alphabetically) are correct, and all have normal balances. The balances were as of December 31, 2010 after all adjusting entries were prepared and posted correctly but before closing entries were posted. The account called Paid-in Capital in Excess of Par has a zero balance. The only other general ledger accounts that are not listed below are Dividends and Retained Earnings.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Accounts Payable** | **5,300** |  | **Gasoline Expense** | **9,000** |
| **Accounts Receivable** | **2,400** |  | **Insurance Expense** | **8,000** |
| **Building** | **17,200** |  | **Interest Expense** | **2,000** |
| **Cash** | **7,600** |  | **Payroll Tax Expense** | **800** |
| **Common Stock ($10 par)** | **8,000** |  | **Salary Expense** | **7,900** |
| **Equipment** | **4,200** |  | **Revenue** | **56,000** |
| **Equipment Rental Expense** | **1,600** |  | **Utilities Expense** | **5,000** |
| **Note Payable (due in 2020)** | **12,100** |  | **Vehicles** | **20,000** |

**For questions 36 through 38, write the correct amount on your answer sheet.**

36. What is the balance of the common stock account on January 1, 2010?

37. What is the balance of Retained Earnings in the general ledger after closing entries

for 2010 are posted?

\*38. What is the balance of Retained Earnings on January 1, 2010?

**For questions 39 and 40, write the identifying letter of the best response on your answer sheet.**

\*39. What is the profitability of Bexco, Inc. measured by the return on common

stockholder’s equity as of 12-31-10?

A. 0**.**64% C. 0**.**93% E. 9**.**3% G. 83% I. 271%

B. 0**.**83% D. 3**.**47% F. 64% H. 92**.**7% J. 347%

40. The reason the account called Paid-in Capital in Excess of Par has a zero balance

is because

A. the shareholder still owes the corporation for the increase in value of the

company shares.

B. all preferred shares were issued in a previous fiscal year.

C. all common shares were issued at par.

D. all common shares were issued at a price greater than par value.

**Group 9**

**Refer to Table 1 on page 11. Use the following policy to consider the closing entries at the end of the fiscal year:**

1. **Close all temporary accounts with credit balances in one combined entry.**
2. **Close all temporary accounts with debit balances in one combined entry.**
3. **Close the Income Summary account.**
4. **Close any necessary temporary equity accounts.**

**The words “red, orange, blue, yellow, green” are referenced in the questions to be answered in this group.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **purple** | |  |  |  | **Income Summary** | |
|  |  |  | 01-01-10 |  |  |  |
|  |  |  |  |  | 2,490 |  |
| \_\_\_red\_\_\_ | \_\_orange\_\_ |  | 12-31-10  closing entries | 12-31-10   closing entries | \_\_\_blue\_\_\_ | \_\_yellow\_\_ |
|  |  |  |  |  |  |  |
|  | \_\_green\_\_ |  | 12-31-10  balance after closing entries |  |  |  |

**For questions 41 through 47 write the identifying letter of the best response on your answer sheet.**

41. The amount of “red” is

A. zero B. $2,490 C. $4,680 D. $6,930 E. $5,555 F. $11,610

42. The amount of “orange” is

A. $34,590 B. $39,270 C. $41,520 D. $46,185 E. $46,200

43. The amount of “blue” is

A. $299,726 B. $302,216 C. $304,406 D. $306,896

44. The amount of “yellow” is

A. $311,842 B. $312,732 C. $340,596 D. $341,486

\*45. The amount of “green” is

A. $25,344 B. $59,934 C. $64,614 D. $66,864

46. The color “purple” represents the account:

A. Common Stock

B. Dividends

C. Paid-in Capital in Excess of Par

D. Retained Earnings

47. The January 1, 2010 balance in the “purple” account was

A. $11,700 B. $25,344 C. $78,000 D. $115,044

**Group 10**

**Continue to use Table 1. For questions 48 through 51, write the identifying letter of the best response on your answer sheet.**

48. The quick ratio is ? to 1

A. 0**.**66 B. 0**.**96 C. 1**.**17 D. 1**.**23 E. 2**.**04 F. 2**.**53 G. 3**.**08

49. The current ratio is ? to 1

A. 0**.**66 B. 0**.**96 C. 1**.**17 D. 1**.**23 E. 2**.**04 F. 2**.**53 G. 3**.**08

50. What is the amount of working capital?

A. $12,155 B. $25,344 C. $115,044 D. $133,220 E. $148,720 F. $165,134

51. What is the return on net sales using net income after federal income tax?

A. 12**.**5% B. 12**.**6% C. 14**.**2% D. 14**.**8% E. 16**.**6%

**Group 11**

**Continue to use Table 1. There has been only one time the corporation has issued common stock, and that was when the corporation was originally formed in early 2009.**

**For questions 52 through 54, write the correct number or amount on your answer sheet. Please take care to format your answer properly.**

52. How many shares of common stock have been issued?

\*53. What was the total price per share of the common stock issued in 2009?

54. What is the amount per share of dividends declared in 2010?

**Group 12**

**Continue to use Table 1. In this state only the employer is required to pay unemployment taxes. Consider that the employer social security rate is 6.2% (on maximum taxable wages of $106,800 per employee); the Medicare rate is 1.45% (no maximum); and the FUTA rate is 0.8% (on maximum taxable wages of $7,000 per employee). The state has maximum taxable wages per employee of $9,000. The company has one employee.**

**For question #55, write the correct percentage on your answer sheet.**

\*55. What was the SUTA rate?

**Group 13**

**Continue to use Table 1. All of the store equipment was purchased on January 1, 2009 with an estimated salvage value of $2,575 and a 5-year estimated useful life. The company uses the double-declining balance method for the store equipment.**

**When the corporation was originally formed, the company rented various items of furniture and store fixtures until the managers could make an informed decision about what should be purchased. Therefore, the purchase of the assets in this category occurred later in the year 2009, and all were purchased on the same date.**

**The furniture and store fixtures purchased have an estimated salvage value of $1,200 and an estimated useful life of ??? years. The company uses the straight-line method for this category of assets.**

**For question #56, write the identifying letter of the correct response on your answer sheet.**

\*56. On the first day of which month in 2009 were the furniture and store fixtures

purchased?

A. January D. April G. July J. October

B. February E. May H. August K. November

C. March F. June I. September L. December

**Group 14**

**Continue to use Table 1. The stockholders request an income statement format that provides subtotals for Operating Revenue, Cost of Merchandise Sold, Gross Profit on Operations, Operating Expenses, Income from Operations, Other Revenue, Other Expense, and with net income expressed before and after federal income taxes.**

**For questions 57 through 63, write the identifying letter of the best response on your answer sheet.**

57. What is the Cost of Delivered Merchandise?

A. $143,043 B. $145,533 C. $164,010 D. $171,078 E. $192,764

\*58. What is the Cost of Merchandise Available for Sale?

A. $132,200 B. $164,010 C. $166,500 D. $298,700 E. $324,964

59. What is the Gross Profit on Sales?

A. $111,000 B. $111,890 C. $113,490 D. $166,500 E. $277,500

60. What is the total Net Sales?

A. $272,820 B. $277,500 C. $288,343 D. $311,842 E. $346,184

**Group 14 continued**

\*61. What is the amount of Income from Operations?

A. $46,185 B. $46,200 C. $47,075 D. $48,675 E. $111,000

62. What is the amount of Other Expenses?

A. $875 B. $5,555 C. $7,805 D. $8,279 E. $12,485

\*63. What is Net Income before Federal Income Tax?

A. $34,590 B. $39,255 C. $39,270 D. $41,760 E. $46,200

**Group 15**

**Refer to Table 2 on pages 12 and 13 and the work sheet on page 14. For questions 64 through 78, write the correct amount on your answer sheet.**

For questions 64 through 73, what is the correct amount that would be found on the Balance Sheet dated December 31, 2010 or the Income Statement for the three months ending December 31, 2010 using the accrual basis of accounting?

64. Prepaid Insurance

65. Accumulated Depreciation—Equipment

66. Accounts Payable

67. Accrued Salary Payable

68. Accrued Interest Payable

69. Unearned Revenue

70. Sales

71. Purchases

72. Supplies Expense

73. Insurance Expense

What are the column subtotals on the work sheet before net income or loss is calculated for the following (questions 74 through 77)?

\*74. Income Statement Debit Column

\*75. Income Statement Credit Column

\*76. Balance Sheet Debit Column

\*77. Balance Sheet Credit Column

\*\*\*78. What is the net income for the three months ending December 31, 2010 using the

accrual basis of accounting?

**Group 15 continued**

**For questions 79 and 80, write the identifying letter of the best response on your answer sheet.**

79. If reversing entries are used, the paycheck to Dale dated January 7, 2011 will

include a credit to Cash in Bank and a debit to

A. Accrued Salary Payable

B. Income Summary

C. Salary Expense

D. Unearned Revenue

80. If reversing entries are NOT used, the paycheck to Dale dated January 7, 2011 will

include a credit to Cash in Bank and a debit to

A. Accrued Salary Payable

B. Income Summary

C. Salary Expense

D. Unearned Revenue

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

***Table 1***

***(for questions 41 through 63)***

**The following accounts with normal balances were taken from the work sheet’s Adjusted Trial Balance columns for the year ending December 31, 2010.**

|  |  |
| --- | --- |
| Cash in Bank | 46,420 |
| Change Fund | 500 |
| Accounts Receivable | 36,735 |
| Merchandise Inventory | 132,200 |
| Supplies | 2,485 |
| Prepaid Insurance | 1,880 |
| Furniture & Store Fixtures | 10,680 |
| Accum. Depr.—Furniture & Store Fixtures | 2,528 |
| Store Equipment | 22,950 |
| Accum. Depr—Store Equipment | 14,688 |
| Accounts Payable | 28,630 |
| Note Payable (due in 6 mo) | 30,000 |
| Interest Payable (due in 6 mo) | 400 |
| Sales Tax Payable | 860 |
| Corporate Federal Income Tax Payable | 6,930 |
| Dividends Payable | 4,680 |
| Note Payable (Equipment) (due in 2 years) | 15,500 |
| Common Stock ($5 par) | 78,000 |
| Paid-in Capital in Excess of Par | 11,700 |
| Retained Earnings | 25,344 |
| Dividends | 4,680 |
| Income Summary | 2,490 DR |
| Sales | 311,842 |
| Sales Discounts | 18,325 |
| Sales Returns and Allowances | 16,017 |
| Purchases | 181,921 |
| Transportation In | 10,843 |
| Purchases Discounts | 21,485 |
| Purchases Returns & Allowances | 7,269 |
| Advertising Expense | 2,684 |
| Rent Expense | 6,720 |
| Utilities Expense | 3,725 |
| Bankcard Fees Expense | 2,485 |
| Salary Expense | 32,000 |
| Payroll Tax Expense | 2,612 |
| Insurance Expense | 3,760 |
| Supplies Expense | 3,425 |
| Depreciation Expense | 7,404 |
| Interest Expense | 695 |
| Interest Income | 215 |
| Gain on Plant Assets | 675 |
| Loss on Plant Assets | 180 |
| Federal Corporate Income Tax Expense | 6,930 |

***Table 2***

***(for questions 64 through 80)***

Liz Sanchez began her business on October 1, 2010 by investing $45,000 from her personal savings. Liz purchases unique gift items and sells them to the public from a downtown building she rents.

Liz decided to use an easy bookkeeping software package that only allows her to record deposits and checks written from her business checking account. Liz needs to borrow more money in order to expand her business. Therefore, her banker has requested financial statements using the accrual basis of accounting. She told her banker “No problem, I’ll just print those for you.” Liz was horrified when she printed the income statement for the first three months that indicated she had lost over $22,000. This simply didn’t seem possible and would not help her get the loan she needed.

Because Liz has limited accounting knowledge, she asked a Certified Public Accountant for assistance. Liz showed the CPA the loser income statement and said the software had to be bad. The CPA explained that Liz’s software uses a cash-basis approach. In order to have a true picture of performance, the cash basis general ledger needed to be converted to the accrual basis before financial statements should be prepared. The CPA agreed to perform this service on New Year’s weekend (this is not a fairy tale). The CPA also found more appropriate software for Liz to use beginning in 2011 and will get everything set up for her prior to the first day of business in January.

The CPA’s first step was to determine whether the general ledger was in balance. The accountant used the work sheet on page 14 and listed every account from Liz’s general ledger that contained a balance. The CPA also listed other accounts that need to be opened.

The CPA decided to use the work sheet’s Adjustment columns to plan:

1. any necessary correcting entries,
2. the year-end adjusting entries, and
3. any required accrual or deferral adjusting entries.

The company’s fiscal year end is December 31. Disregard sales tax and payroll tax.

The following bulleted items were discovered by the CPA:

* The December bank reconciliation was prepared correctly. The general ledger account, the check stubs, and the reconciliation are all in agreement.
* For the most part customers pay by cash, check, or bank credit card, which were all properly handled. Liz allows some customers to charge “in house” as evidenced by a stack of sales tickets with a post-it note labeled “these people owe me.” The sales tickets totaled $15,440.
* The CPA prepared an aging analysis of accounts receivable and estimated that a total of $270 of its accounts receivable will be uncollectible.

***Table 2 continued***

* A different stack consisted of unpaid invoices labeled “due to be paid in January 2011.” The CPA separated the unpaid invoices into categories as follows: purchases of merchandise $5,120; utilities $125
* Next to the office desk was an opened box containing an antique camera. Liz explained it had just arrived and that a customer had placed a special order for it in early December. Liz said the customer paid her in advance $175, which was already deposited to Liz’s checking account and handled like any other sale. The CPA explained that this cannot be recorded as a sale until the merchandise is delivered to the customer.
* Liz also told the CPA that she had already paid the supplier for the antique camera and that transaction was handled like any other cash purchase of merchandise. The CPA told Liz to be sure to include the cost of the camera in the physical count of the merchandise inventory as of 12-31-10.
* Liz worked on New Year’s Eve after the store closed and provided the CPA with a physical inventory of merchandise (including the cost of the camera) $12,402 and store supplies on hand $3,025. The CPA educated Liz on the proper way to record supplies purchased using an asset account, as Liz had consistently recorded all purchased supplies directly to the Supplies Expense account in error.
* Insurance Expense included one debit for $3,900 dated October 1, 2010 which was for a 12-month policy. Again, the CPA told Liz how she should handle the next purchase of insurance in the future.
* The $5,040 posting to the Equipment account represents a group of assets purchased on October 2, 2010 using funds borrowed from First National Bank. The items purchased are store shelves, fixtures, display cases, computer, cash register, etc. The estimated salvage value of all the equipment is $540 and the estimated useful life is 5 years. The CPA chose to use the straight-line method.
* The promissory note for $5,040 is dated October 2, 2010, bears interest at a rate of 5% and no payments are required until the note matures 180 days from the date of the note.
* Liz has one employee, Dale, who began work on November 1. Dale never works on Saturday or Sunday. Dale’s first paycheck for $450 (remember to disregard all payroll taxes) was dated November 12 paying Dale for the work performed on November 1 through 5. Dale was then paid $450 each subsequent Friday in November and December. The CPA explained to Liz that a salary accrual was necessary.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| NOVEMBER 2010 | | | | | | |  | DECEMBER 2010 | | | | | | |
| **M** | **T** | **W** | **T** | **F** | **S** | **S** |  | **M** | **T** | **W** | **T** | **F** | **S** | **S** |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |  |  |  | 1 | 2 | 3 | 4 | 5 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |  | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |  | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |  | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 29 | 30 |  |  |  |  |  |  | 27 | 28 | 29 | 30 | 31 |  |  |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Specialty Gift Shop** | | | | | | | | | | |
| **Work Sheet** | | | | | | | | | | |
| **For the Three Months Ended December 31, 2010** | | | | | | | | | | |
| **Account Title** | **Trial Balance** | | **Adjustments** | | **Adjusted Trial Balance** | | **Income Statement** | | **Balance Sheet** | |
|  | **Debit** | **Credit** | **Debit** | **Credit** | **Debit** | **Credit** | **Debit** | **Credit** | **Debit** | **Credit** |
| **Cash in Bank** | **22,887** |  |  |  |  |  |  |  |  |  |
| **Accounts Receivable** |  |  |  |  |  |  |  |  |  |  |
| **Allow. for Uncol. Accts.** |  |  |  |  |  |  |  |  |  |  |
| **Merchandise Inventory** |  |  |  |  |  |  |  |  |  |  |
| **Supplies** |  |  |  |  |  |  |  |  |  |  |
| **Prepaid Insurance** |  |  |  |  |  |  |  |  |  |  |
| **Equipment** | **5,040** |  |  |  |  |  |  |  |  |  |
| **Accum. Depr.—Equip.** |  |  |  |  |  |  |  |  |  |  |
| **Accounts Payable** |  |  |  |  |  |  |  |  |  |  |
| **Accrued Salary Payable** |  |  |  |  |  |  |  |  |  |  |
| **Accrued Interest Payable** |  |  |  |  |  |  |  |  |  |  |
| **Unearned Revenue** |  |  |  |  |  |  |  |  |  |  |
| **Note Payable—FNB** |  | **5,040** |  |  |  |  |  |  |  |  |
| **Liz Sanchez, Capital** |  | **45,000** |  |  |  |  |  |  |  |  |
| **Income Summary** |  |  |  |  |  |  |  |  |  |  |
| **Sales** |  | **16,535** |  |  |  |  |  |  |  |  |
| **Purchases** | **25,090** |  |  |  |  |  |  |  |  |  |
| **Rent Expense** | **1,680** |  |  |  |  |  |  |  |  |  |
| **Utilities Expense** | **978** |  |  |  |  |  |  |  |  |  |
| **Salary Expense** | **3,600** |  |  |  |  |  |  |  |  |  |
| **Supplies Expense** | **3,400** |  |  |  |  |  |  |  |  |  |
| **Insurance Expense** | **3,900** |  |  |  |  |  |  |  |  |  |
| **Bad Debt Expense** |  |  |  |  |  |  |  |  |  |  |
| **Interest Expense** |  |  |  |  |  |  |  |  |  |  |
| **Depreciation Expense** |  |  |  |  |  |  |  |  |  |  |
|  | **66,575** | **66,575** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |