**UIL ACCOUNTING**

**Regional 2014-R**

**Group 1**

**For questions 1 through 18, indicate the normal balance side of each account using the code: DR=debit CR=credit**

1. Uncollectible Accounts Expense 10. Land

2. Depreciation Expense 11. Cash in Bank

3. a partner’s drawing account 12. Sales Tax Payable

4. Property Taxes Payable 13. Gain on Plant Assets

5. Merchandise Inventory 14. Transportation In

6. Social Security Tax Payable 15. Prepaid Insurance

7. Property Tax Expense 16. Bad Debts Expense

8. Allowance for Uncollectible Accounts 17. Accumulated Depreciation--Building

9. Purchases Discounts 18. Sales Discounts

**Group 2**

**The following data pertains to a single inventory item. During the month of April,**

**1,100 units were sold for $8.25 each. The company uses the periodic inventory system.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **Number of**  **Units** | **Cost per Unit** | **Extended Amount** |
| **April** | **1** | **Beginning Inventory** | **250** | **4.60** | **1,150** |
|  | **2** | **Purchase** | **100** | **5.50** | **550** |
|  | **9** | **Purchase** | **300** | **5.25** | **1,575** |
|  | **16** | **Purchase** | **200** | **5.25** | **1,050** |
|  | **23** | **Purchase** | **350** | **5.50** | **1,925** |
|  | **30** | **Purchase** | **200** | **5.50** | **1,100** |
|  |  | **Available** | **1,400** |  | **7,350** |

**For questions 19 through 21, write the identifying letter of the correct response on your answer sheet.**

19. What is the dollar amount of the ending inventory on April 30 using the FIFO

inventory costing method?

A. $1,380 B. $1,400 C. $1,425 D. $1,575 E. $1,650 F. $1,700

20. What is the dollar amount of ending inventory on April 30 using the LIFO

inventory costing method?

A. $1,380 B. $1,400 C. $1,425 D. $1,575 E. $1,650 F. $1,700

21. What is the dollar amount of ending inventory on April 30 using the average

cost inventory costing method?

A. $1,380 B. $1,400 C. $1,425 D. $1,575 E. $1,650 F. $1,700

**Group 3**

**Refer to Table 1 on pages 4 and 5. For questions 22 through 31 write the correct answer on your answer sheet.**

**What were the balances in the following accounts on the Post-Closing Trial Balance dated December 31, 2012?**

22. Cash in Bank

23. Accounts Receivable

24. Merchandise Inventory

25. Floral Supplies

\*26. Prepaid Insurance

27. Equipment

28. Accumulated Depreciation—Equipment

29. Accumulated Depreciation—Building

30. Sales Tax Payable

\*\*31. Jade Harris, Capital

**Continue to refer to Table 1. For questions 32 through 34, write the correct answer on your answer sheet; and for question #33, no brackets are necessary.**

\*32. What was the amount of gross profit for 2012?

\*33. What was the amount of net loss for 2012?

34. What was the sales tax rate for 2012?

**Group 4**

**Refer to Table 2 on pages 6 and 7 and to the work sheet on page 8. For questions 35 through 52, write the correct amount on your answer sheet. These questions refer to the properly completed work sheet for 2013.**

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

\*\*\*35. Cash in Bank

36. Accounts Receivable

37. Allowance for Uncollectible Accounts

38. Merchandise Inventory

39. Floral Supplies

40. Prepaid Insurance

41. Accumulated Depreciation—Equipment

42. Building

43. Accumulated Depreciation—Building

44. Accounts Payable

45. Sales Tax Payable

46. Jade Harris, Capital

47. Jade Harris, Drawing

48. Income Summary

\*49. Sales

50. Purchases

51. Salaries Expense

\*52. Payroll Tax Expense

**Group 5**

**Continue to refer to Table 2. For questions 53 through 65, write the correct amount on your answer sheet. These questions refer to the properly completed work sheet for 2013.**

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

53. Accounts Receivable 61. Jade Harris, Capital

54. Allowance for Uncollectible Accounts 62. Floral Supplies Expense

\*55. Merchandise Inventory 63. Insurance Expense

56. Floral Supplies 64. Bad Debt Expense

\*57. Prepaid Insurance 65. Depreciation Expense

58. Equipment

\*59. Accumulated Depreciation—Equipment

\*60. Accumulated Depreciation—Building

**Group 6**

**Continue to refer to Table 2. For questions 66 through 72, write the correct amount on your answer sheet that would appear on the income statement for the twelve months ending December 31, 2013 and the balance sheet dated December 31, 2013.**

66. Cost of Merchandise Available for Sale

67. Cost of Merchandise Sold

\*68. Gross Profit

\*69. Total Expenses

\*70. Net Income

\*71. Total Assets

72. Total Liabilities

**Group 7**

**Continue to refer to Table 2. For questions 73 through 80, write the correct amount on your answer sheet.**

\*\*73. What was the balance in Jade Harris, Capital on December 31, 2013 after all end-

of-fiscal-year adjusting and closing entries were journalized and posted?

74. What was the total amount of gross sales sold on account to customers in 2013?

75. What was the total of the debits to Accounts Receivable for the year 2013?

76. What was the historical cost of the delivery vehicle?

77. What was the book value of Accounts Receivable on January 1, 2013?

78. What was the book value of Accounts Receivable on December 31, 2013?

79. What is the book value of the building on January 1, 2014?

80. What is the book value of all of the equipment on January 1, 2014?

**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 22 through 34)**

**Jade Harris is the sole owner of Jade Florist & Gifts.**

**Business operations began on December 1, 2012 when Jade invested in her new business the following assets that she owned personally. The assets were appraised at current fair market value.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Market**  **Value** | **Salvage**  **Value** | **Useful**  **Life** | **Depreciation**  **Method** |
| **Cash** | **85,000** | **xxxxxxxxx** | **xxxxx** | **xxxxxxxxxxx** |
| **Building** | **197,800** | **25,000** | **40 yrs** | **straight line** |
| **Equipment** | **3,500** | **500** | **5 yrs** | **straight line** |

**There are only two plant asset accounts in the general ledger (one is Building and the other is Equipment). Each plant asset has its respective contra-asset account for accumulated depreciation. There is only one expense account for all depreciation.**

**Among other accounts that have been prepared for use, the general ledger contains an account called Purchases and an account called Income Summary (which is not only used during the closing process but is also used for merchandise inventory adjustments). Jade does not use the perpetual inventory system; rather she uses the periodic inventory system. (There is NO general ledger account entitled Cost of Merchandise Sold nor should you open one.)**

**It is company policy to purchase on account only merchandise for resale. This merchandise consists of flowers and retail gift items. All other assets and expenses must be paid for by check at the time of acquisition.**

**Some of the merchandise vendors used by Jade did not allow purchases on account and required that payment by check be received by the vendor prior to shipment.**

**Acquisitions of floral supplies and insurance are properly recorded in their respective asset accounts.**

**At the end of the first fiscal year, the owner made no personal withdrawals of either cash or merchandise.**

**All employee payroll tax withholdings and all of the associated employer payroll tax expenses were paid by December 31, 2012.**

***Table 1 continued***

**All floral and gift sales are taxable for state sales tax. Sales taxes collected in one month are payable to the state by the 20th of the following month. Sales tax in this state must be collected on the original gross amount of sale. The same sales tax rate is used consistently.**

**Adjusting and closing entries are prepared only at the end of the fiscal year, which is December 31.**

**During December of 2012 Jade had the following transactions:**

|  |  |
| --- | --- |
| **Date** | **Transaction** |
| **Dec 1** | **Wrote a check for $2,952 for insurance on the building for two years of coverage** |
| **Dec 2** | **Purchased a floral walk-in cooler by writing a check for $7,500. The cooler has a salvage value of $1,500 and a useful life of 5 years.** |
| **Dec 3** | **Purchased merchandise inventory by writing a check $23,418** |
| **Dec 4** | **Purchased floral supplies by writing a check $3,800** |
| **Dec 12** | **Deposited to the business checking account $2,491 (consisting of taxable cash sales of $2,350 and the correct amount of sales tax, which was ???) (there were no sales discounts or delivery charges)** |
| **Dec 15** | **Sold merchandise on account to Mavis Lynch and also charged the correct amount of sales tax (taxable charge sale was $1,200 and the correct sales tax amount was ???).** |
| **Dec 22** | **Purchased merchandise inventory on account $18,265** |
| **Dec 23** | **Wrote checks for various expenses incurred for December (combined here for simplicity) for salaries, payroll tax expense, utilities, advertising, and accounting services $7,356** |
| **Dec 31** | **Deposited to the business checking account $15,052 (consisting of taxable cash sales and the correct amount of sales tax) (there were no sales discounts or delivery charges)** |

**All required end-of-year adjusting entries were journalized dated 12-31-12.**

**The December 31, 2012 physical inventory of merchandise at cost was $30,678 and the physical inventory of floral supplies was $3,230.**

**Jade received the total and correct amount from Mavis Lynch on January 5, 2013 so no adjusting entry for uncollectible accounts is required on 12-31-12. Jade will use an allowance method to estimate bad debts beginning in 2013.**

***Table 2***

**(for questions 35 through 80)**

**Refer to Table 1 for the 2012 information for this business.**

**The selected amounts that appear on the work sheet on page 8 are correct.**

**For simplicity, assume there are no sales discounts, returns or allowances and there are no purchases discounts, returns or allowances.**

**The end-of-year adjusting entries for 12-31-13 will require additional expense accounts to be listed on the work sheet.**

**Additional Information:**

|  |  |
| --- | --- |
| **Received on account from customers during 2013** | **11,616** |
| **Floral supplies purchased by check during 2013** | **7,680** |
| **Physical inventory of floral supplies taken on 12-31-13** | **3,950** |
| **Paid on account to vendors during 2013** | **190,075** |
| **Capital contribution made by the owner in 2013** | **18,000** |

* **In 2013 the following insurance premiums were paid by check:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Asset**  **Insured** | **Date**  **Paid** | **Length of**  **Coverage** | **Amount**  **Paid** |
| **Delivery Vehicle** | **2-2-13** | **six months** | **265** |
| **Equipment** | **3-2-13** | **one year** | **1,380** |
| **inventory** | **4-1-13** | **one year** | **4,140** |
| **Delivery Vehicle** | **8-2-13** | **6 months** | **276** |

* **The owner withdrew $5,000 cash each month during 2013 for personal use.**
* **The actual gross profit percentage based on sales for 2013 is 39%**
* **Purchases of merchandise for the year: cash………… $ 36,014**

**on account… 196,080**

* **Sales of merchandise for the year:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Taxable Sales** | **Sales**  **Tax** | **Total Bank**  **Deposit** | **Total Increase to Accts. Rec.** |
| **cash sales** | **371,800** | **?** | **?** | **xxxxxxxxxxxx** |
| **sold on account** | **?** | **?** | **xxxxxxxxxxxxx** | **?** |

* **Sales Tax (the rate is the same as in 2012)**

**sales tax paid to the state during 2013 was $21,399**

***Table 2 continued***

* **A delivery vehicle was purchased on February 2, 2013 with a salvage value of $4,000 and a useful life of 3 years. Jade uses the straight-line method. This was the only addition to the Equipment account during 2013 and no outside financing was required. There were no additions to the Building account during 2013.**
* **Jade’s business pays an independent contractor for selected monthly bookkeeping and accounting services.**
* **The company employed one person during the year, but she quit in October. The owner did not rehire anyone in 2013 because Jade’s teenage daughters volunteered their time to help out after school and on the weekends. The accountant prepared a rough draft of the employee’s Form W-2 for 2013 and the amount of Social Security tax withheld is $992.**

* **All employer payroll tax expense was paid prior to 12-31-13.**
* **The following rates and maximums per employee for 2013 are in effect:**

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $113,700** |
| **Medicare** | **1.45% on all earnings** |
| **Employee Federal Income Tax** | **15% on all earnings** |
| **Employee State Income Tax** | **2% 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** |

* **There were no customer accounts written off during 2013. However, future collection of some of the accounts is doubtful. The company policy is to use an allowance method that estimates bad debt expense based on 2% of that year’s total sales on account.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Jade Florist & Gifts** | | | | | | |
| **Work Sheet** | | | | | | |
| **For the Year Ended December 31, 2013** | | | | | | |
| **Account Title** | **Trial Balance** | | **Adjustments** | | **Adjusted Trial Balance** | |
|  | **Debit** | **Credit** | **Debit** | **Credit** | **Debit** | **Credit** |
| **Cash in Bank** |  |  |  |  |  |  |
| **Accounts Receivable** |  |  |  |  |  |  |
| **Allowance for Uncollectible Accts.** |  |  |  |  |  |  |
| **Merchandise Inventory** |  |  |  |  |  |  |
| **Floral Supplies** |  |  |  |  |  |  |
| **Prepaid Insurance** |  |  |  |  |  |  |
| **Equipment** | **28,500** |  |  |  |  |  |
| **Accumulated Depreciation—Equip** |  |  |  |  |  |  |
| **Building** |  |  |  |  |  |  |
| **Accumulated Depreciation—Bldg.** |  |  |  |  |  |  |
| **Accounts Payable** |  |  |  |  |  |  |
| **Sales Tax Payable** |  |  |  |  |  |  |
| **Jade Harris, Capital** |  |  |  |  |  |  |
| **Jade Harris, Drawing** |  |  |  |  |  |  |
| **Income Summary** |  |  |  |  | **2,268** |  |
| **Sales** |  |  |  |  |  |  |
| **Purchases** |  |  |  |  |  |  |
| **Utilities Expense** | **4,896** |  |  |  |  |  |
| **Advertising Expense** | **1,375** |  |  |  |  |  |
| **Salaries Expense** |  |  |  |  |  |  |
| **Payroll Tax Expense** |  |  |  |  |  |  |
| **Delivery Expense** | **5,605** |  |  |  |  |  |
| **Accounting Services Expense** | **2,580** |  |  |  |  |  |
|  |  |  |  |  |  |  |
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