**UIL ACCOUNTING**

**Invitational 2014-B**

**Group 1**

**For items 1 through 15, on your answer sheet write YES if the answer is yes; write NO if the answer is no.**

 1. Is Supplies Expense a temporary account?

 2. Is Purchases Discounts a permanent account?

 3. Is Sales Tax Payable a temporary account?

 4. Is Accounts Receivable a real account?

 5. Is Prepaid Insurance a temporary account?

 6. Is Cash Short and Over a real account?

 7. Should Merchandise Inventory appear on the Post-Closing Trial Balance?

 8. Is Accounts Payable a nominal account?

 9. Is the Petty Cash account a permanent account?

10. Is the Change Fund a permanent account?

11. Should the Income Summary account appear on the Post-Closing Trial Balance?

12. Should the owner’s withdrawal account appear on the Post-Closing Trial Balance?

13. Is Sales Discounts a nominal account?

14. Does the Sales account belong on the Post-Closing Trial Balance?

15. Does the owner’s capital account belong on the Post-Closing Trial Balance?

**Group 2**

**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 $18.62**

 **Deposits in transit on February 28 are $842.61 and $3,461.92 Reconciled bank balance on February 28 is $3,151.70**

 **Outstanding checks on February 28 are $841.67, $32.98, and $482.44**

**For questions 16 and 17, write the correct amount on your answer sheet.**

\*16. Given the above facts, what was the amount that was printed on the bank statement

 as the closing balance for February?

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

 reconciling the bank statement?

**Group 3**

**For question #­­18, write the correct amount on your answer sheet. Delaware Company has three employees who are paid weekly as follows:**

|  |  |
| --- | --- |
| **Johann Rall** | **$9 per hour with overtime for hours worked over 40 hours in a week at a rate of time and a half** |
| **L. Cornwallis** | **$600 salary per week** |
| **G. Washington** | **$700 salary per week plus 1.5% commission on sales** |

**Last week each employee worked standard hours except Johann who worked 52 hours. Mr. Washington sold $18,400 of merchandise.**

\*18. What is the total gross pay for the week on the Payroll Register for all three

 employees?

**Group 4**

**For Q #19 (in table below) write the correct amount on your answer sheet.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2011** | **2012** | **2013** |
| The Owner, Capital, January 1 |  **-0-** |  |  |
| Owner’s investments during the year | **75,000** | **50,000** | **10,000** |
| Total revenue | **120,679** | **137,692** | **194,613** |
| Total expenses | **122,438** | **Q #19** | **101,472** |
| The Owner, Withdrawals | **2,000** | **15,000** | **85,000** |
| The Owner, Capital, December 31 |  |  | **125,821** |

**Group 5**

**Barbara Craig purchased a building in a retail shopping center that was placed into service on April 1, 2013. On this date she began her new business as a sole proprietorship. She paid $4,380 for insurance covering the building and contents for one year that went into effect on this date.**

**On July 2, 2013 Ms. Craig paid for a separate liability insurance policy for two years at a cost of $3,720.**

**Ms. Craig purchased a delivery van on September 3, 2013. On this date she paid for insurance that covered this van for a six-month period at a total cost of $972.**

**It is company policy to journalize and post all insurance payments to the appropriate asset account when the insurance is purchased. The cost of each policy is to be allocated to expense over the respective term of each insurance policy as an adjusting entry.**

**Adjusting and closing entries are prepared only at fiscal year-end, which is December 31. Consider that the work sheet for the year ending December 31, 2013 has been prepared correctly.**

**For questions 20 through 22, write the identifying letter of the best response on your answer sheet.**

20. The amount in the Trial Balance debit column on the line for Prepaid Insurance is

 A. zero B. $4,209 C. $4,380 D. $4,863 E. $9,072 F. $10,044

\*21. The amount in the Adjustments credit column on the line for Prepaid Insurance is

 A. $4,209 B. $4,380 C. $4,863 D. $5,793 E. $9,072

22. The amount in the Balance Sheet debit column on the line for Prepaid Insurance is

 A. $3,279 B. $4,209 C. $4,380 D. $4,863 E. $9,072

**Group 6**

**Three customers owed a total of $62,430 to a business called Rainbow Co. as of November 30, 2013 and one of these customers was Star Co. that owed $15,210. On December 31, 2013 the balance of Rainbow’s controlling account for Accounts Receivable had increased by $3,890 since the beginning of the month.**

**From Rainbow Co.’s**

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

|  |  |
| --- | --- |
| (12-1-13)  |  |
|  |  |
| (Dec 2013) \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ (Dec 2013) |
|  |  |
| (12-31-13)  |  |
|  |  |

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

 **Sun Co. Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 12-1-13 |  |  |  |
| Dec 2013 | 50,750 | 52,620 |  |

 **Moon Co. Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 12-1-13 |  |  | 26,720 |
| Dec 2013 |  | 29,900 | 39,740 |

 **Star Co. Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 12-1-13 |  |  |  |
| Dec 2013 |  | 100,000 | 7,950 |

**For questions 23 through 25 write the correct amount on your answer sheet.**

\*23. What is the total amount of charges made by all three customers in December?

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

25. What amount was sold on account to Star Co. during December?

**Group 7**

**Using the code below, identify how items 26 through 33 would be handled for the December 31, 2013 bank reconciliation of Galaxy Co. prepared on January 4, 2014. It is company policy to record any necessary journal entries and to update the checkbook balance after the bank reconciliation is completed.**

 **A. added to the checkbook balance**

 **B. deducted from the checkbook balance**

 **C. added to the bank statement balance**

 **D. deducted from the bank statement balance**

26. Galaxy Co.’s December checks #6298, #6301, and #6302 were not listed on the

 bank statement as cleared items.

27. There was a bank service charge of $20.

28. A deposit on December 31 was not listed among the bank statement deposits for

 December.

29. Galaxy Co. paid a vendor using electronic funds transfer and failed to record this

 transaction in the checkbook.

30. Galaxy Co.’s check #6299 was recorded on the check stub as $540 and correctly

 cleared the bank as $450. The difference should be…

31. A customer’s check deposited on December 30 by Galaxy Co. was returned by

 the bank as NSF. Galaxy Co. first learned about this upon receipt of the

 December bank statement.

32. An employee of Galaxy Co. used the company debit card to purchase postage

 stamps and failed to record this in the checkbook.

33. Galaxy Co. wrote a check for $2,400 to Bayer Co. on December 30, 2013 and

 placed the check in the mail that same day. On December 31, 2013, a Galaxy

 employee determined that the check should have been payable to Blair Co.

 and the invoice from Blair was not due until January 15, 2014. The Galaxy

 employee called Bayer Co. to explain on January 4, 2014. Bayer Co. had not

 received the check, so Galaxy put a stop payment order on the check written to

 Bayer Co. (Disregard any stop payment bank charge as that charge will

 occur in January 2014.) Galaxy will pay Blair by the January due date.

**Group 8**

**The following rates and maximums per employee per year are in effect:**

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $117,000** |
| **Medicare** | **1.45% on all earnings** |
| **Employee Federal Income Tax** | **15% on all earnings** |
| **Employee State Income Tax** | **1% 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** |
| **Overtime** | **1½ times regular rate for hours worked in excess of 40 hours in a 5-day work week** |

**The applicable employer matching taxes are at the same rate as the employee rate. In this state only employers are subject to unemployment taxes. Any taxes withheld from an employee for state income tax must be remitted by the employer directly to the state. Health insurance premiums are remitted to Affordable Health Insurance Co.**

**Selected information from a weekly payroll register for one employee is presented below with some amounts intentionally omitted. Prior to this week’s paycheck the employee had accumulated gross earnings of $8,270. The payroll clerk is new to the job and was unsure what to deduct.**

|  |  |
| --- | --- |
| **Gross Earnings:** |  |
|  **Regular** |  |
|  **Overtime (8 hours)** | **240.00** |
|  **Total Gross Earnings** |  |
| **Deductions: ????** |  |
|  **Social Security** |  |
|  **Medicare** |  |
|  **Federal Income Tax** |  |
|  **State Income Tax** |  |
|  **Health Insurance Premium** | **55.00** |
|  **Federal Unemployment Tax** |  |
|  **State Unemployment Tax** |  |
|  **Total Deductions** |  |
| **Net Pay:** |  |

**For questions 34 through 36, write the correct amount on your answer sheet.**

\*34. What is the correct amount of the employee’s paycheck?

\*35. What is the correct amount of the employer’s payroll tax expense for this employee

 for this week?

\*36. The employer must pay the liability (for this paycheck) for employee federal income

 tax withheld and the employer and employee portion of Social Security and

 Medicare taxes by the 15th of the following month. What is this amount?

**Group 9**

**Tress 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 Tress Sales as of 12-31-13 (before adjusting entries) follows in the chart below. All accounts have normal balances. Total expenses are grouped together for simplicity. The owner made one capital contribution during the year 2013 in the amount of $15,000.**

**Ending inventory on 12-31-13 is $30,500. For items 37 through 47, write the correct amount on your answer sheet.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash** | **8,255** |  | **Sales Discounts** | **3,842** |
| **Accounts Receivable** | **1,825** |  | **Sales Returns & Allowances** | **2,187** |
| **Inventory** | **31,840** |  | **Purchases** | **50,871** |
| **Accounts Payable** | **2,144** |  | **Transportation In** | **4,278** |
| **Dee Tress, Capital** |  **?** |  | **Purchases Discounts** | **2,469** |
| **Dee Tress, Drawing** | **2,500** |  | **Purchases Returns & Allow.** | **3,210** |
| **Sales** | **98,409** |  | **Total Expenses** | **36,875** |

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

\*38. The amount of capital in the general ledger on 1-1-13 before any 2013 transactions

 is $\_\_\_\_\_.

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

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

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

42. Cost of Merchandise Sold is $\_\_\_\_\_.

43. Net Sales are $\_\_\_\_\_.

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

45. Gross Profit is $\_\_\_\_\_.

\*46. Net Income is $\_\_\_\_\_.

\*47. The amount of capital on the Post-Closing Trial Balance dated 12-31-13 is $\_\_\_\_\_.

**Group 10**

**Aztec pays its employees an hourly wage, overtime at 1½ times the regular rate for all hours worked over 8 in any week day, and double the regular rate for all hours worked on Saturdays, Sundays, and holidays.**

**Thursday, November 28, 2013 is celebrated nationally as Thanksgiving Day but Aztec does not close. Employees draw straws to see who will work on the holiday and who will get to spend time with their families. Kym got the short straw, but her family brought turkey dinner to her at work.**

**Shown in the chart are the hours worked by Kym Jessup during the week ending December 1, 2013. Her regular rate of pay is $7.**

|  |  |
| --- | --- |
| **Day** | **Total Hours****Worked** |
| Monday, Nov. 25, 2013  | 10.5 |
| Tuesday, Nov. 26, 2013 | 9.5 |
| Wednesday, Nov. 27, 2013 | 7 |
| Thursday, Nov. 28, 2013 | 8 |
| Friday, Nov. 29, 2013  | 5 |
| Saturday, Nov. 30, 2013 | 6 |
| Sunday, Dec. 1, 2013 | 3 |
| **Total for Week** | **49** |

**For questions 48 through 51, write the correct amount on your answer sheet.**

48. How many regular hours did Kym work?

49. How many hours will Kym be paid at time and a half?

50. How many hours will Kym be paid at double her regular rate of pay?

\*51. What is the amount of Kym’s total gross pay?

**Group 11**

**Refer to Table 1 on page 11 and the associated work sheet on page 12. For questions 52 through 58, write the correct amount on your answer sheet that should appear in a trial balance column of the work sheet for the year ended December 31, 2013.**

 \*52. Accounts Receivable

\*53. Merchandise Inventory

54. Supplies

55. Prepaid Insurance

 \*56. Accounts Payable

57. Sales

58. Purchases

**Group 12**

**Continue to refer to Table 1. For items 59 through 62 write “Yes” if the answer is yes; write “No” if it is no.**

59. Will the adjustment to the Supplies account include a credit of $3,615?

60. Will the adjustment for expired insurance include a debit to Insurance Expense

 for $1,940?

61. Will the adjustment to update the correct amount of merchandise inventory on hand

 at the end of the year include a debit to Merchandise Inventory for $700?

62. Is the balancing total of the Trial Balance columns $130,100?

**Group 13**

**Continue to refer to Table 1. For items 63 through 67 write the correct amount on your answer sheet that would appear on the Income Statement for the year 2013.**

63. What is the amount of total gross sales?

64. What is the amount of Cost of Merchandise Available for Sale?

65. What is the amount of Cost of Merchandise Sold?

 \*66. What is the amount of Gross Profit?

\*67. What is the amount of Total Expenses?

**Group 14**

**Continue to refer to Table 1. For items 68 and 69 write the correct amount on your answer sheet that would appear on the Balance Sheet dated December 31, 2013.**

\*68. What is the amount of Total Assets?

69. What is the amount of Total Liabilities?

**Group 15**

**Continue to refer to Table 1. Kay’s Accessories uses the following policy when closing the temporary accounts at the end of the fiscal year:**

1. **Close all revenue accounts in one combined entry.**
2. **Close all expenses and cost of merchandise sold accounts in one combined entry.**
3. **Close the Income Summary account.**
4. **Close the owner’s withdrawals account.**

**The words “blue, yellow, red, brown, green” are referenced in the questions to be answered in this group. Blue and yellow represent the closing steps of one and two referenced above. You must decide how the colors match up to the steps.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Kay Walker, Capital** |  |  |  | **Income Summary** |
|  | \_\_\_?\_\_\_ |  | 01-01-13  |  |  |  |
|  |   |  | any activityduring 2013 | 12-31-13 adjusting entry | \_\_\_\_?\_\_\_ | \_\_\_\_?\_\_\_ |
|  |  |  |  | 12-31-13 closing entries | \_\_\_blue\_\_ | \_\_yellow\_\_ |
| \_\_\_red\_\_\_ | \_\_brown\_\_ |  | 12-31-13closing entries |  |  |  |
|  |  |  |  |  |  |  |
|  | \_\_green\_\_ |  | 12-31-13balance after closing entries |  |  |  |

**For questions 70 through 75 write the identifying letter of the best response on your answer sheet.**

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

posted but before any closing entries have been posted?

 A. zero B. $2,500 C. $23,990 D. $27,990 E. $30,490 F. $32,990

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

 A. $15,790 B. $24,790 C. $56,320 D. $72,110 E. $81,110

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

 A. $69,950 B. $70,650 C. $72,110 D. $93,560 E. $94,260 F. $94,960

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

 A. $13,850 B. $22,150 C. $22,850 D. $46,840 E. $55,840

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

 A. zero B. $2,500 C. $9,000 D. $15,790 E. $22,850

\*\*75. The amount of “green” in the capital account is

 A. $13,850 B. $16,350 C. $32,990 D. $44,340 E. $46,840

**Group 16**

**Continue to refer to Table 1. 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. Blue Green C. Red Yellow

 B. Blue Yellow D. Red Green

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

***TABLE 1***

**(for questions 52 through 80)**

**Kay Walker is the owner of Kay’s Accessories. The selected amounts that appear on the work sheet on page 12 are accurate.**

**It is company policy to purchase on account only merchandise for resale. All other assets and expenses must be paid for by check rather than purchased on account. Some of the merchandise vendors used in 2013 did not allow purchases on account by Kay’s Accessories and required that payment by check be received before they would ship the items.**

**Acquisitions of supplies and insurance are properly recorded in their respective asset accounts. Adjusting and closing entries are prepared only at the end of the fiscal year, which is December 31.**

**Additional Information:**

* **Supplies:**

 **Inventory on January 1, 2013………...$ 540**

 **Purchased during 2013………………… 3,615**

 **Inventory on December 31, 2013…..… 780**

* **Prepaid Insurance:**

 **Unexpired as of January 1, 2013……. $ 620**

 **Policy purchased during 2013………. 1,980**

 **Unexpired as of December 31, 2013… 660**

* **Merchandise Inventory:**

 **January 1, 2013……………………. $10,600**

 **December 31, 2013………………… 11,300**

* **Capital account balance on January 1, 2013 was $30,490**
* **Capital contributions made by the owner in 2013 were $2,500**
* **Cash withdrawals by owner $9,000**
* **Sales: cash………….. $69,950**

 **on account…. 24,310**

* **Purchases of merchandise: cash…………… $ 2,475**

 **on account…… 53,845**

* **Accounts Receivable balance on January 1, 2013 was $2,425**
* **Accounts Payable balance on January 1, 2013 was $6,440**
* **Received on account from customers $22,650**
* **Paid on account to vendors $58,135**

UIL Accounting Invitational 2014-B -12-

|  |
| --- |
| **Kay’s Accessories** |
| **Work Sheet** |
| **For the Year Ended December 31, 2013** |
| **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** | **8,365** |  |  |  |  |  |  |  |  |  |
| **Accounts Receivable** |  |  |  |  |  |  |  |  |  |  |
| **Merchandise Inventory** |  |  |  |  |  |  |  |  |  |  |
| **Supplies** |  |  |  |  |  |  |  |  |  |  |
| **Prepaid Insurance** |  |  |  |  |  |  |  |  |  |  |
| **Equipment** | **23,800** |  |  |  |  |  |  |  |  |  |
| **Accounts Payable** |  |  |  |  |  |  |  |  |  |  |
| **Kay Walker, Capital** |  |  |  |  |  |  |  |  |  |  |
| **Kay Walker, Drawing** |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| **Sales** |  |  |  |  |  |  |  |  |  |  |
| **Purchases** |  |  |  |  |  |  |  |  |  |  |
| **Rent Expense** | **6,000** |  |  |  |  |  |  |  |  |  |
| **Utilities Expense** | **2,540** |  |  |  |  |  |  |  |  |  |
| **Advertising Expense** | **1,935** |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |