**UIL ACCOUNTING**

**District 2012-D1**

**Group 1**

**The owner of a small sole proprietorship uses three financial statements at the end of each month. These are the balance sheet, income statement, and statement of changes in owner’s equity. The owner’s equity section of the balance sheet only shows the ending capital amount. The income statement includes a detailed section for cost of merchandise sold.**

**For items 1 through 10, indicate on which financial statement(s) the item will appear. Write the identifying letter of the correct response on your answer sheet.**

**A. Balance Sheet only**

**B. Income Statement only**

**C. Statement of Changes in Owner’s Equity only**

**D. Balance Sheet and Statement of Changes in Owner’s Equity**

**E. Income Statement and Statement of Changes in Owner’s Equity**

**F. Balance Sheet and Income Statement**

1. Investments made by owner during the fiscal period 6. Net Loss

2. Ending balance of capital 7. Owner withdrawals

3. Beginning balance of Merchandise Inventory 8. Total Liabilities

4. Beginning balance of capital 9. Prepaid Insurance

5. Ending balance of Merchandise Inventory 10. Insurance Expense

**Group 2**

**For question #11, write the correct amount on your answer sheet. Melville Company has three employees who are paid weekly as follows:**

|  |  |
| --- | --- |
| **Sam Moby** | **$8 per hour with overtime for hours worked over 40 hours in a week at a rate of time and a half** |
| **David Ishmael** | **$500 salary per week** |
| **Lan Ahab** | **$400 salary per week plus 1.75% commission on sales** |

**Last week each employee worked standard hours except Sam who worked 54 hours. Mr. Ahab sold $21,200 of merchandise.**

\*11. What is the total gross pay for the week on the Payroll Register for all three

 employees?

**Group 3**

**Determine when each of the following items 12 through 21 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** |

12. Social Security taxes

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

14. employees’ federal income taxes

15. payroll tax expense for the period

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

17. gross earnings for the period

18. Medicare taxes

19. Union Dues Payable

20. health insurance premiums paid by employees

21. net pay for the period

**Group 4**

**Use the following information for questions 22 and 23. Write the identifying letter of the best response on your answer sheet. Payroll tax expense per employee is based on the following:**

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $106,800** |
| **Medicare** | **1.45% on all earnings** |
| **Federal Unemployment Tax** | **.8% on first $7,000 of gross earnings** |
| **State Unemployment Tax** | **1.4% on first $9,000 of gross earnings** |

 \*22. An employee has cumulative gross wages of $6,400 in the first quarter. In the

 second quarter, if the current gross wages are $2,140, what is the total amount

 of employer’s payroll tax expense on this employee for the second quarter only?

 \*23. A second employee has cumulative gross wages of $6,990 in the first quarter. In

 the second quarter, if current gross wages are $2,060, what is the total amount of

 employer’s payroll tax expense on this employee for the second quarter only?

**Group 5**

**Refer to the partially completed worksheet for Morrow’s Farm & Ranch Supply on page 9. For questions 24 through 30, write the identifying letter of the best response on your answer sheet.**

**Additional Facts:**

* **The owner made an additional investment of $6,800 in 2011.**
* **The capital account balance on January 1, 2011 was $20,097.**
* **The office supplies inventory on December 31, 2010 was $425.**
* **All entries made on this worksheet by the accountant are correct. Some of the entries are incomplete.**

\*24. The Capital account balance on the Trial Balance is

 A. $ 6,800 B. $13,297 C. $20,097 D. $ 26,897 E. $39,639 F. $111,588

25. Sales for 2011 are

 A. $71,949 B. $84,691 C. $91,491 D. $ 98,291 E. $104,788

26. The amount of office supplies purchased during the year was

 A. $ 425 D. $1,465

 B. $ 570 E. $1,890

 C. $1,320 F. cannot be determined

27. The office supplies expense for 2011 is

 A. $ 425 D. $1,465

 B. $ 570 E. $1,890

 C. $1,320 F. cannot be determined

28. Which of the following statements is true?

 A. The merchandise inventory amount on January 1, 2011 was $34,280

 B. The adjustment for merchandise inventory requires a debit to Merchandise

 Inventory

 C. The merchandise inventory amount on December 31, 2011 was $36,425

 D. The adjustment for merchandise inventory requires a debit to Income Summary

 E. The merchandise inventory amount increased from the beginning of the year to

 the end of the year.

\*29. The net income for 2011 is

 A. $21,468 B. $23,468 C. $23,613 D. $24,933 E. $28,268 F. $35,068

\*30. The balance of the Capital account on the Post Closing Trial Balance dated

 December 31, 2011 is

 A. $23,429 E. $33,830

 B. $30,365 F. $37,165

 C. $32,365 G. $48,365

 D. $32,510 H. $43,965

**Group 6**

**For items 31 through 57 write the identifying letter of the best response on your answer sheet.**

31. If a business has invested $18,000 in an asset with a cost of $31,000, what is the

 amount of its liability?

 A. zero B. $11,000 C. $13,000 D. $24,000 E. $37,000

32. If the assets of a business increased $25,000 during a period of time and its

 liabilities decreased $9,000 during the same period, owner’s equity in the business

 must have:

 A. increased $16,000 D. decreased $34,000

 B. decreased $16,000 E. changed by some other amount

 C. increased $34,000

33. What must be true of changes in owner’s equity if a business is to be successful?

 A. The business must have more decreases than increases in owner’s equity.

 B. The business must have more increases than decreases in owner’s equity.

 C. The owner should draw out of the business for personal use more than the

 amounts credited to the capital account.

34. A system that enables banks to transfer funds from the account of one depositor to the account of another without the immediate exchange of checks is called

 A. Internet Funds Exchange C. Electronic Funds Transfer System

 B. Checkless Funds Transfer System D. E-bank Money Moving System

35. A check mark in the Posting Reference column of a Sales Journal indicates that the

 A. transaction has been posted to the accounts receivable subsidiary ledger

 B. transaction has been journalized correctly

 C. effect of the transaction is to increase the sales account balance

 D. transaction has been posted to the accounts payable subsidiary ledger

\*36. A business did not record its expired insurance at the end of the fiscal period. All

 insurance premiums had been recorded in Prepaid Insurance. What effect would

 this error have on the following?

  **Capital**

 **Assets Expenses Net Income (after closing)**

 A. overstated overstated understated overstated

 B. unaffected understated overstated unaffected

 C. understated unaffected overstated overstated

 D. overstated understated unaffected understated

 E. none of the above

37. The process of determining whether the amounts of cash recorded in a business’s accounting records and in its checkbook agree is called

 A. proving the ledger C. reconciling the bank statement

 B. reconciling cash D. proving cash

**Group 6 continued**

38. On March 31, Green Company had an Accounts Receivable balance of $48,869.

 During the month of April, credit sales were $57,263. The April 30 Accounts

 Receivable balance was $34,651. What amount did customers pay on account

 during April?

 A. $14,218 B. $26,257 C. $43,045 D. $71,481 E. $79,302

39. In accounting, there are two kinds of equity:

 A. controlling and subsidiary D. creditors’ and owner’s

 B. receivables and payables E. revenues and owner contributions

 C. assets and claims against the assets

40. The total of a single-column purchases journal would be posted to \_\_\_ as a debit

 and \_\_\_ as a credit.

 A. Accounts Receivable; Sales C. Accounts Payable; Purchases

 B. Accounts Payable; Sales D. Purchases; Accounts Payable

41. What is the correct order of usage of the following documents?

 A. purchase order, invoice, purchase requisition, packing slip

 B. purchase order, purchase requisition, invoice, packing slip

 C. purchase requisition, purchase order, packing slip, invoice

 D. packing slip, purchase requisition, purchase order, invoice

42. The form of the balance sheet with the liability and capital sections printed below

 the asset section is referred to as the

 A. vertical format C. account form

 B. horizontal form D. report form

43. Debits are used to increase or decrease the following accounts:

 **Assets Revenues Liabilities Expenses**

A. increase increase decrease decrease

 B. decrease decrease increase increase

 C. increase decrease decrease increase

 D. decrease increase decrease decrease

44. An independent error that a trial balance will disclose includes

 A. entering a transaction twice C. entering an amount in the wrong account

 B. entering a credit as a debit D. omitting a transaction

45. The amount added to the cost of merchandise to establish the selling price is called

 A. cost of delivered merchandise C. mark up

 B. add on D. vendor percentage

**Group 6 continued**

46. If there is a net loss for the fiscal period, the amount of the net loss would appear

 on the work sheet in the

 A. income statement debit column; the balance sheet credit column

 B. income statement credit column; the balance sheet credit column

 C. the income statement debit column; the balance sheet debit column

 D. the income statement credit column; the balance sheet debit column

 E. none of the above

\*47. The bank statement for February has an ending balance of $4,869.53 and shows

 a service charge of $26.50 that has not yet been recorded in the journal. Checks

 that have not yet cleared the bank total $1,068.46 and one February deposit has not

 yet appeared on a bank statement in the amount of $655. What is the Cash

 account balance in the general ledger before receiving the bank statement

 assuming no math errors were made in the check register or in the general ledger

 account?

 A. $4,429.57 B. $4,456.07 C. $4,482.57 D. $5,282.99 E. $5309.49

48. Accounts Receivable is a \_\_\_ because its balance must equal the total of all the

 account balances in the \_\_\_.

 A. controlling account; subsidiary journals

 B. asset; general ledger

 C. controlling account; subsidiary ledger

 D. driving account; accounts receivable subsidiary ledger

49. The length of time for which a business summarizes and reports financial

 information or a period of time covered by an accounting report is a

 A. physical year C. calendar year but only in a leap year

 B. fizicle year D. fiscal year

50. A packing slip is

 A. a list of common items to take on a business trip

 B. the same thing as the bill that needs to be paid

 C. always printed on colored paper so it is easily found in the box

 D. a form that lists the items included in a shipment

51. A \_\_\_ is a written request that a certain item or items be ordered. A \_\_\_ is a

 written offer to a supplier to buy certain items.

 A. purchase order; purchase requisition

 B. sales requisition; sales order

 C. purchase plea; purchase decree

 D. purchase requisition; purchase order

**Group 6 continued**

52. If there is an addition error in the total of a single-column purchases journal, the

 error

 A. will not be detected

 B. will be discovered with the Schedule of Accounts Receivable

 C. will be discovered with the Schedule of Accounts Payable

 D. will be discovered with the trial balance

 E. none of the above

53. A retailer sells to \_\_\_. A wholesaler sells to \_\_\_.

 A. consumers; retailers

 B. wholesalers; retailers

 C. final users; consumers

 D. merchandisers; discount vendors

54. A listing of customer accounts, account balances, and total amount due from all

 customers is called a \_\_\_ of accounts receivable.

1. report B. listing C. print out D. schedule

55. When Brickman Company records bank card sales

 A. a liability is credited for the amount of sales tax collected

 B. a receivable is debited until the customer pays his credit card bill and the credit

 card company remits the payment to Brickman Company

 C. the bank card sales are recorded as though they were cash sales

 D. both A and C

56. Which of the following errors would leave the trial balance in balance?

 A. a journal entry credited to Sales Tax Payable and incorrectly posted as a debit

 B. a journal entry debiting Supplies for $650 and incorrectly posted as a $560 debit

 C. a journal entry debited to Rent Expense instead of Advertising Expense

 D. all of the above

 E. none of the above

\*57. The Petty Cash account in the general ledger has a balance of $150. When the

 petty cash fund is reconciled, the petty cash box contains various vouchers that

 total $122.47 and the currency and coin total $26.94. What is the correct amount of

 the check needed to properly reconcile the fund?

 A. $150 because that is the amount in the general ledger account

 B. $122.47 because that is all that is authorized, represented by the vouchers

 C. $123.06 and Cash Over must be credited for fifty-nine cents

 D. $123.06 and Cash Short must be debited for fifty-nine cents

**Group 7**

**Refer to the information in Table 1 on pages 10 and 11. For questions 58 through 65, write YES if the answer is yes; write NO if the answer is no.**

**Did the transaction of…**

58. Dec 2 include a debit to Transportation In for $320?

59. Dec 5 include a debit to Sales Returns?

60. Dec 9 include a debit to Transportation In for $1,860?

61. Dec 10 include a debit to Cash for $60,000?

62. Dec 11 include a credit to Cash for $4,924.50?

63. Dec 15 include a debit to Accounts Receivable?

64. Dec 16 include a credit to Accounts Payable for $645?

65. Dec 17 include a check for $38,615?

**Continue to use the data in Table 1. After the December transactions and end-of-year adjusting entries are journalized and posted, determine the ending balances in the accounts. (Closing entries have not been prepared.) For questions 66 through 74, write the correct amounts on your answer sheet.**

**What is the account balance of…**

\*66. Cash

67. Store Supplies

68. Accounts Payable

69. Sales

70. Sales Discounts

71. Purchases

\*\*72. Transportation In

\*73. Purchases Discounts

\*74. Store Supplies Expense

**Continue to use the data in Table 1. For questions 75 through 77, write the correct amount on your answer sheet.**

\*75. What was the amount of store supplies purchased during the months of January

 through November?

\*76. What is the amount of Gross Profit for the year 2011?

\*\*77. What is the amount of Net Income for the year 2011?

**Continue to use the data in Table 1. Consider that all the closing entries have been posted and determine the balance of the following accounts. For questions 78 through 80, write the correct amount on your answer sheet.**

78. Merchandise Inventory

79. Income Summary

\*\*80. Sam Bell, Capital

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

 UIL Accounting District 2012-D1 -9-

|  |
| --- |
| **Morrow’s Farm & Ranch Supply** |
| **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** |  **8,257** |  |  |  |  |  |  **8,257** |  |
| **Office Supplies** |  **1,890** |  |  |  |  |  |  **570** |  |
| **Merchandise Inventory** | **36,425** |  |  |  |  |  | **34,280** |  |
| **Accounts Payable** |  | **12,742** |  |  |  |  |  | **12,742** |
| **Seth Morrow, Capital** |  |  |  |  |  |  |  |  |
| **Seth Morrow, Drawing** | **18,000** |  |  |  |  |  |  |  |
| **Income Summary** |  |  |  |  |  |  |  |  |
| **Sales** |  |  |  |  |  |  |  |  |
| **Purchases** | **46,979** |  |  |  |  |  |  |  |
| **Office Supplies Expense** |  |  |  |  |  |  |  |  |
| **Rent Expense** |  **7,800** |  |  |  |  |  |  |  |
| **Utilities Expense** |  **4,979** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |

***Table 1***

**(For questions 58 through 80)**

**Sam Bell is the sole proprietor of Bell Electronics, a retail store located in a small shopping mall.**

**His fiscal year ends December 31. Store supplies purchased are recorded in an asset account during the fiscal year. Adjustments are made for merchandise inventory and store supplies at the end of the fiscal year only. The temporary accounts are closed at the end of the fiscal year only.**

**All vendors used by Bell Electronics exclude any applicable freight costs in the calculation of cash discounts.**

**The unadjusted balances as of November 30, 2011 are as follows. All accounts have normal balances.**

**All operating expenses (except Store Supplies Expense) are combined for simplicity. Disregard sales taxes and payroll taxes.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account** | **Amount** |  | **Account** | **Amount** |
| Cash | 41,890 |  | Sales Returns | 2,235 |
| Store Supplies | 6,240 |  | Sales Discounts | 260 |
| Accounts Receivable | 0 |  | Purchases | 21,616 |
| Merchandise Inventory | 72,680 |  | Transportation In | 4,795 |
| Accounts Payable | 21,440 |  | Purchases Returns | 7,490 |
| Sam Bell, Capital | 82,086 |  | Purchases Discounts | 968 |
| Sam Bell, Drawing | 12,000 |  | Operating Expenses | 67,363 |
| Sales | 117,095 |  | Store Supplies Expense | 0 |

**The physical inventories calculated by an independent company are as follows:**

|  |  |  |
| --- | --- | --- |
|  | **12-31-10** | **12-31-11** |
| Merchandise Inventory | ? | 75,820 |
| Store Supplies | 709 | 587 |

***Table 1 continued***

**Transactions for December 2011**

Dec 1 Paid the rent for December by writing a check $650.

 2 Purchased merchandise on account from Action Components (a new vendor)

 $5,025, terms 2/10, n/30, FOB destination (transportation was by Action and the

 freight cost was $320)

 3 Sold computers on account to Parker Independent School District $60,000,

 terms 1/10, n/30 (the school sent a school van to pick up the computers).

 4 Recorded cash sales of $2,825.

 5 Returned defective merchandise to Action Components $625. (Action prepaid

 freight to Carter Transport at Action’s expense because items were broken.)

 6 Purchased merchandise on account from Baker Mfg. $37,980, terms 2/10, n/30,

 FOB shipping point (transportation was by Baker and the freight cost was

 $1,275)

 8 Purchased merchandise on account from Steger Wholesale $29,680, terms

 n/30 (seller does not provide any kind of transportation).

 9 Paid Center Freight Lines by electronic funds transfer $1,860 to transport the

 merchandise purchased from Steger Wholesale on Dec 8.

 10 Received payment in full from Parker ISD.

 11 Paid Action Components for the Dec 2 invoice.

 12 Returned merchandise to Baker Mfg. $640 (Sam Bell made the return as he

 was driving through the town where the Baker factory is located).

 13 Purchased store supplies (sacks and boxes) by writing a check $840.

 15 Recorded bank credit card sales for the first half of the month $7,820.

 16 Purchased store supplies (sacks and boxes) on account from Retail Supply

 Company $645, terms n/30.

 17 Paid Baker Mfg. for the Dec 6 invoice.

 18 Paid by checks various other operating expenses $2,040.

 19 Returned some of the store supplies (sacks) to Retail Supply Company $75.

 20 Wrote check for the December utilities $380.

 22 Paid Steger Wholesale for the invoice of Dec 8 invoice.

 23 Paid Retail Supply Company for the Dec 16 invoice.

 24 Sam Bell wrote a check for personal use for the month $2,500

 26 Recorded cash sales of $4,290

 27 Paid on account to various vendors $18,768 (these amounts were for

 outstanding October and November invoices.)

 30 Recorded bank credit card sales for last half of the month $9,465

 31 Paid salaries for the month of December $4,100.