**UIL ACCOUNTING**

**District 2013-D1**

**Group 1**

**For items 1 through 6 indicate whether the account is a real or nominal account.**

**Use the code: R = real N = nominal**

1. Sales

2. Denise Malcolm, Capital

3. Accounts Receivable

4. Purchases

5. Sales Taxes Payable

6. Denise Malcolm, Drawing

**Group 2**

**For Q #7 (in table below) write the correct amount on your answer sheet.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2010** | **2011** | **2012** |
| The Owner, Capital, January 1 |  **-0-** |  |  |
| Owner’s investments during the year | **125,000** | **50,000** | **5,000** |
| Total revenue | **92,435** | **127,960** | **168,205** |
| Total expenses | **94,360** | **Q #7** | **84,290** |
| The Owner, Withdrawals | **1,500** | **40,000** | **100,000** |
| The Owner, Capital, December 31 |  |  | **124,058** |

**Group 3**

**The following information comes from the accounting records of two separate businesses.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Brass Co.** |  | **Jade Co.** |
| **December 31, 2011:** |  |  |  |
|  Assets | 74,692 |  | 86,312 |
|  Liabilities | 12,497 |  | 21,460 |
| **December 31, 2012:** |  |  |  |
|  Assets | 91,304 |  | 105,832 |
|  Liabilities | 19,484 |  |  ? |
| **During 2012:** |  |  |  |
|  Owner Investments | 15,000 |  | 30,000 |
|  Net Income <Loss> |  ? |  | <12,210> |
|  Owner Withdrawals | 24,000 |  | 3,500 |

**Answer questions 8 through 10 by writing the correct amount on your answer sheet. Use brackets or parentheses to indicate a net loss or a decrease.**

 8. What is the amount of owner’s equity for Brass Co. on January 1, 2012?

 9. What is the amount of net income or net loss for 2012 for Brass Co.?

\*10. By what amount did liabilities increase or decrease during 2012 for Jade Co.?

**Group 4**

**Three customers owed a total of $10,460 to a business called Jackson Co. as of December 31, 2012 and one of these customers was LMN Co. that owed $1,385. On January 31, 2013 the balance of Jackson’s controlling account for Accounts Receivable had increased by $4,785 since the beginning of the month.**

**From Jackson Co.’s**

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

|  |  |
| --- | --- |
| (1-1-13)  |  |
|  |  |
| (Jan 2013) \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ (Jan 2013) |
|  |  |
| (1-31-13)  |  |
|  |  |

**Jackson Co.’s Accounts Receivable Subsidiary Ledger:**

 **XYZ Co. Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 1-1-13 |  |  |  |
| Jan 2013 | 10,970 | 12,620 |  |

 **ABC Co. Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 1-1-13 |  |  | 2,690 |
| Jan 2013 |  | 7,355 | 3,647 |

 **LMN Co. Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 1-1-13 |  |  |  |
| Jan 2013 |  | 12,110 | 6,863 |

**For questions 11 through 13 write the correct amount on your answer sheet.**

\*11. What is the total amount of charges made by all three customers in January?

12. What is the balance of the XYZ Co. account on 1-1-13?

13. What amount was sold on account to LMN Co. during January?

**Group 5**

**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 February is $21.82**

 **Deposits in transit on February 28 are $2,541.16 and $942.61 Reconciled bank balance on February 28 is $4,613.85**

 **Outstanding checks on February 28 are $943.58, $46.72, and $731.67**

**For questions 14 and 15, write the correct amount on your answer sheet.**

\*14. Given the above facts, what was the amount that was printed on the bank statement

 as the closing balance for February?

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

 reconciling the bank statement?

**Group 6**

**Atlantic Company began operations of a service business on Jan 4, 2012 when the owner invested $25,000 cash in the business. The fiscal year end is December 31.**

**During 2012, the company had service revenue of $84,651; of this amount, $64,219 was collected during 2012 and the rest was considered a collectible outstanding receivable at year-end.**

**Atlantic incurred $68,145 of expenses during 2012; of this amount, $19,014 was unpaid as of December 31, 2012.**

**The owner withdrew $5,000 of cash from the business on December 21, 2012.**

**Use the above information to answer questions 16 through 19. Write the correct amount on your answer sheet.**

16. What is the balance of the cash account on 12-31-12?

17. What is the amount of total liabilities on 12-31-12?

18. What is the company’s net income for 2012?

\*19. What is the balance in the capital account after closing entries for 2012 are posted?

**Group 7**

**Webb Sales prepares adjusting and closing entries only at the end of the fiscal year which is December 31.**

**The information needed to prepare the trial balance for Webb Sales as of 12-31-12 (before adjusting entries) follows in the chart below. All accounts have normal balances. Total expenses are grouped together for simplicity. The owner did not make any capital contributions during the year 2012.**

**Ending inventory on 12-31-12 is $34,590. For items 20 through 28, write the correct amount on your answer sheet.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash** | **3,755** |  | **Sales Discounts** | **2,963** |
| **Accounts Receivable** | **8,240** |  | **Sales Returns & Allowances** | **3,374** |
| **Inventory** | **31,840** |  | **Purchases** | **70,757** |
| **Accounts Payable** | **5,820** |  | **Transportation In** | **2,989** |
| **Dale Webb, Capital** |  **?** |  | **Purchases Discounts** | **3,294** |
| **Dale Webb, Drawing** | **24,000** |  | **Purchases Returns & Allow.** | **2,481** |
| **Sales** | **118,787** |  | **Total Expenses** | **25,579** |

20. The amount of capital on the trial balance is $\_\_\_\_\_.

21. Total debits on the trial balance are $\_\_\_\_\_.

22. Cost of Delivered Merchandise is $\_\_\_\_\_.

23. Net Purchases is equal to $\_\_\_\_\_.

24. Net Sales are $\_\_\_\_\_.

25. Cost of Merchandise Available for Sale is $\_\_\_\_\_.

26. Gross Profit is $\_\_\_\_\_.

\*27. Net Income is $\_\_\_\_\_.

\*28. The amount of capital on the Post-Closing Trial Balance dated 12-31-12 is $\_\_\_\_\_.

**Group 8**

**For questions 29 through 37, write the identifying letter of the correct concept that is violated in each independent case. Each concept may be used only once.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A** | **Accounting Period Cycle** |  | **G** | **Historical Cost** |
| **B** | **Business Entity** |  | **H** | **Matching Principle** |
| **C** | **Conservatism** |  |  **I** | **Objective Evidence** |
| **D** | **Consistent Reporting** |  | **J** | **Realization of Revenue** |
| **E** | **Full Disclosure** |  | **K** | **Unit of Measure** |
| **F** | **Going Concern** |  |  |  |

29. A sole-proprietor included his family’s household expenses in the financial

 statements of his construction business.

30. The accountant failed to prepare adjusting entries for Prepaid Insurance and

 Office Supplies.

31. In one year a gift shop prepared financial statements every three months. Then

 the next year the gift shop used a one-year reporting period.

32. A sale was made on account and the goods changed hands on May 23. The buyer

 paid the seller on June 10. The seller used the accrual basis of accounting. The

 seller recorded the sale in June.

33. The owner of an electrical service business used checks for most business

 expenditures. When customers paid using cash currency, he tried to remember to

 issue the customer a receipt. Sometimes he paid for electrical supplies using cash,

 but often the paid invoices on his truck dashboard flew out the window. So he just

 made up numbers as best he could remember.

34. An accountant knew the owner was most interested in the detail of the business

 expenses because expenses had been increasing dramatically. The accountant

 decided to report only “Total Expenses” on the income statement because it would

 save paper.

35. A recent college graduate who majored in computer science opened her own

 home-based business, which quickly grew to include clients in Canada. Her income

 statement included some revenue reported in U.S. dollars and some revenue

 reported in Canadian dollars.

36. In one year a restaurant reported revenue in seven different revenue accounts,

 one for each day of the week. Then in the next year it reported revenue in three

 different revenue accounts, one each for breakfast, lunch, and dinner.

37. The owner of a moving company found a real bargain when he purchased a used

 trailer for $2,000. In shopping for this trailer, all the other used trailers were priced

 at $3,000. The owner decided to record the cost of the trailer he purchased at

 $3,000 and credited the extra $1,000 to his capital account.

**Group 9**

**Refer to Table 1 on page 10. For questions 38 through 48, write the identifying letter of the best response on your answer sheet.**

38. What is the amount of total gross earnings for Billy for December?

 A. $2,232 B. $2,292 C. $2,340 D. $2,388 E. $3,432

39. What is the amount of total gross earnings for Jake for December?

 A. $2,208 B. $2,304 C. $2,760 D. $2,820 E. $2,880

40. What is the amount of total gross earnings for Tracy for December?

 A. $3,900 B. $5,600 C. $9,500 D. $10,139 E. $10,942

\*41. How many hours of overtime did Billy work in November?

 A. 10 B. 12 C. 14 D. 16 E. 18

42. What is the total amount of gross overtime pay for all employees in December?

 A. $360 B. $456 C. $612 D. $684 E. $765

43. What is Tracy’s net take home pay for December?

 A. $6,873.25 B. $6,986.80 C. $7,009.55 D. $7,115.05 E. $9,015.05

44. What is the total amount of Social Security tax withheld from the December pay of

 all three employees?

 A. $565.44 B. $670.84 C. $870.23 D. $884.28 E. $912.64

45. How much is owed to the state for unemployment tax for the December payroll?

 A. $27.06 B. $28.71 C. $32.01 D. $76.56 E. $78.21

46. How much is owed to the federal government for unemployment tax for the

 December payroll?

 A. zero B. $14.56 C. $20.64 D. $41.76 E. $70.56

\*47. The debit to Payroll Tax Expense for December is

 A. $41.62 B. $884.28 C. $925.90 D. $1,167.70 E. $3,605.90

\*48. The employer will need to pay December’s liability for employee income tax withheld

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

 January 15, 2013 in the amount of

 A. $3,564.28 B. $3,605.90 C. $4,448.56 D. $4,490.18 E. $4,932.16

**Group 10**

**Refer to Table 2 on page 11. For questions 49 through 53, write the correct amount on your answer sheet.**

What was the balance of each of the following on January 1, 2012?

49. Supplies \*52. Sandy Taylor, Capital

50. Prepaid Insurance 53. Sandy Taylor, Drawing

51. Merchandise Inventory

**Group 11**

**Refer to Table 2. For questions 54 through 62, on your answer sheet write “True” if the answer is true; write “False” if the answer is false.**

54. An adjusting entry resulted in an increase to Cash.

55. The amount of supplies used during 2012 was $2,980.

56. Insurance expense for the year 2012 consists of the amount of prepaid insurance

 premiums on January 1, 2012 plus five-twelfths of the premium paid on 8-1-12.

57. The amount $2,300 on the line for Income Summary resulted from a closing entry.

58. The gift from Sandy’s aunt is the main reason the owner’s drawing account has a

 balance of $13,200 (because when the deposit was made, Drawing was credited).

59. Prepaid Insurance on the Post-Closing Trial Balance dated December 31, 2012

 consists of seven-twelfths of the premium paid on 8-1-12.

60. The physical inventory of supplies on hand on December 31, 2012 was $1,925.

61. Merchandise Inventory decreased from January 1, 2012 to December 31, 2012.

62. Total Expenses on the Income Statement for the twelve months ending

 December 31, 2012 equal $18,435.

**Group 12**

**Refer to Table 2. For questions 63 through 71, write the identifying letter of the best response on your answer sheet.**

63. The insurance premium that was paid on 8-1-12 was posted to the general ledger

 with a posting date of August 1, 2012

 A. in the asset account called Prepaid Insurance in the debit column

 B. in an expense account called Insurance Expense in the debit column

 C. in the asset account called Prepaid Insurance in the credit column

 D. in an expense account called Insurance Expense in the credit column

64. Which of the following statements is false?

 A. The balance of the Merchandise Inventory account in the general ledger on

 January 1, 2012 was $25,100.

 B. Until the adjusting entries are journalized and posted, Merchandise Inventory will

 continue to have a general ledger balance of $27,400.

 C. The clerk who performed the physical inventory of the merchandise in the store

 on December 31, 2012 determined the correct amount of merchandise

 inventory to be $25,100.

 D. The adjustment for merchandise inventory on December 31, 2012 requires a

 credit to the asset account called Merchandise Inventory.

**Group 12\_continued**

65. The first closing entry includes a

 A. credit to Income Summary for $91,700

 B. credit to Income Summary for $94,000

 C. credit to Sales for $94,000

 D. credit to Sandy Taylor, Capital for $94,000

66. The second closing entry includes a

 A. debit to Income Summary for $75,565

 B. debit to Income Summary for $73,265

 C. credit to Income Summary for $75,565

 D. debit to Sandy Taylor, Capital for $75,565

67. To close the drawing account

 A. credit Income Summary for $5,000

 B. credit Income Summary for $13,200

 C. debit Sandy Taylor, Capital for $13,200

 D. both A and B are correct

 E. both B and C are correct

68. The only remaining closing entry of a temporary capital account requires a

 A. debit to Income Summary

 B. debit to Sandy Taylor, Capital

 C. credit to Sandy Taylor, Drawing

 D. credit to Income Summary

 E. Both A and C are correct

\*\*69. The balance of the capital account on the Post-Closing Trial Balance dated

 December 31, 2012 is

 A. $54,830 B. $59,830 C. $65,065 D. $70,065 E. $78,265

70. On the line for Insurance Expense on the work sheet, the amount in the Adjusted

 Trial Balance column represents the value of insurance

 A. in force at the beginning of the fiscal period

 B. bought during the fiscal period

 C. available during the fiscal period

 D. used during the fiscal period

 E. still in force at the end of the fiscal period

71. On the line for Supplies on the work sheet, the amount in the Trial Balance column

 represents the value of supplies

 A. on hand at the beginning of the fiscal period only

 B. bought during the fiscal period only

 C. available during the fiscal period

 D. still on hand at the end of the fiscal period

**Group 12\_continued**

**For questions 72 through 74 consider the Income Statement for the twelve months ending December 31, 2012.**

72. The Cost of Merchandise Available for Sale is

 A. $52,220 B. $54,520 C. $77,320 D. $79,620 E. $81,920

73. The Cost of Merchandise Sold is

 A. $52,220 B. $54,520 C. $77,320 D. $79,620 E. $81,920

\*74. The amount of Gross Profit is

 A. $20,735 B. $39,480 C. $41,780 D. $44,080 E. $94,000

**Group 13**

**Refer to Table 2. 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 75 through 78 (found in the chart below), write the correct amount on your answer sheet.**

|  |  |  |
| --- | --- | --- |
|  | **Income Statement** | **Balance Sheet** |
|  | **Debit** | **Credit** | **Debit** | **Credit** |
| **Subtotals** | **\*#75** | **\*#76** | **\*#77** | **\*#78** |
| **Net Income or <Net Loss>** | **Elm** | **Oak** | **Mesquite** | **Pecan** |
| **Totals** |  |  |  |  |

**For questions 79 and 80, write the identifying letter of the best response on your answer sheet.**

 \*\*79. What is the amount of net income for the year?

 A. $5,235 B. $10,235 C. $18,435 D. $20,735 E. $23,435

 \*80. After the net income is calculated, indicate in which columns of the work sheet the

 amount would appear in the chart above using tree names as indicators.

 A. Elm Pecan B. Mesquite Oak C. Elm Oak D. Mesquite Pecan

***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 38 through 48)**

Pacific Company has three employees who are paid monthly. Tracy Allen is paid an annual salary of $114,000 per year. She is paid equally each month and receives no extra pay for overtime.

Billy Baker became an employee of Pacific in September 2012. His total gross earnings in the month of September were $1,044 and in the month of October were $2,388.

The regular work month is 176 hours for November 2012 and it is 168 hours for December 2012. Billy and Jake are paid time and a half for hours worked that exceed the regular work month.

The 2012 tax rate information is as follows:

Social Security tax is 6.2% on the first $110,100 of wages

Medicare tax is 1.45% of all wages

Federal unemployment tax is .8% on the first $7,000 of wages

State unemployment tax is .55% on the first $9,000 of wages

The employer rates for Social Security and Medicare are the same respective rates as for employees.

Accumulated earnings through November 30, 2012 are as follows:

 Tracy Allen $104,500

 Billy Baker 5,760

 Jake Falton 6,420

Hours worked, rates of pay, and days missed for the month of December 2012 are:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Total Hours Worked** | **Regular Rate** | **Days Missed** |
| Tracy Allen | 185 | ? | 0 |
| Billy Baker | 186 | $12.00 | 0 |
| Jake Falton | 184 | $15.00 | 0 |

Federal Income Tax to be withheld from the December pay is given for simplicity:

 Tracy Allen $1,900

 Billy Baker 350

 Jake Falton 430

***Table 2***

**(for questions 49 through 80)**

**A company owned by Sandy Taylor has the following unadjusted and adjusted trial balances as of December 31, 2012.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Unadjusted** |  | **Adjusted** |
|  | **Trial Balance** |  | **Trial Balance** |
|  | **Debit** | **Credit** |  | **Debit** | **Credit** |
| **Cash** | **4,070** |  |  | **4,070** |  |
| **Supplies** | **10,115** |  |  | **1,925** |  |
| **Prepaid Insurance** | **4,800** |  |  | **1,820** |  |
| **Merchandise Inventory** | **27,400** |  |  | **25,100** |  |
| **Equipment** | **61,790** |  |  | **61,790** |  |
| **Accounts Payable** |  | **29,640** |  |  | **29,640** |
| **Sandy Taylor, Capital** |  | **59,830** |  |  | **59,830** |
| **Sandy Taylor, Drawing** | **13,200** |  |  | **13,200** |  |
| **Income Summary** |  |  |  | **2,300** |  |
| **Sales** |  | **94,000** |  |  | **94,000** |
| **Purchases** | **52,220** |  |  | **52,220** |  |
| **Rent Expense** | **7,800** |  |  | **7,800** |  |
| **Utilities Expense** | **1,690** |  |  | **1,690** |  |
| **Advertising Expense** | **385** |  |  | **385** |  |
| **Supplies Expense** |  |  |  | **8,190** |  |
| **Insurance Expense** |  |  |  | **2,980** |  |
|  **Subtotals** | **183,470** | **183,470** |  | **183,470** | **183,470** |

**Company Policies:**

* The temporary capital accounts are closed only at the end of the fiscal year, which is December 31.
* The first two steps (there are four steps) of the closing process include:

 1. close all revenue accounts in one combined entry

 2. close all expense and cost of merchandise accounts in one combined entry

**Information Found in the General Ledger:**

* Sandy’s aunt gave her a cash gift of $5,000 on December 24, 2012, which Sandy deposited to her business bank account and treated it as a capital contribution. This is the only capital contribution made during 2012.
* Supplies purchased throughout the year 2012 totaled $8,465
* The only insurance premium paid during 2012 was on August 1 for $3,120, which was a twelve-month policy