**UIL ACCOUNTING**

**Regional 2012-R**

**Group 1**

**For questions 1 through 5, indicate the normal balance side of each account using the code: DR = debit CR = credit**

1. Allowance for Uncollectible Accounts

2. Gain on Plant Assets

3. Accumulated Depreciation—Equipment

4. Cost of Merchandise Sold (perpetual method)

5. Land

**Group 2**

**Select the term that best matches or completes the statements below. For items 6 through 14, write the identifying letter of the best response on your answer sheet. Each term (if used) is used only once.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A** | accumulated depreciation |  | **J** | lower of cost or market |
| **B** | assessed |  | **K** | matching principle |
| **C** | book value |  | **L** | personal |
| **D** | current assets |  | **M** | plant assets |
| **E** | depreciation |  | **N** | real |
| **F** | double declining-balance |  | **O** | rule of allocation principle |
| **G** | fair market |  | **P** | straight-line |
| **H** | land |  | **Q** | unallocated revenue |
| **I** | life-to-date depreciation |  |  |  |

 6. Allocating to expense the cost of a plant asset over that asset’s useful life

 7. Which method charges an equal amount of depreciation expense for a plant asset in

 each year of its useful life?

 8. Assets that will be used for a number of years in the operation of a business

 9. The total amount of depreciation for a plant asset that has been recorded up to a

 specific point in time.

10. The \_?\_ value is usually based on the judgment of people who are specially trained

 employees of a governmental unit.

11. An asset that is considered permanent and is not depreciated

12. Allocating the cost of a plant asset over the periods that the asset will be used to

 produce revenue follows which principle?

13. The original cost less accumulated depreciation

14. For property tax purposes, land and anything attached to the land is called \_?\_

 property.

**Group 3**

**Straight-line depreciation is used for the following depreciable assets. For questions 15 through 18, write the correct amount or number on your answer sheet. Question numbers are indicated by the bold “Q#”.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Description | Months Owned First Year | Original Cost | Estimated Salvage Value | Estimated Useful Life | First Year’s Depreciation |
| Computer | 9 |  6,600 | **Q#15** | 5 years |  810 |
| Truck | 11 | **Q#16** | 17,000 | 7 years | 15,070 |
| Trailer | **Q#17** | 132,140 |  9,500 | 7 years | 11,680 |
| Hay Baler | 4 | 294,500 | 12,500 | **Q#18** | 18,800 |

**Group 4**

**Consider the following information about an asset for questions 19 through 21, and write the correct identifying letter on your answer sheet.**

|  |  |
| --- | --- |
| **Original Cost** | **$32,992** |
| **Salvage Value** | **$2,500** |
| **Date Purchased** | **07-01-08** |
| **Estimated Useful Life** | **7 years** |
| **Accumulated Depreciation as of 01-01-12** | **$15,246** |

**For questions 19 and 20, assume the asset was sold for $19,810 on 03-30-12.**

19. What is the amount of accumulated depreciation on the date of sale?

 A. $15,246 B. $16,335 C. $16,657 D. $17,424 E. $17,746 F. $18,513

20. What is the amount of gain or loss?

 A. $2,064 Loss D. $2,064 Gain

 B. $3,153 Loss E. $3,153 Gain

 C. $3,475 Loss F. $3,475 Gain

**For question #21, assume the asset was sold for $15,000 on 04-02-12.**

\*21. What is the amount of gain or loss?

A. $246 Loss D. $246 Gain

 B. $1,294 Loss E. $1,294 Gain

 C. $1,657 Loss F. $1,657 Gain

**Group 5**

**A company called Hamstrung located in Austin, Texas manufactures computer components. Hamstrung purchased a new machine on September 1, 2011 for $327,780.**

**Even though the machine was assembled in Portland, Oregon, Hamstrung was required by the state of Texas to pay Texas sales tax of $19,670 because the Oregon company also had operations in Texas.**

**Hamstrung was required to pay $3,900 to have the machine transported to Texas.**

**Upon arrival a specialized crew had to install the new machine at a cost of $8,650.**

**The machine was fully operational and placed into service on October 3, 2011.**

**The machine’s technology is actually two years old, and the market value in 2011 was $315,000.**

**The property tax assessed value is $300,000.**

**Hamstrung estimates the useful life of the asset to be 5 years. The estimated value of the machine at its replacement time is determined by Hamstrung to be $30,000.**

**Hamstrung uses the straight-line method for depreciation of machinery. It is company policy to prepare adjusting entries only at the end of the fiscal year, which is December 31.**

**For questions 22 through 30, write the correct amount or year on your answer sheet.**

22. What is the book value of the machine when it was first placed into operation?

23. What is the estimated amount to be depreciated on this machinery?

24. What is the estimated monthly depreciation expense?

25. What amount should be debited to depreciation expense in 2011?

 \*26. What is the book value of the machine on 01-01-15?

27. What is the balance of Accumulated Depreciation (for this machine) on 01-01-16?

28. The machine will have an adjusting entry for depreciation expense in years 2011

 through what year?

 \*29. What is the amount of the adjusting entry for depreciation for this machine in the

final year?

\*\*30. If the machine had been purchased earlier and placed into operation on 01-01-11,

 and the double declining-balance method was used instead of the straight line

 method, what would be the amount of the adjusting entry for depreciation in the final

 year?

**Group 6**

**The following is a partial chart of accounts the owner is considering for a new business. He has decided he will prepare adjusting and closing entries only at the end of the fiscal year which is December 31. The owner is trying to decide what approach or method to use in anticipation of charge customers who cannot or will not pay what they owe.**

|  |
| --- |
| **Chart of Accounts** |
| **104** | **Cash in Bank** |  | **320** | **Income Summary** |
| **110** | **Accounts Receivable** |  | **410** | **Sales** |
| **115** | **Allowance for Uncollectible Accts.** |  | **630** | **Bad Debts Expense** |
| **310** | **Jeff Ellis, Capital** |  |  |  |

**For questions 31 through 38, write the correct account number on your answer sheet.**

**In questions 31 through 34, the owner is analyzing the allowance method.**

31. To write off an account debit \_?\_.

32. To write off an account credit \_?\_.

33. The owner considers a customer’s account was written off in 2011. Then in the

 following fiscal year this customer pays the long-overdue account. To reinstate the

 customer’s account, debit Accounts Receivable and credit \_?\_.

34. Once the written-off account is reinstated in 2012, to record the receipt debit Cash in

 Bank and credit \_?\_.

**In questions 35 through 38, the owner is analyzing the direct write-off method.**

35. To write off an account debit \_?\_.

36. To write off an account credit \_?\_.

37. The owner considers a customer’s account was written off in 2011. Then in the

 following fiscal year this customer pays the long-overdue account. To reinstate the

 customer’s account, debit Accounts Receivable and credit \_?\_.

38. Once the written-off account is reinstated in 2012, to record the receipt debit Cash in

 Bank and credit \_?\_.

**For question 39, write the identifying letter of the best response on your answer sheet.**

39. If the owner chooses to use one of the allowance methods

 A. no adjusting entry is required at the end of the fiscal year.

 B. an adjusting entry is required only if an account was written off during that year.

 C. an adjusting entry is required each year debiting an expense account and

 crediting Allowance for Uncollectible Accounts.

 D. an adjusting entry is required each year debiting an expense account and

 crediting Income Summary.

**Group 7**

**For each problem in this group consider the following company policies of Simpson Company:**

* **All merchandise is shipped by an independent transport company from the vendor’s shipping dock to the buyer’s receiving dock.**
* **If the seller prepays the freight but is not the responsible party per the terms of the agreement, then the seller will include the freight charges on the sales invoice in order to request reimbursement of the freight costs.**
* **Cash discounts are not given on freight charges.**
* **Disregard sales taxes.**
* **The buyer uses an account called Transportation In.**

**For questions 40 through 43, write on your answer sheet the correct amount of the check to pay each invoice.**

40. Simpson Company purchased $9,725 in merchandise from Cranfill Supply on

 November 27, 2011 with terms 2/10,n/30, FOB Shipping Point. Cranfill Supply paid

 Upland Freight $560 to transport these goods. On December 3, 2011 Simpson

 Company returned (at seller’s expense) damaged goods that cost $375. Simpson

 Company paid this invoice on December 10, 2011.

\*41. Simpson Company purchased $8,350 in merchandise from Ajax Company on

 December 29, 2011 with terms 2/10, n/30, FOB Destination. Ajax Company paid

 Transmaster Freight $430 to transport these goods. On January 2, 2012 Simpson

 Company returned (at seller’s expense) damaged goods that cost $250. Simpson

 Company paid this invoice on January 7, 2012.

42. Simpson Company purchased $5,350 in merchandise from Wafford Company on

 December 27, 2011 with terms 1/15, n/120, FOB Destination. Wafford Company

 paid Rampart Freight $815 to transport these goods. Simpson Company paid this

 invoice on February 4, 2012.

43. Simpson Company purchased $7,900 in merchandise on account from Elliot Supply

 on January 29, 2012 with terms 1/15, n/30, FOB shipping point. Elliott Supply

 paid Georgetown Freight $714 to transport these goods. Simpson paid the invoice

 on February 12, 2012.

**Group 8**

**The information for 2011 related to Thompson Co. before adjusting entries is summarized below:**

|  |  |
| --- | --- |
|  |  |
|  **Net Cash Sales** | **64,347** |
| **Net Charge Sales** | **61,200** |
| **Accounts Receivable on 12-31-11** | **38,437** |
| **Customer accounts written off in 2011** | **1,895** |
|  |  |

**For questions 44 through 48, write the correct amount on your answer sheet. Each question is independent from the others unless noted otherwise.**

44. Assume that Thompson Co. uses the allowance method of accounting for

 uncollectible accounts. The company estimates that uncollectible accounts will be

 2**.**75% of net charge sales. What amount of bad debts expense will Thompson Co.

 record if Allowance for Uncollectible Accounts has a credit balance of $508 before

 the adjusting entry?

 \*45. Assume the same facts as in question #44, what is the book value of accounts

 receivable after all adjusting entries are posted?

46. Assume that Thompson Co. uses the allowance method of accounting for

 uncollectible accounts. The company prepares an aging of accounts receivable on

 12-31-11 and determines that $3,450 of its accounts receivable will be uncollectible.

 What amount of bad debts expense will Thompson Co. record for 2011 if Allowance

 for Uncollectible Accounts has a credit balance of $508 before the adjusting entry?

\*47. Assume the same facts as in #46, except that there is a $149 debit balance in

 Allowance for Uncollectible Accounts before the adjusting entry because more

 accounts were written off in 2011 than had been estimated the previous year. What

 amount of bad debts expense will Thompson Co. record?

48. What amount of bad debts expense will Thompson Co. report for 2011 if it uses the

 direct write-off method of accounting for bad debts?

**Group 9**

**One of the items sold at Pete’s Hardware is a sander. The following shows the beginning inventory and purchases information for the year.**

**During the year 20 sanders were sold for $85 each and 115 sanders were sold for $92 each. The company uses a periodic inventory system. (If necessary, round computations to the nearest cent.)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Number of****Units** | **Cost per Unit** | **Extended****Amount** |
| **1-1-11** | **Beginning Inventory** | **26** | **50.05** | **1,301.30** |
| **Jan** | **Purchase** | **5** | **51.10** | **255.50** |
| **Mar** | **Purchase** | **8** | **60.45** | **483.60** |
| **Apr** | **Purchase** | **11** | **60.45** | **664.95** |
| **May** | **Purchase** | **29** | **62.85** | **1,822.65** |
| **July** | **Purchase** | **19** | **63.05** | **1,197.95** |
| **Nov** | **Purchase** | **19** | **64.95** | **1,234.05** |
| **Dec** | **Purchase** | **48** | **65.10** | **3,124.80** |
|  |  | **165** |  | **10,084.80** |

**For questions 49 through 51, write the identifying letter of the best response on your answer sheet.**

49. What is the amount of gross profit for the year if the FIFO method of inventory

 valuation is used?

 A. $3,696.70 B. $3,700.90 C. $4,028.80 D. $4,148.20 E. $8,131.80

\*50. What is the amount of gross profit for the year if the LIFO method of inventory

 valuation is used?

 A. $1,509.70 B. $3,696.70 C. $3,700.90 D. $4,148.20 E. $8,575.10

51. What is the amount of gross profit for the year if the average cost method of

 inventory valuation is used?

 A. $1,833.60 B. $4,028.80 C. $4,148.20 D. $8,131.80 E. $8,251.20

**Group 10**

**Refer to Table 1 on page 10. For questions 52 through 54, write the identifying letter of the best response on your answer sheet.**

52. What is the amount posted to Income Summary in the first closing entry?

 A. zero B. $36,210 C. $64,897 D. $180,600

53. What is the amount posted to Income Summary in the second closing entry?

 A. zero B. $36,210 C. $180,600 D. $171,210

54. In the third closing entry, what amount is credited to Amy Acton, Capital?

 A. zero B. $28,878 C. $43,317 D. $48,130 E. $72,195

**Refer to Table 1. For questions 55 through 57, write the correct amount on your answer sheet.**

What is the amount of each of the following on the post-closing trial balance dated December 31, 2011?

\*55. Chase Daily, Capital

56. Betsy Cage, Capital

57. Amy Acton, Capital

**Group 11**

**Refer to Table 2 on page 11. For questions 58 through 65, write the identifying letter of the best response on your answer sheet.**

**Answer questions 58 through 64 based on the first ten months of the year.**

58. What is the amount of net sales?

 A. $179,754 B. $187,650 C. $196,987 D. $206,324 E. $207,100

59. What is the amount of cost of merchandise available for sale?

 A. $101,331 B. $107,767 C. $133,854 D. $149,646 E. $154,679

60. What is the amount of net purchases?

 A. $94,838 B. $102,734 C. $104,362 D. $107,767 E. $113,006

61. What is the amount of cost of delivered merchandise?

 A. $7,896 B. $8,644 C. $112,552 D. $115,663 E. $127,224

62. What is the amount of cost of merchandise sold?

 A. $101,331 B. $109,227 C. $111,834 D. $149,646 E. $208,233

\*63. What is the gross profit on operations?

A. $78,423 B. $79,883 C. $86,319 D. $89,220 E. $95,266

64. What is the percentage of gross profit on operations for the first ten months?

 A. 42% B. 43% C. 46% D. 48% E. 51%

\*65. What is the estimated ending inventory destroyed by the fire?

 A. $46,912 B. $47,306 C. $47,552 D. $48,084 E. $48,315

**Group 12**

**Refer to Table 3 on page 12 and the work sheet on page 13. For questions 66 through 80, write the correct amount on your answer sheet.**

66. What amount of store supplies was purchased in 2011?

67. What is the total dollar amount of customer accounts written off during 2011?

\*\*68. What is the net income or net loss for 2011?

\*69. What is the balancing total of the unadjusted trial balance columns?

\*70. What is the balancing total of the adjusted trial balance columns?

\*71. What is the subtotal of the income statement debit column on the work sheet before

 net income or net loss is calculated?

\*72. What is the subtotal of the balance sheet debit column on the work sheet before net

 income or net loss is calculated?

73. What is the amount of cost of merchandise available for sale?

**What is the correct account balance in the Unadjusted Trial Balance for:**

74. Prepaid Insurance

75. Store Supplies

76. Merchandise Inventory

\*77. Purchases

\*78. Accumulated Depreciation--Equipment

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

79. Jim Conner, Capital

80. Prepaid Insurance

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

***Table 1***

**(for questions 52 through 57)**

**Tri-Academics is a partnership that specializes in three main academic services:**

 **1) teaching, 2) tutoring, and 3) writing study materials.**

**Tri-Academics 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 drawing accounts.**

**For the calendar year 2011, the owners have agreed to divide the net income on a fractional share basis: Daily/Cage/Acton using the ratio 2:5:3**

**The adjusted trial balance for Tri-Academics for the calendar year 2011 follows. All accounts have normal balances. The owners did not make any investments into this business during 2011.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash in Bank** | **12,698** |  | **Teaching Fees** | **64,897** |
| **Accounts Receivable** | **3,744** |  | **Tutoring Fees** | **42,861** |
| **Supplies** | **1,045** |  | **Writing Royalty Fees** | **72,842** |
| **Prepaid Insurance** | **1,925** |  | **Rent Expense** | **12,000** |
| **Equipment** | **34,790** |  | **Utilities Expense** | **6,409** |
| **Computer Equipment** | **23,800** |  | **Supplies Expense** | **6,987** |
| **Accounts Payable** | **952** |  | **Repairs Expense** | **1,227** |
| **Chase Daily, Capital** | **24,570** |  | **Cleaning Expense** | **2,695** |
| **Chase Daily, Drawing** | **25,000** |  | **Advertising Expense** | **1,897** |
| **Betsy Cage, Capital** | **21,860** |  | **Insurance Expense** | **4,096** |
| **Betsy Cage, Drawing** | **70,000** |  | **Miscellaneous Expense** | **899** |
| **Amy Acton, Capital** | **21,230** |  |  |  |
| **Amy Acton, Drawing** | **40,000** |  |  |  |

***Table 2***

**(for questions 58 through 65)**

**The Whitley Co. uses the periodic inventory system and takes a physical inventory on the last day of each month.**

**The Whitley Co. experienced a total loss due to a fire on November 18, 2011. Now Whitley Co. must provide to their insurance company evidence of the estimated cost of the inventory lost. Fortunately, the company electronically transmitted all of their accounting data to an off-site server on a daily basis.**

**The off-site server provided the following data for the year-to-date ending October 31, 2011 and for the month of November through the 17th day.**

|  |  |  |
| --- | --- | --- |
|  | **01-01-11** **through** **10-31-11** | **November 1 through** **Nov. 17, 2011** |
| **Sales** | **196,987** | **20,435** |
| **Sales Discounts** | **6,943** | **721** |
| **Sales Returns & Allow.** | **2,394** | **264** |
| **Beginning Inventory** | **46,912** |  **?** |
| **Purchases** | **107,767** | **10,813** |
| **Purchases Ret. & Allow.** | **4,785** | **462** |
| **Purchases Discounts** | **8,144** | **827** |
| **Transportation In** | **7,896** | **748** |
| **Ending Inventory** | **48,315** |  **?**  |

***Table 3***

**(for questions 66 through 80)**

**Company Policies:**

* purchases of store supplies and insurance are posted to respective asset accounts
* adjusting and closing entries are prepared only at the end of the fiscal year which is December 31
* financial statements are prepared only at the end of the fiscal year
* uncollectible accounts are estimated based on 2 ½ % of sales
* actual customer accounts are written off throughout the year only after numerous attempts to collect

**Other Information:**

* The account called Store Supplies had a balance of $2,962 on January 1, 2011.
* The only insurance premium paid during 2011 was $3,672 on May 29.
* The gross profit percentage for 2011 was 41%.
* Allowance for Uncollectible Accounts had a credit balance of $4,125 on 01-01-11
* The book value of Accounts Receivable on the Balance Sheet dated 12-31-11 is $37,328.
* Jim Conner invested $25,000 in his business on 02-06-11.
* The Equipment account contains the following asset groups:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Desc. | Date | Original Cost | Est. Life in Years | SalvageValue | Depr.Method |
| Fixtures | 05-01-09 | $36,100 | 7 | $2,500 | SL |
| Computer Eq. | 01-01-10 | $15,000 | 5 | $1,500 | DDB |

* The company uses the periodic inventory system and the specific identification method. The physical inventory on 12-31-11 consists of:

|  |  |
| --- | --- |
|  5 units purchased for | $798 |
| 12 units purchased for | $871 |
|  8 units purchased for | $843 |
| 18 units purchased for | $910 |
|  3 units purchased for | $933 |

|  |
| --- |
| **Conner’s Generator Sales** |
| **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** | **1,648** |  |  |  |  |  |  |  |  |  |
| **Accounts Receivable** |  |  |  |  |  |  |  |  |  |  |
| **Allow. for Uncol. Accts.** |  |  |  |  |  | **5,130** |  |  |  |  |
| **Merchandise Inventory** |  |  |  |  |  |  |  |  |  |  |
| **Store Supplies** |  |  |  |  | **2,435** |  |  |  |  |  |
| **Prepaid Insurance** |  |  |  |  | **1,530** |  |  |  |  |  |
| **Equipment** |  |  |  |  |  |  |  |  |  |  |
| **Accum. Depr.—Equip.** |  |  |  |  |  |  |  |  |  |  |
| **Accounts Payable** |  | **36,897** |  |  |  |  |  |  |  |  |
| **Sales Tax Payable** |  | **1,318** |  |  |  |  |  |  |  |  |
| **Jim Conner, Capital** |  | **67,686** |  |  |  |  |  |  |  |  |
| **Jim Conner, Drawing** | **10,000** |  |  |  |  |  |  |  |  |  |
| **Income Summary** |  |  |  |  |  | **2,940** |  |  |  |  |
| **Sales** |  | **191,600** |  |  |  |  |  |  |  |  |
| **Purchases** |  |  |  |  |  |  |  |  |  |  |
| **Rent Expense** | **24,000** |  |  |  |  |  |  |  |  |  |
| **Utilities Expense** | **10,843** |  |  |  |  |  |  |  |  |  |
| **Repairs Expense** | **2,479** |  |  |  |  |  |  |  |  |  |
| **Bad Debt Expense** |  |  |  |  |  |  |  |  |  |  |
| **Store Supplies Expense** |  |  |  |  | **8,722** |  |  |  |  |  |
| **Insurance Expense** |  |  |  |  | **3,217** |  |  |  |  |  |
| **Depreciation Expense** |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |