**UIL ACCOUNTING**

**Invitational 2012-A**

**Group 1**

**Determine whether each of the following is a debit or credit using this code: DR=debit; CR=credit. Mark the correct answer on your answer sheet.**

 1. The balance side of Sales Discounts

 2. The decrease side of Prepaid Insurance

 3. The increase side of Petty Cash

 4. The balance side of Transportation In

 5. The increase side of Purchases Returns & Allowances

 6. The increase side of Sales Taxes Payable

 7. The balance side of Sales

 8. The decrease side of Accounts Payable

 9. The decrease side of Bill Joslin, Capital

10. The increase side of Merchandise Inventory

**Group 2**

**For items 11 through 19, indicate the location where each is written on an income statement for a service business illustrated below. Write the correct identifying letter on your answer sheet.**

|  |
| --- |
| **A** |
| **B** |
| **C** |
|  |
|  |  **D** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  **E** |  |  |  |  |  |  |  |  **J** |  |  |  |  |  |  |
|  |  **F** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  **G** |  |  **K** |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  **H** |  |  |  |  |  |  |  |  **L** |  |  |  |  |  |  |
|  |  **I** |  |  |  |  |  |  |  |  **M** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

11. Amount of the net income or net loss

12. Amount of the revenue item

13. Words *Income Statement*

14. Section heading *Revenue*

15. Words *Total Expenses*

16. Section heading *Expenses*

17. Title of the revenue account

18. Amount of each expense item

19. Titles of the individual expense accounts

**Group 3**

**Determine the unknown amount in each of the following independent situations. The amounts in the Beginning and Ending Balance columns represent normal balances. Answer questions 20 through 22 by writing the correct amount on your answer sheet.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Account** | **Beginning****Balance** | **Ending****Balance** | **Other Information** |
| Accounts Payable | 16,471 | 14,205 | Paid on account $33,960 |
| Prepaid Insurance | 3,730 | 4,900 | Premiums paid during the period $10,650 |
| Owner’s Capital | 62,940 | 41,763 | Owner’s withdrawals $25,000 |

20. What amount was purchased on account from vendors during the period?

\*21. What amount did the owner invest in the business during the period if net loss for

 the period was $3,427?

22. What amount of insurance premiums expired during the period?

**Group 4**

**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 March is $16.04**

 **Deposits in transit on March 31 are $1,615.10 and $1,429.07 Reconciled bank balance on March 31 is $5,698.25**

 **Outstanding checks on March 31 are $226.19, $14.15, and $456.84**

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

\*23. Given the above facts, what was the amount that was printed on the bank statement

 as the closing balance for March?

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

 reconciling the bank statement?

**Group 5**

**For question #25, 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** | **$95,129** |
| **Balance Sheet Debit** | **72,956**  |
| **Balance Sheet Credit** | **73,428** |

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

 income or net loss is calculated?

**Group 6**

**The Balance Sheet for Orange Co. appears below. Refer to it and answer questions 26 through 29 by writing the identifying letter of the best answer on your answer sheet. Consider each question independently.**

|  |
| --- |
| **Orange Co.** |
| **Balance Sheet** |
| **December 31, 2011** |
| **Assets** |  |  | **Liabilities** |  |
| **Cash** | **8,725** |  | **Accounts Payable** |  **$ 10,485**  |
| **Accounts Receivable** | **3,450** |  |  |  |
| **Computer Equipment** | **61,270** |  | **Owner’s Equity** |  |
| **Office Equipment** | **10,465** |  | **Kay Orange, Capital** |  **?**  |
| **Office Furniture** |  **?**  |  |  |  |
| **Total Assets** |  **$ ?** |  | **Total Liabilities and** **Owner’s Equity** |  **$ ?** |
|  | **========** |  |  | **========** |

26. If the balance in the Kay Orange, Capital account is $90,715, what would be the balance in the Office Furniture account?

 A. $ 3,680 D. $17,290

 B. $ 6,805 E. $73,425

 C. $13,610 F. $80,230

27. If the balance of the Office Furniture account was $13,690, what would be the total liabilities and owner’s equity?

 A. $30,980 D. $ 87,115

 B. $ 70,220 E. $ 97,600

 C. $80,705 F. $108,085

28. If the balance sheet showed an amount in the Office Furniture account of $5,475

 and if all the computer equipment was sold for its historical cost and cash received,

 what would be the balance of Kay’s capital account?

 A. $62,960 D. $78,900

 B. $68,435 E. $89,365

 C. $73,425 F. $99,870

 \*29. If the balance sheet showed an amount of $8,420 in the Office Furniture account,

 and $4,268 of Accounts Payable were paid and $1,500 of Accounts Receivable was

 received, what would be the balance of Kay’s capital account?

 A. $73,425 D. $81,845

 B. $77,388 E. $86,113

 C. $77,693 F. $86,302

**Group 7**

**Below are selected line items from a portion of a work sheet. The beginning inventory is $21,865.**

|  |  |
| --- | --- |
|  | **INCOME STATEMENT** |
| **ACCOUNT** | **DEBIT** | **CREDIT** |
| **Income Summary** | **1,815** |  |
| **Sales** |  | **77,730** |
| **Sales Returns & Allowances** | **2,697** |  |
| **Sales Discounts** | **4,533** |  |
| **Purchases** | **43,059** |  |
| **Purchases Returns & Allowances** |  | **3,178** |
| **Purchases Discounts** |  | **4,295** |
| **Transportation In** | **2,784** |  |
| **Expenses (combined)** | **31,750** |  |

**Use this data to answer questions 30 through 35. Write the identifying letter of the best response on your answer sheet.**

30. The amount of net sales is

 A. $70,500 B. $73,197 C. $75,033 D. $77,730 E. $84,960

31. The amount of net purchases is

 A. $35,586 B. $38,370 C. $40,275 D. $43,059 E. $45,843

32. The amount of cost of delivered merchandise is

 A. $2,784 B. $35,586 C. $38,370 D. $43,059 E. $45,843

33. The amount of cost of merchandise available for sale is

 A. $40,185 B. $57,451 C. $58,420 D. $60,235 E. $64,924

34. The amount of cost of merchandise sold is

 A. $30,315 B. $36,555 C. $40,185 D. $42,969 E. $60,235

\*35. The amount of inventory at the end of this period is

 A. $20,050 B. $21,865 C. $23,680 D. not enough information to solve

**Continue to use the information above. For questions 36 through 38, write the correct amount on your answer sheet. Use brackets to indicate a net loss. If necessary, round percentages to the nearest tenth of a percent. The company uses net sales as the base for calculating component percentages.**

36. What is the amount of gross profit for this period?

37. What is the gross profit percentage?

\*\*38. What is the amount of net income or net loss?

**Group 8**

**For questions 39 through 44 write the identifying letter of the account to be debited or credited in each of the following situations:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A** | **Cash in Bank** |  | **D** | **Miscellaneous Expense** |
| **B** | **Petty Cash Fund** |  | **E**  | **Cash Short and Over** |
| **C** | **Postage Expense** |  | **F** | **Petty Cash Expense** |

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
| To establish the petty cash fund | #39 | #40 |
| To replenish the petty cash fund when all vouchers were for postage stamps | #41 | #42 |
| To increase the petty cash fund | #43 | #44 |

**Group 9**

**Refer to Table 1 on page 8. For questions 45 through 49, write the correct amount on your answer sheet.**

 \*45. What was the balance of Ashton Cushion, Capital on 1-1-11?

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

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

 \*48. What was the amount of the third closing entry?

 \*49. What was the balance of Ashton Cushion, Capital on 12-31-11 after all closing entries were posted?

**Continue to refer to Table 1. For questions 50 through 53, write “True” if the statement is true; write “False” if it is false.**

50. The first closing entry includes credits to the three revenue accounts.

51. The second closing entry includes eight separate debits to Income Summary.

52. Ashton Cushion incurred a net income for the year 2011.

53. The fourth closing entry includes a debit to the owner’s capital account.

**Group 10**

**Jana Dayton owns Dayton Cleaning Services which provides residential and commercial building cleaning services to the public. Jana has been in business for many years.**

**Her fiscal year ends December 31, at which time adjusting entries and financial statements are prepared for the entire year. Regular operating transactions are journalized daily and posted no less often than monthly. Closing entries are prepared annually.**

**Table 2 on pages 9 and 10 shows her unadjusted trial balance as of November 30, 2011 and her transactions for the month of December 2011. 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 54 through 64, 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 2) on your answer sheet.**

|  |  |  |
| --- | --- | --- |
| **Trans. #** | **DEBIT** | **CREDIT** |
| 6 | 54. | 55. |
| 8 | XXXXX | 56. |
| 13 | 57. | 58. |
| 15 | 59. | XXXXX |
| 19 | 60. | 61. |
| 27 | 62. | 63. |
| 29 | 64. | XXXXX |

**For questions 65 through 71 write the correct amount on your answer sheet. Consider that all the transactions for December 2011 have been journalized and posted correctly.**

\*65. What was the balance of Prepaid Insurance on January 1, 2011?

\*66. What was the balance of Prepaid Insurance on November 30, 2011?

\*67. What was the balance of Prepaid Insurance on December 31, 2011 before any

 adjusting or closing entries are posted?

\*68. What was the balance of the owner’s capital account on January 1, 2011?

\*69. What is the net income for 2011?

70. On the Income Statement for the twelve months ending 12-31-11, what is the

 amount of revenue earned from residential customers?

\*71. What was the balancing total on the Trial Balance dated 12-31-11?

**Group 10 continued**

**Continue to refer to Table 2. For questions 72 through 80, write the correct amount on your answer sheet.**

What was the balance in each of the following accounts on December 31, 2011 after adjusting journal entries are posted but before closing entries are journalized?

72. Cleaning Supplies

\*73. Prepaid Insurance

74. Equipment

\*75. Insurance Expense

\*76. Cleaning Supplies Expense

77. Income Summary

What was the balance in each of the following accounts on December 31, 2011 after closing all temporary capital accounts?

78. Cash in Bank

79. Insurance Expense

\*\*80. Jana Dayton, Capital

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

**Table 1**

**(for questions 45 through 53)**

**Cushion Company specializes in three main services: 1) teaching, 2) tutoring, and 3) writing study materials.**

**Cushion Company 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 Cushion Company for the calendar year 2011 follows. All accounts have normal balances. Ashton Cushion invested $7,000 in cash in his business during 2011.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash in Bank** | **7,042** |  | **Tutoring Fees** | **15,689** |
| **Accounts Receivable** | **2,685** |  | **Writing Royalty Fees** | **17,550** |
| **Supplies** | **945** |  | **Rent Expense** | **10,200** |
| **Prepaid Insurance** | **540** |  | **Utilities Expense** | **4,760** |
| **Office Equipment** | **1,420** |  | **Supplies Expense** | **3,895** |
| **Computer Equipment** | **18,460** |  | **Repairs Expense** | **1,060** |
| **Accounts Payable** | **2,429** |  | **Cleaning Expense** | **2,100** |
| **Ashton Cushion, Capital** | **19,401** |  | **Advertising Expense** | **1,680** |
| **Ashton Cushion, Drawing** | **15,600** |  | **Insurance Expense** | **1,620** |
| **Teaching Fees** | **17,428** |  | **Miscellaneous Expense** | **490** |

***TABLE 2***

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

**(for questions 54 through 80)**

Dayton Cleaning Services

Trial Balance

November 30, 2011

|  |  |  |
| --- | --- | --- |
| **Acct #** | **Account Title** | **Amount** |
| 110 | Cash | 3,790 |
| 120 | Accounts Receivable—Burk’s Leasing Co. | 1,500 |
| 125 | Accounts Receivable—Mack’s Barber Shop | 0 |
| 130 | Cleaning Supplies | 9,460 |
| 140 | Prepaid Insurance | ??? |
| 150 | Equipment | 17,485 |
| 160 | Vehicles | 52,690 |
| 210 | Accounts Payable—Lex Cleaning Supplies | 2,479 |
| 215 | Accounts Payable—Dorian Equipment Co. | 5,200 |
| 310 | Jana Dayton, Capital | ??? |
| 315 | Jana Dayton, Withdrawals | 35,200 |
| 320 | Income Summary | 0 |
| 410 | Residential Cleaning Revenue | 12,705 |
| 420 | Commercial Cleaning Revenue | 51,600 |
| 510 | Rent Expense | 2,695 |
| 515 | Utilities Expense | 2,046 |
| 520 | Advertising Expense | 3,795 |
| 525 | Insurance Expense | 0 |
| 530 | Cleaning Supplies Expense | 0 |
| 535 | Equipment Repair Expense | 1,540 |
| 540 | Gasoline & Oil Expense | 14,298 |

**Other Information Noted as of December 31, 2011:**

**1. Physical inventory of cleaning supplies is $2,630.**

**2. The insurance policy that covers the equipment and vehicles renews each year**

 **on August 1. As of 1-1-11, this is the only insurance policy the business has.**

 **In 2010 the policy cost $3,180.**

 **In 2011 the policy cost $3,432.**

***TABLE 2 continued***

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

 1 Issued a check for $245 for the December rent.

 2 Purchased on account cleaning supplies from Lex Cleaning Supplies for $750.

 5 Bought two commercial vacuum cleaners on account for a total invoice of

 $2,600 from Dorian Equipment Co. Each machine cost the same amount.

 6 Received on account $1,500 from Burk’s Leasing Company.

 7 Issued a check for $195 for utilities used at Jana’s office.

 8 Received $1,250 from various homeowners for monthly residential cleaning

 services.

 9 Issued a check for $120 for repair of equipment.

 12 Performed monthly commercial cleaning services on account for Mack’s Barber

 Shop in the amount of $215.

 13 Returned one of the vacuum cleaners to Dorian Equipment Co. because Jana

 decided she only needed one new machine. Dorian allowed the return.

 14 Received $1,690 from various homeowners for monthly residential cleaning

 services.

 15 Issued check for $3,200 for owner’s personal use.

 16 Received $2,495 from various commercial businesses for commercial cleaning

 services for the first half of the month.

 19 Purchased on account cleaning supplies from Lex Cleaning Supplies for $365.

 21 Received $965 from various homeowners for monthly residential cleaning

 services.

 23 Issued a check to KNRD radio for advertising $275.

 26 Received $2,360 from various commercial businesses for commercial cleaning

 services for the last half of the month.

 27 Issued a check to Dorian Equipment Co. for exactly one-half the amount owed

 as of this date.

 28 Issued a check for the total amount owed to Lex Cleaning Supplies as of this

 date.

 29 Issued a check for $1,260 for general liability insurance coverage that is

 scheduled to go into effect in January 2012.

 30 Issued a check for $1,070 to Handy Mart for all gasoline charged for the month

 of December. All gasoline was used in company vehicles for business

 purposes.