**UIL ACCOUNTING**

**District 2012-D2**

**Group 1**

**For questions 1 through 9, indicate whether the change in the account would be recorded as a debit or credit. Use the following code: DR = debit CR = credit**

|  |  |
| --- | --- |
|  | **Recorded As** |
| Increase in Sales Discounts | #1 |
| Increase in Petty Cash | #2 |
| Decrease in Accounts Receivable | #3 |
| Decrease in the capital account | #4 |
| Increase in the owner’s withdrawals account | #5 |
| Increase in Accounts Payable | #6 |
| Increase in Transportation In | #7 |
| Increase in Purchases | #8 |
| Decrease in Utilities Expense | #9 |

**Group 2**

**A business with a fiscal year end of Dec 31 has the following normal account balances and other information for the dates given in the year 2011. The company prepares monthly adjusting entries, but closes the accounts only at the end of the fiscal year. Therefore, the date Dec. 31 refers to balances after closing entries are posted.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash, Jan 1** | **8,745** |  | **Accounts Payable, Jan 1** | **5,850** |
| **Cash, Dec 31** | **16,215** |  | **Accounts Payable, Dec 31** | **….?….** |
| **Accounts Receivable, Jan 1** | **3,520** |  | **Jake Sims, Capital, Jan 1** | **….?….** |
| **Accounts Receivable, Dec 31** | **4,710** |  | **Jake Sims, Capital, Dec 31** | **….?….** |
| **Merchandise Inventory, Jan 1** | **15,780** |  |  |  |
| **Merchandise Inventory, Dec 31** | **18,410** |  | **Net Loss, Jan 1 – Dec 31** | **4,078** |
| **Owner withdrew cash for personal use on May 23, 2011** | | | | **8,000** |
| **Owner made additional investment in his business on November 14, 2011** | | | | **25,000** |

**For questions 10 through 13, write the identifying letter of the best response on your answer sheet.**

10. Total owner’s equity on January 1, 2011 was

A. $22,195 B. $35,117 C. $39,195 D. $43,273 E. $47,195

11. Total owner’s equity on December 31, 2011 was

A. $22,195 B. $33,485 C. $35,117 D. $39,195 E. $43,273

\*12. By what amount did the Accounts Payable account increase or decrease from

January 1, 2011 to December 31, 2011?

A. $1,190 increase C. $1,632 increase E. $1,912 increase

B. $1,190 decrease D. $1,632 decrease F. $1,912 decrease

\*13. In 2011 the company had net sales of $90,000 and a gross profit of 38%. What

was the amount of merchandise purchases for the year?

A. $34,190 B. $34,200 C. $55,800 D. $58,430 E. $74,210

**Group 3**

**Betty’s Pottery Company is located in Amarillo, Texas. The following are some of their invoices for merchandise purchased on account in 2011.**

**In each case the supplier pays an independent freight company directly for the transportation costs, then settles up with the buyer as needed through the terms of each invoice. None of the vendors consider freight costs in the calculation of allowable cash discounts.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Supplier** | **Location** | **Invoice**  **Date** | **Terms** | **Total**  **Merchandise** | **Merchandise**  **Returned** |
| **Hunt Co.** | **Las Vegas, NV** | **11-28-11** | **1/15,n/60** | **$749** | **$85** |
| **Clay Co.** | **Bismarck, ND** | **12-09-11** | **2/10,n/30** | **$3,745** | **$621** |
| **Mayco Co.** | **Spartan, SC** | **12-13-11** | **2/10,n/30** | **$5,879** | **$250** |

**For questions 14 through 23, write Yes if the answer is yes; write No if it is no.**

**Questions 14 through 17 refer to the invoice from Hunt Co.**

**>>>Transportation costs were $268 FOB destination.**

14. Is Dec. 13, 2011 the due date of the discount period?

15. Is the amount of the cash discount $6.64?

16. Is Betty required to pay Hunt Co. $268 for freight costs?

17. If Betty pays this invoice on Dec. 15, is the correct amount of the check $664?

**Questions 18 through 20 refer to the invoice from Clay Co.**

**>>>Transportation costs were $210 FOB destination.**

18. Is the due date of the discount period Dec. 19?

19. If Betty pays this invoice on Dec. 14, is the correct amount of the check $3,061.52?

20. If Betty pays this invoice on Dec. 21, is the correct amount of the check $3,334?

**Questions 21 through 23 refer to the invoice from Mayco Co.**

**>>>Transportation costs were $157 FOB shipping point.**

21. Is the due date of the invoice Dec. 23 if not paid within the discount period?

22. Is the correct amount of the discount $112.58?

23. If Betty pays this invoice on Dec. 20, is the correct amount of the check $5,766.42?

**Group 4**

**Refer to Table 1 on page 8. Jo Beth King, a sole proprietor, uses the following policy when closing the temporary accounts at the end of the fiscal year:**

1. **Close all revenue and contra-purchases accounts in one combined entry.**
2. **Close all expenses, contra-sales accounts, and any cost of merchandise accounts that have debit balances in one combined entry.**
3. **Close the Income Summary account.**
4. **Close the owner’s withdrawals account.**

**In the T-accounts, Blue and yellow (in random order) represent your choices for the closing steps of one and two referenced above. Red and brown are the choices that represent closing step #3. (You must decide how the colors match up to steps 1 through 3). Purple represents closing step #4.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Jo Beth King, Capital** | |  |  |  | **Income Summary** | |
|  | \_\_\_?\_\_\_ |  | 01-01-11 |  |  |  |
|  | 3,500 |  | activity  during 2011 | 12-31-11   adjusting entry |  |  |
| \_purple\_ |  |  | 12-31-11  closing entries | 12-31-11   closing entries | \_\_\_blue\_\_ | \_\_yellow\_\_ |
| \_\_\_red\_\_\_ | \_\_brown\_\_ |  |  |  |
|  |  |  |  |  |  |  |
|  | \_\_green\_\_ |  | 12-31-11  balance after closing entries |  |  |  |

**For questions 24 through 30 write the identifying letter of the best response on your answer sheet.**

24. What is the balance in the capital account after all adjusting entries have been

posted but before any closing entries have been posted?

A. $13,960 B. $15,340 C. $21,360 D. $23,860 E. $27,360 F. $30,860

25. The amount of “blue” in the Income Summary account is

A. $45,690 B. $64,662 C. $65,042 D. $65,640 E. $67,020 F. $71,640

26. The amount of “yellow” in the Income Summary account is

A. $55,502 B. $55,882 C. $56,480 D. $56,860 E. $57,458 F. $58,240

27. The amount of “brown” in the capital account is

A. zero B. $7,400 C. $8,780 D. $13,400 E. $13,960 F. $14,780

28. The amount of “red” in the capital account is

A. zero B. $7,400 C. $8,780 D. $13,400 E. $13,960 F. $14,780

29. The amount of “purple” in the capital account is

A. zero B. $2,500 C. $3,500 D. $6,000 E. $9,500 F. $15,600

\*30. The amount of “green” in the capital account is

A. $11,200 B. $12,580 C. $13,960 D. $17,460 E. $19,960 F. $28,760

**Group 5**

**Refer to the information in Table 2 on page 9. For questions 31 through 38, write the identifying letter of the best response on your answer sheet.**

31. If the employee earnings record for Jack Watson is totaled at the end of October,

what is the year-to-date total of net pay?

A. $59,903 B. $63,903 C. $87,443 D. $90,503 E. $98,000

32. What is the amount of Jamie’s gross wages for November?

A. $1,368 B. $1,440 C. $1,512 D. $1,584 E. $1,620

\*33. What is the net pay for Jack for November?

A. $5,990.30 B. $6,052.30 C. $6,066.80 D. $6,452.30 E. $9,800

34. What is the net pay for Jamie for November?

A. $1,058.14 B. $1,113.84 C. $1,169.54 D. $1,225.22 E. $1,253.07

\*35. Hutch Company will need to pay November’s liability for employee income tax and

the employer and employee portion of Social Security and Medicare taxes by

December 15 in the amount of

A. $1,794.62 D. $4,821.62

B. $3,800.31 E. $5,097.62

C. $4,697.62 F. $5,221.62

36. When the employer’s payroll tax entry for November is journalized, what amount

must be credited to Federal Unemployment Tax Payable?

A. zero B. $1.28 C. $27.34 D. $37.24 E. $166.72

37. When the employer’s payroll tax entry for November is journalized, what amount

must be credited to State Unemployment Tax Payable?

A. zero B. $1.28 C. $27.34 D. $37.24 E. $166.72 F. $363.44

\*\*38. After the November payroll entries are posted, what is the balance of the account

called Payroll Tax Expense?

A. $9,083.87 D. $10,081.70

B. $9,488.26 E. $123,840

C. $10,019.70 F. $124,840

**Group 6**

**Refer to Table 3 on page 10. For questions 39 through 49, write on your answer sheet True if the statement is true; write False if it is false. All of the following statements refer to the properly completed work sheet on page 11.**

39. The amount of Merchandise Inventory on 01-01-11 was greater than the amount of

Merchandise Inventory on 12-31-11.

40. On the line for Supplies Expense, there is an amount in the Adjustments Debit

column.

41. On the line for Insurance Expense, there should be no entry in the Trial Balance

columns because this account has a zero balance until adjusting entries are

recorded.

42. On the line for the owner’s withdrawals, there should be no entry in the Trial

Balance columns because this account had a zero balance on January 1, 2011

because it is a temporary capital account.

43. On the line for Prepaid Insurance, there is an amount in the Adjustments Credit

column that represents the insurance purchased during 2011.

44. On the line for Merchandise Inventory, the amount in the Trial Balance column

represents all merchandise available for sale during 2011.

45. On the line for Supplies, the amount in the Trial Balance column represents all the

supplies available for use during 2011.

46. On the line for Merchandise Inventory, there are no amounts in either the

Adjustments Debit column or the Adjustments Credit column.

47. On the line for Supplies, there is an amount in the Adjustments Credit column.

48. On the line for Supplies, the amount in the Adjustments column represents the

supplies that were purchased during 2011.

49. On the line for the owner’s capital account, there is an amount in the Adjustment

Credit column which represents the three additional investments the owner made to

his business in 2011.

**Group 7**

**Continue to refer to Table 3. For questions 50 through 55, write the correct amount on your answer sheet. These questions refer to the properly completed work sheet.**

What was the balance in each of the following accounts in the unadjusted trial balance?

\*50. Supplies

\*51. Prepaid Insurance

52. Merchandise Inventory

53. Ben Medina, Capital

54. Income Summary

55. Insurance Expense

**Group 8**

**Continue to refer to Table 3. For questions 56 through 59, write the correct amount on your answer sheet. These questions refer to the properly completed work sheet.**

What was the balance in each of the following accounts on January 1, 2011?

\*56. Supplies

\*57. Prepaid Insurance

\*58. Ben Medina, Capital

59. Income Summary

**Group 9**

**Continue to refer to Table 3. For questions 60 through 65, write the correct amount on your answer sheet. These questions refer to the properly completed work sheet.**

What was the balance in each of the following accounts in the adjusted trial balance?

\*60. Cash in Bank

\*61. Accounts Receivable

\*62. Merchandise Inventory

\*63. Sales

64. Ben Medina, Capital

65. Ben Medina, Drawing

**Group 10**

**Continue to refer to Table 3. For questions 66 through 75, give the correct amounts that would appear on the income statement for the twelve months ending December 31, 2011 and the balance sheet dated December 31, 2011.**

66. Cost of Delivered Merchandise

67. Cost of Merchandise Available for Sale

68. Cost of Merchandise Sold

69. Gross Profit

\*\*70. Net Income

71. Net Purchases

\*72. Net Sales

\*73. Total Assets

74. Total Liabilities

75. Total Expenses

**Group 11**

**Continue to refer to Table 3. The following chart represents the bottom three lines of selected columns on the completed work sheet: subtotals before net income or net loss is calculated; the line for net income or net loss; and the line for the respective balancing totals for the income statement columns and the balance sheet columns.**

**For each of the questions 76 through 79 (found in the chart below), write the correct amount on your answer sheet.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Income Statement** | | **Balance Sheet** | |
|  | **Debit** | **Credit** | **Debit** | **Credit** |
| **Subtotals** | #76 | #77 | #78 | #79 |
| **Net Income or <Net Loss>** | Red | Blue | Green | Yellow |
| **Totals** |  |  |  |  |

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

80. After the net income or net loss is calculated, indicate in which columns of the work

sheet the amount would appear in the chart above using colors as indicators.

A. Red Yellow C. Blue Yellow

B. Blue Green D. Red Green

**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 24 through 30)**

**The following is taken from the work sheet (for the twelve months ending December 31, 2011) from the Income Statement and Balance Sheet columns.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Title** | **Amount** |  | **Account Title** | **Amount** |
| Cash in Bank | 560 |  | Sales | 56,480 |
| Accounts Receivable | 4,650 |  | Sales Returns & Allow. | 978 |
| Prepaid Insurance | 350 |  | Purchases | 18,972 |
| Office Supplies | 670 |  | Purchases Returns | 380 |
| Office Equipment | 1,300 |  | Insurance Expense | 600 |
| Merchandise Inventory | 9,850 |  | Rent Expense | 18,000 |
| Accounts Payable | 3,420 |  | Utilities Expense | 9,400 |
| Jo Beth King, Capital | 27,360 |  | Office Supplies Expense | 1,570 |
| Jo Beth King, Drawing | 6,000 |  | Salary Expense | 15,600 |
| Income Summary, credit | 1,380 |  | Miscellaneous Expense | 520 |

***Table 2***

**(for questions 31 through 38)**

**Jack Watson has worked for Hutch Company as an engineer for 20 years and receives an annual salary of $117,600, paid monthly. His voluntary deductions include $400 per month to a savings plan.**

**Also employed by Hutch Company are Jamie Pool who is paid $9.00 per hour in a standard 40-hour work week and Jon Shaffer who is paid $8.00 per hour in a standard 40-hour work week. Neither Jamie nor Jon has any voluntary deductions.**

**Hutch Company prepares adjusting entries monthly and closing entries only at the end of the fiscal year, which is December 31. Calculations should be rounded to the nearest cent.**

1. **The employee and employer pay Social Security tax at a rate of 6.2% on the first $106,800 in earnings.**
2. **The employee and employer pay Medicare tax at the rate of 1.45% on all earnings.**
3. **State unemployment taxes are paid on the first $9,000 in wages per employee at a rate of 1.4%.**
4. **Federal unemployment taxes are paid on the first $7,000 in wages per employee at a rate of .8%.**
5. **Overtime pay is one and one-half times the regular rate of pay.**
6. **In the month of November, Jack was not absent from work; Jamie worked 168 regular hours and 8 hours of overtime; Jon worked 140 regular hours.**

**Federal income tax withholding is as follows:**

**Jack Watson $2,660 per month**

**Jamie Pool 15% of gross wages**

**Jon Shaffer is exempt ($0)**

**The accumulated earnings for the calendar year 2011 through October 31 are as follows:**

**Jack Watson $98,000**

**Jamie Pool $7,460**

**Jon Shaffer $6,840**

***Table 3***

**(for questions 39 through 80)**

**The following accounts and normal balances are for Medina Hardware and appear in the adjusted trial balance columns of the work sheet for the year ended December 31, 2011. A work sheet form is provided on page 11.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Title** | **Amount** |  | **Account Title** | **Amount** |
| Cash in Bank | ? |  | Purchases | 106,928 |
| Accounts Receivable | ? |  | Purchases Discounts | 2,746 |
| Merchandise Inventory | ? |  | Purchases Returns & Allowances | 2,178 |
| Supplies | 2,050 |  | Transportation In | 6,497 |
| Prepaid Insurance | 1,440 |  | Advertising Expense | 2,961 |
| Delivery Equipment | 48,245 |  | Bank Card Fees Expense | 1,943 |
| Store Equip. & Fixtures | 85,200 |  | Delivery Expense | 6,740 |
| Accounts Payable | 24,613 |  | Insurance Expense | 5,715 |
| Sales Tax Payable | 1,215 |  | Miscellaneous Expense | 1,244 |
| Ben Medina, Capital | ? |  | Maintenance Expense | 2,475 |
| Ben Medina, Drawing | ? |  | Rent Expense | 7,800 |
| Income Summary | 4,135 DR |  | Salaries Expense | 24,500 |
| Sales | ? |  | Payroll Tax Expense | 2,067 |
| Sales Discounts | 2,548 |  | Supplies Expense | 8,802 |
| Sales Returns & Allowances | 1,942 |  | Utilities Expense | 5,169 |
|  |  |  |  |  |

**Additional Information:**

* **All purchases of insurance and supplies are posted to asset accounts.**
* **The owner invested personal funds into the business during 2011:**
  1. **January 10, 2011--$5,000**
  2. **September 18, 2011--$16,000**
  3. **November 3, 2011--$2,500**
* **The gross profit percentage based on net sales for 2011 was 42%.**
* **The Schedule of Accounts Receivable $7,825 balanced with the controlling**

**account on December 31, 2011.**

* **The total amount debited to the Supplies account during 2011 totaled $7,382.**
* **The ending balance on the bank statement dated December 31, 2011 was**

**$14,395**

* **The total amount debited to the Prepaid Insurance account during 2011 was $5,760.**
* **Merchandise Inventory on January 1, 2011 was $46,820.**
* **The outstanding checks were $4,816 and there was one deposit in transit for $4,896. No journal entries were required after the bank reconciliation was prepared. There were no math errors in the check stubs.**
* **Ben Medina wrote a $1,000 check on the business checking account each month during 2011 for personal use.**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Medina Hardware** | | | | | | | | | | |
| **Work Sheet** | | | | | | | | | | |
| **For the Year Ended December 31, 2011** | | | | | | | | | | |
| **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** |  |  |  |  |  |  |  |  |  |  |
| **Accounts Receivable** |  |  |  |  |  |  |  |  |  |  |
| **Merchandise Inventory** |  |  |  |  |  |  |  |  |  |  |
| **Supplies** |  |  |  |  |  |  |  |  |  |  |
| **Prepaid Insurance** |  |  |  |  |  |  |  |  |  |  |
| **Delivery Equipment** |  |  |  |  |  |  |  |  |  |  |
| **Store Equip. & Fixtures** |  |  |  |  |  |  |  |  |  |  |
| **Accounts Payable** |  |  |  |  |  |  |  |  |  |  |
| **Sales Tax Payable** |  |  |  |  |  |  |  |  |  |  |
| **Ben Medina, Capital** |  |  |  |  |  |  |  |  |  |  |
| **Ben Medina, Drawing** |  |  |  |  |  |  |  |  |  |  |
| **Income Summary** |  |  |  |  |  |  |  |  |  |  |
| **Sales** |  |  |  |  |  |  |  |  |  |  |
| **Sales Discounts** |  |  |  |  |  |  |  |  |  |  |
| **Sales Ret. & Allow.** |  |  |  |  |  |  |  |  |  |  |
| **Purchases** |  |  |  |  |  |  |  |  |  |  |
| **Purchases Discounts** |  |  |  |  |  |  |  |  |  |  |
| **Purchases Ret. & Allow.** |  |  |  |  |  |  |  |  |  |  |
| **Transportation In** |  |  |  |  |  |  |  |  |  |  |
| **Advertising Expense** |  |  |  |  |  |  |  |  |  |  |
| **Bank Card Fees Expense** |  |  |  |  |  |  |  |  |  |  |
| **Delivery Expense** |  |  |  |  |  |  |  |  |  |  |
| **Insurance Expense** |  |  |  |  |  |  |  |  |  |  |
| **Miscellaneous Expense** |  |  |  |  |  |  |  |  |  |  |
| **Maintenance Expense** |  |  |  |  |  |  |  |  |  |  |
| **Rent Expense** |  |  |  |  |  |  |  |  |  |  |
| **Salaries Expense** |  |  |  |  |  |  |  |  |  |  |
| **Payroll Tax Expense** |  |  |  |  |  |  |  |  |  |  |
| **Supplies Expense** |  |  |  |  |  |  |  |  |  |  |
| **Utilities Expense** |  |  |  |  |  |  |  |  |  |  |
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