**UIL ACCOUNTING**

**Invitational 2013-B**

**Group 1**

**Decide the general ledger account classification for each item in questions 1 through 8. Mark the identifying letter of the correct choice on your answer sheet using the following account classification code:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Code** | **Account Classification** |  | **Code** | **Account Classification** |
| **A** | **Asset** |  | **O** | **Owner’s Equity** |
| **CM** | **Cost of Merchandise** |  | **R** | **Revenue** |
| **E** | **Expense** |  | **N** | **not an account** |
| **L** | **Liability** |  |  |  |

1. Purchases 5. Joe Barron, Drawing

2. Merchandise Inventory 6. Cost of Merchandise Available for Sale

3. Supplies Expense 7. Sales

4. Sales Tax Payable 8. Prepaid Insurance

**Group 2**

**A sole proprietorship may be formed to operate either a service or merchandising business. The accounting records and financial statements will vary according to the type of business operation.**

**For items 9 through 18, write the identifying letter of the best response on your answer sheet.**

|  |  |
| --- | --- |
| **A** | **service business only** |
| **B** | **merchandising business only** |
| **C** | **either a service or merchandising business** |
| **D** | **neither a service or merchandising business** |

**Which type of business organized as a sole proprietorship would have the following?**

9. a Payroll Register

10. an account in the general ledger called Service Fees Earned when there is only one

revenue account

11. an account in the general ledger called Transportation In

12. comparative financial statements

13. a section on the Income Statement called Cost of Merchandise Sold

14. a Schedule of Accounts Receivable

15. an adjustment on the work sheet to an account called Prepaid Insurance

16. an account listed on the Post-Closing Trial Balance called Petty Cash

17. a Statement of Owner’s Equity (also called a Statement of Changes in Owner’s

Equity)

\*18. an adjustment on the work sheet to Income Summary

**Group 3**

**Some amounts are omitted in each of the following financial statements:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Income Statement** | | | |
| **For the Year Ended December 31, 2012** | | | |
|  | **Chevy Company** | **Ford Company** | **Lexus Company** |
| Revenues | (a) | 115,312 | 40,528 |
| Expenses | 86,720 | 40,617 | (g) |

|  |  |  |  |
| --- | --- | --- | --- |
| **Owner’s Equity Statement** | | | |
| **For the Year Ended December 31, 2012** | | | |
|  | **Chevy Company** | **Ford Company** | **Lexus Company** |
| Capital, January 1 | 38,465 | 57,294 | (h) |
| Additional Capital Investment | (b) | 15,000 | 5,800 |
| Net Income <Loss> | 3,742 | (d) | <6,293> |
| Drawing | 25,000 | 50,000 | -0- |
| Capital, Dec. 31 | 27,207 | (e) | 38,967 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Balance Sheet** | | | |
| **December 31, 2012** | | | |
|  | **Chevy Company** | **Ford Company** | **Lexus Company** |
| Total assets | (c) | 104,458 | 51,527 |
| Total liabilities | 15,879 | (f) | (i) |
| Total owner’s equity |  |  |  |

**Determine the missing amounts for items “a” through “i” and write the correct amount for each on your answer sheet. A net loss must be indicated by brackets or parentheses.**

19. Item a

20. Item b

21. Item c

22. Item d

23. Item e

24. Item f

25. Item g

26. Item h

27. Item i

**Group 4**

**The following T-accounts of Tim’s Tour Service are presented below. All adjusting and closing entries for the year 2012 have been journalized and posted correctly for this service business organized as a sole proprietorship. The fiscal year end is December.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Tim Delaney, Capital** | |  |  | **Tim Delaney, Drawing** | |
|  | 52,049 | 01-01-12 | 05-30-12 | 2,500 |  |
|  | 10,000 | 02-04-12 | 07-15-12 | 12,300 |  |
|  | 18,629 | 12-31-12 | 12-05-12 | 3,200 |  |
| 18,000 |  | 12-31-12 | 12-31-12 |  | 18,000 |
|  |  |  | |  |  |
|  |  | **Income Summary** | |  |  |
|  | 12-31-12 | 57,052 | 75,681 | 12-31-12 |  |
|  | 12-31-12 | 18,629 |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

**For questions 28 through 33, write the identifying letter of the best response on your answer sheet.**

28. During 2012 how much did Tim contribute to the business from personal funds?

A. $10,000 D. $52,049 G. $62,678

B. $18,000 E. $57,052 H. $75,681

C. $18,629 F. $62,049

29. During 2012 how much did Tim withdraw from the business for personal use?

A. $10,000 D. $52,049 G. $62,678

B. $18,000 E. $57,052 H. $75,681

C. $18,629 F. $62,049

30. The Trial Balance on December 31, 2012 would include what amount for Tim Delaney, Capital?

A. $10,000 D. $52,049 G. $62,678

B. $18,000 E. $57,052 H. $75,681

C. $18,629 F. $62,049

31. Tim’s business had a \_?\_ for the twelve months ending December 31, 2012.

A. net income B. net loss

32. The amount of net income or net loss for 2012 was

A. $10,000 D. $52,049 G. $62,678

B. $18,000 E. $57,052 H. $75,681

C. $18,629 F. $62,049

\*33. The balance of Tim’s capital account on the Post-Closing Trial Balance dated

December 31, 2012 is

A. $10,000 D. $52,049 G. $62,678

B. $18,000 E. $57,052 H. $75,681

C. $18,629 F. $62,049

**Group 5**

**The information in the table below is for a sole proprietorship and is taken from the Income Statement columns of the work sheet for the twelve months ending December 31, 2012. All accounts have normal balances.**

**Merchandise Inventory on January 1, 2012 was $27,690. During the year 2012 the owner withdrew $5,000 and also made one additional investment of $20,000. The Statement of Changes in Owner’s Equity for the twelve months ending December 31, 2011 showed an ending balance of $58,033.**

|  |  |
| --- | --- |
| **Income Summary** | **840 DR** |
| **Net Sales** | **96,550** |
| **Purchases** | **56,643** |
| **Transportation In** | **4,286** |
| **Purchases Discounts** | **2,043** |
| **Purchases Returns & Allowances** | **1,796** |
| **Insurance Expense** | **3,816** |
| **Rent Expense** | **6,600** |
| **Supplies Expense** | **10,798** |
| **Utilities Expense** | **5,820** |

**For questions 34 through 40 write the correct amount on your answer sheet.**

**What is the correct amount of:**

34. cost of merchandise available for sale?

\*35. cost of delivered merchandise?

36. ending inventory?

37. gross profit?

38. net purchases?

\*39. the owner’s capital account balance in the Trial Balance column of the work sheet

for the twelve months ending 12-31-12?

\*\*40. the owner’s capital account balance on the Post-Closing Trial Balance dated

December 31, 2012?

**Continue to refer to the data provided above. The accountant was asked to provide an income statement that includes vertical analysis. For questions 41 through 44, write the correct percentage on your answer sheet. (Your answers must be in percent format. If necessary carry percentage to the nearest tenth of a percent.)**

**What is the correct component percentage for:**

41. cost of merchandise sold?

42. gross profit?

43. total expenses?

\*44. net income?

**Group 6**

**Becky Rowan started a photography service in January of 2013. In this month she completed ten transactions which were all journalized and posted correctly. She correctly prepared the trial balance that follows.**

**Rowan Photography Service**

**Trial Balance**

**January 31, 2013**

|  |  |  |
| --- | --- | --- |
|  | Debit | Credit |
| Cash | 26,610 |  |
| Accounts Receivable | 1,120 |  |
| Photo Supplies | 2,800 |  |
| Photography Equipment | 18,000 |  |
| Computer Equipment | 1,600 |  |
| Accounts Payable |  | 14,000 |
| Becky Rowan, Capital |  | 35,000 |
| Becky Rowan, Drawing | 1,500 |  |
| Fees Earned |  | 3,380 |
| Photo Supplies Expense | 0 |  |
| Advertising Expense | 750 |  |
| Totals |  |  |

**Additional Information:**

1. **The owner withdrawal was for cash.**
2. **All photography equipment (and only photography equipment) was purchased on account with a down payment of $1,500.**
3. **Only one customer made a payment on account and it was for $560.**
4. **All of the radio and newspaper advertising was broadcast and printed during the month of January.**

**Analyze the trial balance to determine what the ten transactions were. For questions 45 through 54, on your answer sheet, write True if the statement is true; write False if the statement is false.**

45. A customer charged $1,120 for photo services.

46. The photo supplies purchased resulted in a credit to Cash for $2,800

47. Part of the $750 in Advertising Expense belongs in an account called Prepaid

Advertising.

48. The Accounts Receivable account was credited for $560.

49. The $3,380 in Fees Earned consists of two transactions: one for a service provided

on account and one for a service provided for cash.

50. The amount in Photography Equipment $18,000 is incorrect because the owner only

paid $1,500 for the equipment so far.

51. The total of the debits to Cash is $37,260.

52. The total of the credits to Cash is $16,050.

53. The correct amount of Photo Supplies on the Trial Balance cannot be determined

because the photo supplies inventory as of January 31 is not known.

54. Fees earned at the time the service was provided that resulted in an immediate

increase to Cash was for $1,700.

**Group 7**

**Saveco Sales records adjusting and closing entries only at year end, which is December 31. The following partially completed balance sheet is correct. Use the group information to calculate the missing amounts.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Saveco Sales** | | | | |
| **Balance Sheet** | | | | |
| **December 31, 2012** | | | | |
| ***Assets*** |  |  | ***Liabilities*** |  |
| **Cash** | **8,790** |  | **Accounts Payable** | **10,745** |
| **Accounts Receivable** | **8,225** |  | **Sales Tax Payable** | **1,435** |
| **Merchandise Inventory** |  |  | **Total Liabilities** |  |
| **Prepaid Insurance** |  |  |  |  |
| **Supplies** |  |  | ***Owner’s Equity*** |  |
|  |  |  | **Lee Joseph, Capital** |  |
| **Total Assets** | **$** |  | **Total Liabilities and**  **Owner’s Equity** | **$** |
|  | **========** |  |  | **========** |

**The balance in the owner’s capital account on 1-1-12 was $72,941. During 2012 the owner made one additional capital investment of $15,000. He made equal monthly withdrawals for personal use of $1,500 per month during the year.**

**The amount of merchandise Inventory as of 12-31-11 was $61,120. On 12-31-12 one of the adjusting entries included a credit to Income Summary for $3,845.**

**Supplies Expense for 2012 was $5,960. Supplies inventory as of 12-31-11 was $980. During the year Saveco purchased $6,288 in supplies.**

**Saveco began the year 2012 with no insurance coverage. Following the advice of his attorney, on March 30, 2012 he purchased one combined policy covering a 12 month period that cost $3,816, which was posted to Prepaid Insurance.**

**For items 55 through 59 write the correct amount on your answer sheet.**

\*\*55. What is the amount of net income for the year 2012?

**What is the correct amount that should appear on this Balance Sheet for:**

56. Merchandise Inventory

57. Prepaid Insurance

58. Supplies

\*59. Lee Joseph, Capital

**Group 8**

**On January 3, 2013 Shaun Casey, owner of Casey Consulting Services, received a bank statement dated December 29, 2012. It is company policy to record any necessary journal entries and to update the checkbook balance after the bank reconciliation is completed. Shaun compared the company’s checkbook records with the bank statement and found the following:**

* The December bank statement shows an ending balance of $6,742.18
* The statement shows the December bank service charge of $12.50
* A check from Joe Rogers for $152.10 that was deposited in the business bank account on December 26 was returned by the bank. Casey’s bank charged his account with a $15 fee for handling the dishonored check. (Both the dishonored check and the fee were first discovered upon receipt of the bank statement.)
* A deposit of $890 was made on December 30 but does not appear on the bank statement.
* Four December checks do not appear on the bank statement:

Check #4070 for $684.15 Check #4078 for $11.50

Check #4071 for $2,641.19 Check #4080 for $837.92

**For questions 60 and 61, write the correct amount on your answer sheet.**

60. What is the reconciled (adjusted) bank balance on December 31, 2012?

\*61. What was the balance in the checkbook immediately before the bank reconciliation was prepared?

**Group 9**

**Use the following information for questions 62 and 63. Write the correct amount on your answer sheet. Payroll tax expense per employee is based on the following:**

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $113,700** |
| **Medicare** | **1.45% on all earnings** |
| **Federal Unemployment Tax** | **.8% on first $7,000 of gross earnings** |
| **State Unemployment Tax** | **1.6% on first $9,000 of gross earnings** |

\*62. An employee has cumulative gross wages of $6,300 in the first quarter. In the

second quarter, if the current gross wages are $2,520, what is the total amount

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

\*63. A second employee has cumulative gross wages of $6,840 in the first quarter. In

the second quarter, if current gross wages are $2,320, what is the total amount of

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

**Group 10**

**The balance in the Supplies account on January 1 was $1,200. During the year supplies were purchased as follows: $2,687, $4,110, $3,863, and $849. A physical inventory taken on December 31 totaled $1,640.**

**Use the information above to answer questions 64 through 67. Write the identifying letter of the best response on your answer sheet.**

64. What amount should appear in the work sheet’s unadjusted trial balance column for

the account called Supplies?

A. zero C. $1,640 E. $11,509 G. $12,709

B. $1,200 D. $11,069 F. $11,949 H. $13,149

65. What amount should appear in the work sheet’s unadjusted trial balance column for

the account called Supplies Expense?

A. zero C. $1,640 E. $11,509 G. $12,709

B. $1,200 D. $11,069 F. $11,949 H. $13,149

\*66. What amount should appear in the work sheet’s adjustment columns to indicate the

supplies usage for the period?

A. zero C. $1,640 E. $11,509 G. $12,709

B. $1,200 D. $11,069 F. $11,949 H. $13,149

67. What amount should appear in the work sheet’s balance sheet column for the

account called Supplies?

A. zero C. $1,640 E. $11,509 G. $12,709

B. $1,200 D. $11,069 F. $11,949 H. $13,149

**Group 11**

**The following account titles are found in the chart of accounts of Adams Architecture Services. Questions 68 through 75 consist of the closing entries for the year ended December 31, 2012. Indicate the account(s) to be debited and credited in each closing entry by using the identifying letters. (When an answer consists of multiple accounts, the identifying letters may be listed in any order, but all correct letters must be written for the answer to be correct. The inclusion of an incorrect account will cause the answer to be wrong.)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A** | **Cash in Bank** |  | **I** | **Ansel Adams, Drawing** |
| **B** | **Accounts Receivable** |  | **J** | **Income Summary** |
| **C** | **Office Supplies** |  | **K** | **Fees Income** |
| **D** | **Prepaid Insurance** |  | **L** | **Rent Expense** |
| **E** | **Equipment** |  | **M** | **Utilities Expense** |
| **F** | **Vehicles** |  | **N** | **Supplies Expense** |
| **G** | **Accounts Payable** |  | **O** | **Insurance Expense** |
| **H** | **Ansel Adams, Capital** |  |  |  |

|  |  |  |
| --- | --- | --- |
|  | **DEBIT** | **CREDIT** |
| Record the closing entry for the revenue account(s) | **68.** | **69.** |
| Record the closing entry for the expense account(s) | **70.** | **71.** |
| Record the closing entry for net income | **72.** | **73.** |
| Record the closing entry for the owner’s drawing | **74.** | **75.** |

**Group 12**

**Stayfit is a company that sells fitness accessories (from the sales floor, by internet sales, and by phone sales). Employees are paid weekly. Hourly wage employees are paid overtime at 1 and ½ times the regular rate of pay for hours worked over 40 in a week.**

**Jason Speedie, in charge of internet sales, is paid a salary of $420 per week plus a commission of 5% of all internet sales. No other employee handles internet sales.**

**Patience McGraw, sales clerk, is paid a salary of $480 per week plus a commission of 6% of all telephone sales. Patience is the only sales clerk who handles telephone sales.**

**Linda Bosse is the business manager and is paid a salary of $610 per week plus a bonus of 7% of all the gross revenue that exceeds the base amount of $15,000 per week.**

**Jane Fivekay, Bristol Tenkay, and Dexter Half are all sales clerks who assist customers who shop in the store. These clerks are paid an hourly wage as follows based on seniority:**

**Dexter Half, regular rate $11.20 plus 2.8% commission of personal sales**

**Bristol Tenkay, regular rate $10.60 plus 2.2% commission of personal sales**

**Jane Fivekay, regular rate $10.40 plus 1.8% commission of personal sales**

**Sylvia Couch is the secretary and is paid a weekly salary of $440.**

**Ted Boxer (regular rate $8.60), Pam Packer (regular rate $8.80), and Mike Liftor (regular rate $8.20) are hourly employees who handle all the shipping of products sold.**

**Time Cards for the week ending December 3 showed the following:**

|  |  |
| --- | --- |
| **Employee** | **Hours for Week** |
| **Linda Bosse** | **40** |
| **Ted Boxer** | **45** |
| **Sylvia Couch** | **40** |
| **Jane Fivekay** | **45** |
| **Dexter Half** | **48** |
| **Mike Liftor** | **48** |
| **Patience McGraw** | **40** |
| **Pam Packer** | **52** |
| **Jason Speedie** | **40** |
| **Bristol Tenkay** | **46** |

**The following is the gross sales breakdown for the week of December 3:**

|  |  |
| --- | --- |
| **Telephone** | **2,850** |
| **Internet** | **3,220** |
| **In Store by Dexter Half** | **4,450** |
| **In Store by Bristol Tenkay** | **3,850** |
| **In Store by Jane Fivekay** | **4,040** |

**For questions 76 through 80, write the correct amount on your answer sheet.**

What is the total gross earnings for the week for…

\*76. the shipping department?

\*77. the sales clerks who sell to customers who shop in the store?

\*78. the employees who handle internet and telephone sales?

\*79. Linda Bosse?

\*\*80. all ten employees?

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