**UIL ACCOUNTING**

**Invitational 2012-B**

**Group 1**

**Identify the account classification of items 1 through 8 by writing the correct identifying letter on your answer sheet AND indicate the decrease side of the account by writing DR for debit or CR for credit. Both parts of each compound answer must be correct in order for your response to be counted correct.**

**A. Asset D. Revenue DR=debit**

**B. Liability E. Cost of Merchandise Sold CR=credit**

**C. Capital F. Expense**

1. Accounts Receivable

2. the value of supplies used this fiscal period

3. Transportation In

4. the amount owed to a supplier

5. the single account that contains amounts invested by the owner, amounts withdrawn

by the owner in prior years, plus the net income (and net losses) from prior years

6. the value of insurance still in force for the next fiscal period

7. Fees earned by a service-oriented business

8. the amount owed to the state for state sales taxes collected

**Group 2**

**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 December is $18.95**

**Deposits in transit on December 31 are $4,624.15 and $608.42**

**Reconciled bank balance on December 31 is $8,447.06**

**Outstanding checks on December 31 are $2,145.67, $419.19, and $604.54**

**For questions 9 and 10, write the correct amount on your answer sheet.**

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

as the closing balance for December?

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

reconciling the bank statement?

**Group 3**

**Mavis Davis started a new business. Each item (#11 through #18) represents the accounting equation after a transaction has been recorded.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Accounts** |  |  |  | **Accounts** |  | **Davis** |  |  |  |  |
|  | **Cash** | **+** | **Receivable** | **+** | **Equip.** | **=** | **Payable** | **+** | **Capital** | **+** | **Revenue** | **-** | **Expenses** |
| 11. | 50,000 |  |  |  |  |  |  |  | 50,000 |  |  |  |  |
| 12. | 45,000 |  |  |  | 25,000 |  | 20,000 |  | 50,000 |  |  |  |  |
| 13. | 44,400 |  |  |  | 25,000 |  | 20,000 |  | 50,000 |  |  |  | 600 |
| 14. | 44,400 |  | 1,200 |  | 25,000 |  | 20,000 |  | 50,000 |  | 1,200 |  | 600 |
| 15. | 45,400 |  | 1,200 |  | 25,000 |  | 20,000 |  | 50,000 |  | 2,200 |  | 600 |
| 16. | 46,000 |  | 600 |  | 25,000 |  | 20,000 |  | 50,000 |  | 2,200 |  | 600 |
| 17. | 44,000 |  | 600 |  | 27,000 |  | 20,000 |  | 50,000 |  | 2,200 |  | 600 |
| 18. | 40,000 |  | 600 |  | 27,000 |  | 16,000 |  | 50,000 |  | 2,200 |  | 600 |

**Analyze the above equations. Write the identifying letter that describes each transaction numbered above 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**

**Group 4**

**Emperor Company pays employees in one of three ways based on their position: 1) a salary plus commission based on sales; 2) an hourly wage plus a piece rate; and 3) an hourly wage only. Hourly wage employees also earn overtime at 1½ times the regular hourly rate of pay for hours worked over 40 in a week.**

**For questions 19 through 22, write the correct amount of gross pay for each employee on your answer sheet.**

19. Mumble receives a salary of $325 per week plus a 3% commission on sales, and he

was responsible for $23,400 worth of sales this week.

20. Gloria earns an hourly wage of $7.50, and she worked 38 and ½ hours this

week.

21. Lovelace earns an hourly wage of $9 and he worked 52 hours this week.

\*22. Ramon earns an hourly wage of $8 and a piece rate of 11 cents. He worked

49 hours and produced 3,100 pieces.

**Group 5**

**Use the following information of a sole proprietorship to answer questions 23 through 26. Consider each question independently. Write the identifying letter of the best response on your answer sheet.**

|  |  |  |
| --- | --- | --- |
|  | **ASSETS** | **LIABILITIES** |
| **Beginning of Year** | **74,350** | **12,750** |
| **End of Year After Closing** | **89,840** | **14,730** |

23. The owner made an investment of $2,000 in the business during the year and

withdrew nothing. The amount of net income or net loss for the year was:

A. $11,510 net loss

B. $11,510 net income

C. $15,470 net loss

D. $15,470 net income

E. $15,510 net loss

F. $15,510 net income

24. The owner made no investments in the business during the year and withdrew

$16,000. The amount of net income or net loss for the year was:

A. $2,490 net loss

B. $2,490 net income

C. $27,510 net loss

D. $27,510 net income

E. $29,510 net loss

F. $29,510 net income

25. The owner made no investments in the business during the year and withdrew

nothing. The amount of net income or net loss for the year was:

A. zero

B. $13,510 net loss

C. $13,510 net income

D. $27,510 net loss

E. $27,510 net income

F. $29,510 net income

26. The owner made an investment of $6,000 and withdrew $25,000 during the year.

The amount of net income or net loss for the year was:

A. $5,490 net loss

B. $5,490 net income

C. $7,510 net income

D. $32,510 net loss

E. $32,510 net income

F. $38,510 net income

**Group 6**

**Three customers owed a total of $4,750 to a business called Texas Wildflower Co. as of December 31, 2011 and one of these customers was Quality Seeds that owed $2,425. On January 31, 2012 the balance of Texas Wildflower’s controlling account for Accounts Receivable had decreased by $445 since the beginning of the month.**

**From Texas Wildflower Co.’s**

**General Ledger**: **Accounts Receivable**

|  |  |
| --- | --- |
| (1-1-12) |  |
|  |  |
| (Jan 2012) \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ (Jan 2012) |
|  |  |
| (1-31-12) |  |
|  |  |

**Texas Wildflower Co.’s Accounts Receivable Subsidiary Ledger:**

**Stop & Go Shop Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 1-1-12 |  |  |  |
| Jan 2012 | 2,795 | 2,820 |  |

**Bits & Pieces Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 1-1-12 |  |  | 875 |
| Jan 2012 |  | 360 | 1,480 |

**Quality Seeds Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 1-1-12 |  |  |  |
| Jan 2012 |  | 1,740 | 1,400 |

**For questions 27 through 29 write the correct amount on your answer sheet.**

\*27. What is the total amount of charges made by all three customers in January?

28. What is the balance of the Stop & Go Shop account on 1-1-12?

29. What amount was sold on account to Quality Seeds during January?

**Group 7**

**Write the correct amount on your answer sheet for questions 30 through 36. Following are all the accounts (except capital) of the Baxter Co. as of the end of the fiscal year after adjustments. All accounts have normal balances. Baxter made one owner investment during the year of $11,000. Supplies purchased are first posted to an asset account. Baxter purchased $6,020 of supplies during the current fiscal year.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Title** | **Amount** |  | **Account Title** | **Amount** |
| Accounts Payable | 18,750 |  | Rent Expense | 10,300 |
| Accounts Receivable | 18,720 |  | Revenue | 61,690 |
| Advertising Expense | 4,055 |  | Salary Expense | 27,630 |
| Kay Baxter, Drawing | 24,000 |  | Supplies | 1,875 |
| Cash in Bank | 8,640 |  | Supplies Expense | 5,540 |

30. What was the balancing total of the Adjusted Trial Balance columns?

31. What is the balance in the capital account at the end of the fiscal year before closing entries are posted?

\*32. What was the balance in the capital account at the beginning of the fiscal year?

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

\*34. What was the capital account balance at the end of the fiscal year after closing entries?

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

\*36. What was the balance of the Supplies account at the beginning of the current

fiscal year?

**Group 8**

**Determine when each of the following items 37 through 46 would be journalized with the salary expense entry, or the payroll tax expense entry, or both. Write the correct identifying letter on your answer sheet using the following code:**

|  |  |
| --- | --- |
| **A** | **with the salary expense entry only** |
| **B** | **with the payroll tax expense entry only** |
| **C** | **with both the salary expense entry and the payroll tax expense entry** |

37. Medicare taxes

38. gross earnings for the period

39. net pay for the period

40. health insurance premiums paid by employees

41. employees’ federal income taxes

42. payroll tax expense for the period

43. state unemployment taxes (in this state employees are exempt)

44. federal unemployment taxes (in this state employees are exempt)

45. Social Security taxes

46. Union Dues Payable

**Group 9**

**The following rates and maximums per employee per year are in effect:**

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $106,800** |
| **Medicare** | **1.45% on all earnings** |
| **Employee Federal Income Tax** | **15% on all earnings** |
| **Employee State Income Tax** | **2% on all earnings** |
| **Federal Unemployment Tax** | **.8% on first $7,000 of gross earnings** |
| **State Unemployment Tax** | **2.7% on first $9,000 of gross earnings** |
| **Overtime** | **1½ times regular rate for hours worked in excess of 40 hours in a 5-day work week** |

**The applicable employer matching taxes are at the same rate as the employee rate. In this state only employers are subject to unemployment taxes.**

**Selected information from a weekly payroll register for one employee is presented below with some amounts intentionally omitted. Prior to this week’s paycheck the employee had accumulated gross earnings of $8,690. The payroll clerk is new to the job and was unsure what to deduct.**

|  |  |
| --- | --- |
| **Gross Earnings:** |  |
| **Regular** |  |
| **Overtime (5 hours)** | **60.00** |
| **Total Gross Earnings** |  |
| **Deductions: ????** |  |
| **Social Security** |  |
| **Medicare** |  |
| **Federal Income Tax** |  |
| **State Income Tax** |  |
| **Health Insurance Premium** | **75.00** |
| **Federal Unemployment Tax** |  |
| **State Unemployment Tax** |  |
| **Total Deductions** |  |
| **Net Pay:** |  |

**For questions 47 and 48, write the correct amount on your answer sheet.**

\*47. What is the correct amount of the employee’s paycheck?

\*48. What is the correct amount of the employer’s payroll tax expense for this employee

for this week?

**Group 10**

**Refer to the complete general ledger of Rosen Company in Table 1 on page 10. In the accounts, “YR2011” indicates the summary total of the transaction activity affecting the account during the year 2011. All accounts have normal balances. All of the information given is correct. Some items are missing, but can be determined from other information provided. All adjusting entries have been posted with the date of 12-31-11 (although some are only partially presented). No closing entries have been posted.**

**On your answer sheet for questions 49 through 57, write “True” if the statement is true; write “False” if the statement is false.**

49. The amount of cash paid out in 2011 was $83,680.

50. The amount charged by customers in 2011 was $20,785.

51. The amount of supplies acquired in 2011 was $4,325.

52. The amount bought from vendors on account in 2011 was $17,490.

53. The amount received on account from customers in 2011 was $9,460.

54. Total liabilities increased from 1-1-11 to 12-31-11 by $1,650.

55. The owner used $21,000 in 2011 for personal use.

56. The total cost of merchandise available for sale in 2011 was $34,503.

57. The amount of total expenses for 2011 before adjusting entries were posted was

$18,519.

**Continue to refer to the data in Table 1. For questions 58 through 66, write the correct amount on your answer sheet.**

58. What is the balance in the Cash account on the trial balance dated 12-31-11?

59. What was the balance in the Prepaid Insurance account on 1-1-11?

\* 60. What was the balance in the Accounts Payable account on 1-1-11?

61. What amount of supplies is available to be used in a future period after 12-31-11?

62. What amount of Merchandise Inventory will be shown on the Balance Sheet dated

12-31-11?

\* 63. What amount does Rosen Company owe its vendors on 12-31-11?

64. What is the amount of cost of merchandise sold for 2011?

\* 65. What amount will be shown on the Income Statement for the twelve months ending

12-31-11 for Total Expenses?

\*\*66. After all closing entries for 2011 are posted, what is the balance of the capital

account?

**Group 11**

**Refer to the data in Table 2 on page 11. Answer questions 67 through 74 by writing the identifying letter of the best response on your answer sheet.**

67. What amount did customers charge on account in 2011?

A. zero B. $855 C. $16,410 D. $17,265 E. $83,245 F. $84,100

68. Cash sales for 2011 were

A. zero B. $855 C. $16,410 D. $17,265 E. $83,245 F. $84,100

69. Purchases for 2011 equal

A. zero B. $21,615 C. $22,760 D. $50,199 E. $51,344 F. $76,814

\*70. Cost of Merchandise Sold for 2011 is equal to

A. $28,701 B. $49,166 C. $49,619 D. $51,344 E. $52,199 F. $70,084

\*\*71. The amount of net income for 2011 is equal to

A. $6,431 B. $7,286 C. $9,011 D. $9,464 E. $11,454 F. $29,929

\*72. Cost of Merchandise Available for Sale for 2011 is equal to

A. $49,166 B. $49,619 C. $53,069 D. $68,939 E. $70,084 F. $71,809

73. What is the amount of capital in the unadjusted trial balance column of the work

sheet for the year ending December 31, 2011?

A. $36,025 B. $41,025 C. $41,514 D. $46,025 E. $50,536 F. $55,536

\*74. What is the gross profit percentage for 2011?

A. 38% B. 38.95% C. 41% D. 41.54% E. 65% F. 65.87%

**Group 12**

**Refer to the partially completed worksheet on page 12. For questions 75 through 80, write the identifying letter of the best response on your answer sheet.**

**Additional Facts:**

* **The owner made an additional investment of $4,500 in 2011.**
* **The capital account balance on January 1, 2011 was $4,400.**
* **All entries made on this worksheet by the accountant are correct. Some of the entries are incomplete.**

\*75. The Capital account balance on the Trial Balance is

A. $ 100 D. $8,900

B. $4,400 E. cannot be determined

C. $4,500

**Group 12 continued**

76. Sales for 2011 are

A. $82,200 D. $92,780

B. $83,880 E. cannot be determined

C. $92,080

77. The office supplies expense for 2011 is

A. $650 D. $3,550

B. $2,250 E. cannot be determined

C. $2,900

78. Which of the following statements is false?

A. The beginning inventory on January 1, 2011 was $26,480.

B. Income Summary requires a debit of $1,680 to complete the adjustment for

ending inventory.

C. Income Summary requires a credit of $1,680 to complete the adjustment for

ending inventory.

D. The ending inventory on December 31, 2011 is $24,800.

\*79. The net income for 2011 is

A. $16,150 D. $22,510

B. $19,150 E. $23,080

C. $21,400 F. cannot be determined

\*80. The balance of the Capital account on the Post Closing Trial Balance dated

December 31, 2011 is

A. $ 2,900 D. $28,050

B. $ 8,900 E. cannot be determined

C. $22,050

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

***Table 1***

**(for questions 49 through 66)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Cash** | | | |  | **Paul Rosen, Withdrawals** | | | |
| **Date** | **Debit** | **Credit** | **Balance** |  | **Date** | **Debit** | **Credit** | **Balance** |
| *1-1-11* |  |  | *4,617* |  | *YR 2011* | *7,500* |  | *7,500* |
| *YR 2011* | *83,680* |  |  |  |  |  |  |  |
| *YR 2011* |  | *69,542* |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Accounts Receivable** | | | |  | **Income Summary** | | | |
| **Date** | **Debit** | **Credit** | **Balance** |  | **Date** | **Debit** | **Credit** | **Balance** |
| *1-1-11* |  |  |  |  | *12-31-11* | *1,655* |  | *1,655 DR* |
| *YR 2011* | *20,785* |  |  |  |  |  |  |  |
| *YR 2011* |  | *25,960* | *4,285* |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Supplies** | | | |  | **Sales** | | | |
| **Date** | **Debit** | **Credit** | **Balance** |  | **Date** | **Debit** | **Credit** | **Balance** |
| *1-1-11* |  |  | *1,820* |  | *YR 2011* |  | *57,505* | *57,505* |
| *YR 2011* | *3,625* |  |  |  |  |  |  |  |
| *12-31-11* |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Prepaid Insurance** | | | |  | **Purchases** | | | |
| **Date** | **Debit** | **Credit** | **Balance** |  | **Date** | **Debit** | **Credit** | **Balance** |
| *1-1-11* |  |  |  |  | *YR 2011* | *32,848* |  | *32,848* |
| *YR 2011* | *5,400* |  |  |  |  |  |  |  |
| *12-31-11* |  |  | *4,600* |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Merchandise Inventory** | | | |  | **Supplies Expense** | | | |
| **Date** | **Debit** | **Credit** | **Balance** |  | **Date** | **Debit** | **Credit** | **Balance** |
| *1-1-11* |  |  | *16,780* |  | *12-31-11* | *4,325* |  | *4,325* |
| *12-31-11* |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Accounts Payable** | | | |  | **Insurance Expense** | | | |
| **Date** | **Debit** | **Credit** | **Balance** |  | **Date** | **Debit** | **Credit** | **Balance** |
| *1-1-11* |  |  |  |  | *12-31-11* | *4,240* |  | *4,240* |
| *YR 2011* |  | *17,490* |  |  |  |  |  |  |
| *YR 2011* | *19,140* |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Paul Rosen, Capital** | | | |  | **All Other Expenses (combined for simplicity)** | | | |
| Date | **Debit** | **Credit** | **Balance** |  | **Date** | **Debit** | **Credit** | **Balance** |
| *1-1-11* |  |  | *22,367* |  | *YR 2011* | *18,519* |  | *18,519* |
| *YR 2011* |  | *21,000* | *43,367* |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

***Table 2***

**(for questions 67 through 74)**

**The following Post-Closing Trial Balances are for 2010 and 2011. All accounts have normal balances. The business started in 2004.**

|  |  |  |
| --- | --- | --- |
|  | ***Adjusted Trial Balance*** | |
|  | **12-31-10** | **12-31-11** |
| **Cash** | **27,490** | **35,566** |
| **Accounts Receivable** | **16,410** | **17,265** |
| **Merchandise Inventory** | **18,740** | **20,465** |
| **Total Assets** | **62,640** | **73,296** |
|  |  |  |
| **Accounts Payable** | **21,615** | **22,760** |
| **Zoe Abronz, Capital** | **41,025** | **50,536** |
| **Total Liabilities and Capital** | **62,640** | **73,296** |

**Additional Information:**

1. All of the store’s sales are on account to customers (no cash sales).

2. The store makes all purchases of merchandise on credit.

3. The only items purchased on account are merchandise inventory purchases.

4. The owner made one investment in the business during 2011 for $5,000.

**The store’s records of cash receipts and disbursements provided the following information:**

1. Collection of accounts receivable during 2011 was $83,245.

2. Payments on account to suppliers in 2011 were $50,199.

3. Payments for owner withdrawals in 2011 were $4,500.

4. Payments for other cash operating expenses in 2011 were $25,470.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Beverly Jolson** | | | | | | | | |
| **Worksheet** | | | | | | | | |
| **For the Year Ended December 31, 2011** | | | | | | | | |
| **Account Title** | **Trial Balance** | | **Adjustments** | | **Income Statement** | | **Balance Sheet** | |
|  | **Debit** | **Credit** | **Debit** | **Credit** | **Debit** | **Credit** | **Debit** | **Credit** |
| **Cash in Bank** | **4,800** |  |  |  |  |  | **4,800** |  |
| **Office Supplies** | **2,900** |  |  |  |  |  | **650** |  |
| **Merchandise Inventory** | **26,480** |  |  |  |  |  | **24,800** |  |
| **Accounts Payable** |  | **8,200** |  |  |  |  |  | **8,200** |
| **Beverly Jolson, Capital** |  |  |  |  |  |  |  |  |
| **Beverly Jolson, Drawing** | **6,000** |  |  |  |  |  | **6,000** |  |
| **Income Summary** |  |  |  |  |  |  |  |  |
| **Sales** |  |  |  |  |  |  |  |  |
| **Purchases** | **39,900** |  |  |  | **39,900** |  |  |  |
| **Office Supplies Expense** |  |  |  |  |  |  |  |  |
| **Rent Expense** | **12,000** |  |  |  | **12,000** |  |  |  |
| **Utilities Expense** | **8,900** |  |  |  | **8,900** |  |  |  |
|  |  |  |  |  |  |  |  |  |
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