**UIL ACCOUNTING**

**Regional 2015-R**

**Group 1**

**For items 1 through 14, indicate whether each account increases or decreases the capital account during the closing process. Use the following code and write the correct identifying letter for each on your answer sheet:**

|  |  |
| --- | --- |
| **A** | **increases the capital account** |
| **B** | **decreases the capital account** |
| **C** | **this account is not closed** |
| **D** | **this item is not an account and therefore is not closed** |

1. Purchases 8. Allowance for Uncollectible Accounts

2. Sales Discounts 9. Cost of Delivered Merchandise

3. Transportation In 10. a partner’s drawing account

4. Purchases Discounts 11. Income Summary (net loss)

5. Property Taxes Payable 12. Accumulated Depreciation—Equipment

6. Prepaid Insurance 13. Gain on Plant Asset

7. Uncollectible Accounts Expense 14. Merchandise Inventory

**Group 2**

**Analyze each of the following entries into debit and credit parts. When supplies or prepaid insurance are purchased, the amounts are posted to the respective asset accounts. Using the account titles chart (which is in alphabetical order), write the identifying letter of the correct account on your answer sheet for items 15 through 34.**

|  |
| --- |
| **Account Titles Chart** |
| **A** | **Accumulated Depr.—Equipment**  |  | **H** | **Joyce Harris, Drawing** |
| **B** | **Cash in Bank** |  | **I** | **Merchandise Inventory** |
| **C** | **Depreciation Expense** |  | **J** | **Petty Cash** |
| **D** | **Equipment** |  | **K** | **Prepaid Insurance** |
| **E** | **Income Summary** |  | **L** | **Sales** |
| **F** | **Insurance Expense** |  | **M** | **Supplies Expense** |
| **G** | **Joyce Harris, Capital** |  | **N** | **Supplies on Hand** |

|  |  |  |
| --- | --- | --- |
| **Entries** |  **Debit** | **Credit** |
| Adjusting entry to record depreciation expense on equipment | #15 | #16 |
| Adjusting entry to record insurance expired | #17 | #18 |
| Entry to increase the petty cash fund by $50 | #19 | #20 |
| Adjusting entry to record of supplies used | #21 | #22 |
| Entry to record the payment of an insurance premium by check | #23 | #24 |
| Entry to adjust merchandise inventory from a beginning inventory of $15,000 to an ending inventory of $12,000 | #25 | #26 |
| Closing entry for the revenue account | #27 | #28 |
| Closing entry for Insurance Expense | #29 | #30 |
| Closing entry for Income Summary when there was a net loss | #31 | #32 |
| Closing entry for owner’s drawing account | #33 | #34 |

**Group 3**

**Horizons Company uses a fiscal-year-end of December 31 and the periodic inventory method. On January 1, 2014 the store had a beginning inventory of cell phone cases that cost $14 each (80 cases @ $14.00 each). During 2014 the business made the following merchandise purchases:**

| **Date** | **Units** | **Price per Unit** |  | **Extended Amount** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| **February 9** | **10** | **cases @ $14.20** | **=** | **142.00** |
| **May 7** | **30** | **cases @ $14.90** | **=** | **447.00** |
| **July 5** | **35** | **cases @ $15.10** | **=** | **528.50** |
| **September 8** | **15** | **cases @ $15.10** | **=** | **226.50** |
| **November 7** | **20** | **cases @ $15.50** | **=** | **310.00** |
|  |  |  |  |  |
|  |  |  |  |  |

**Assume that the cases sold during the year were sold for $50 each. There were 148 cases sold in 2014. The physical inventory taken on 12-31-14 resulted in \_\_?\_\_ cases on hand, which confirmed that no cases were stolen, broken, or obsolete.**

**When the weighted-average method is used, if it is necessary, round the cost per unit to the nearest cent.**

**For questions 35 through 42, write the correct amount on your answer sheet.**

35. What was the inventory dollar amount on January 1, 2014?

36. In the general ledger, what is the balance of the Purchases account on 12-31-14

 after all daily transactions were posted and before adjusting and closing entries?

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

38. How many cases were available for sale during the year 2014?

39. How many cases were on the shelves of Horizons Company on 12-31-14 when the

 physical inventory was taken?

\*40. What is the cost of the ending inventory using the FIFO method for inventory

 costing?

41. What is the amount of cost of merchandise sold using the LIFO method for inventory

 costing?

\*42. What is the amount of gross profit on sales using the weighted-average method for

 inventory costing?

**Group 4**

**The Double-Dip Ice Cream Shoppe prepares adjusting entries and financial statements monthly. However, closing entries are prepared only at the end of the fiscal year, which is September 30.**

**Equipment was purchased on July 1, 2012 for $14,000. The salvage value was $2,000 with a useful life of five years.**

**For questions 43 through 45 use the above information and assume Double-Dip uses the straight line method of depreciation. Write the identifying letter of the best response on your answer sheet.**

43. The depreciation expense for the fiscal year ended 9-30-12 was

 A. $200 B. $600 C. $700 D. $1,200 E. $1,400 F. $2,400 G. $5,600

44. The total accumulated depreciation for this asset on 9-30-13 was

 A. $2,000 B. $2,400 C. $3,000 D. $3,200 E. $3,800 F. $4,800

45. The book value of the equipment on 9-30-14 was

 A. $5,400 B. $6,000 C. $8,000 D. $8,600 E. $11,000 F. $14,000

**For questions 46 and 47, assume that Double-Dip purchased this same equipment on 10-1-12 and uses the double-declining balance method of depreciation. Write the identifying letter of the best response on your answer sheet.**

\*46. The book value of the equipment on 9-30-14 was

 A. $3,024 B. $3,360 C. $4,800 D. $5,040 E. $8,400 F. $9,200

47. The equipment was sold on 9-30-14 for $7,000. Which of the following is true

 about the entry to record the sale of the plant asset?

 A. Double-Dip made an error when they estimated the salvage value of $2,000 in

 light of the fact the equipment sold for much more.

 B. Cash in Bank will be debited for the amount of the gain on the sale of the asset,

 and the gain amount is also posted as a credit to a revenue account.

 C. Cash in Bank is debited for $7,000 and the credit of $7,000 is posted to a

 revenue account.

 D. The Equipment account is credited for the net amount of the sale

 E. Accumulated Depreciation—Equipment is debited.

**Group 5**

**At the end of its fiscal year (12-31-14), after all accounts determined to be uncollectible have been written off and before any adjusting entries are recorded, the following information is available:**

|  |  |
| --- | --- |
| **Accounts Receivable** | **36,420** |
| **Allowance for Uncollectible Accounts** | **215 credit** |
| **Sales (per the general ledger)** | **94,250** |
| **Charge sales** | **61,800** |
| **The aging of accounts receivable indicates****uncollectible accounts of** | **2,425** |

**For questions 48 and 49, write the identifying letter of the correct response on your answer sheet.**

48. What is the amount of bad debt expense for 2014 if the aging method is used to estimate uncollectible accounts?

 A. $2,210 B. $2,257 C. $2,425 D. $2,472 E. $2,640 F. $2,687

\*49. If the company were to estimate uncollectible accounts based on 4% of the sales

 made on account, what would be the book value of accounts receivable on the

 balance sheet dated 12-31-14?

 A. $2,210 C. $2,472 E. $2,687 G. $33,995

 B. $2,425 D. $2,640 F. $33,733 H. $34,969

**Group 6**

**Limestone Company’s total inventory was completely destroyed when the entire store disappeared into a sink hole on February 1, 2015. On January 31, 2015 the manager took home various paper reports to work on over the weekend. The following year-to-date information for 2015 was the only data saved:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Inventory, January 1, 2015** | **$29,250** |  | **Sales** | **95,155** |
| **Purchases** | **39,631** |  | **Sales Returns** | **940** |
| **Transportation In** | **2,615** |  | **Sales Discounts** | **1,815** |

**Limestone’s historical gross profit percentage is 46% based on net sales per the manager’s records. The manager “guesstimates” they had just under $25,000 worth of merchandise in inventory at the time of the natural disaster. The manager also thinks he recalls that the average amount of inventory was covered for insurance purposes at replacement cost in the amount of $30,000. The manager researched trade publications and found other similar stores in the United States with average inventories of $35,000.**

**For question #50, write the identifying letter of the correct response on your answer sheet.**

\*50. What was the cost of the merchandise estimated to be in inventory that was

 totally destroyed on February 1, 2015 using the gross profit method of estimating

 inventory?

 A. $17,497 C. $20,112 E. $21,600 G. $29,250 I. $35,000

 B. $18,985 D. $20,600 F. $25,000 H. $30,000 J. $49,896

**Group 7**

**Refer to Table 1 on page 7. For questions 51 through 55, write the correct amount on your answer sheet.**

51. How many overtime hours did Beverly Payne work in the month of December?

\*52. How many overtime hours did Colten Sims work for the entire year of 2014?

53. What were the gross earnings for April Davis for fourth quarter only?

54. On the worksheet for the six months ended June 30, 2014 what is the amount of

 Salary Expense?

55. What is Russell Company’s liability for SUTA for Jessie Long only based on her

 third quarter earnings only?

**Continue to refer to Table 1. For questions 56 through 61, write the identifying letter of the best response on your answer sheet.**

56. From January 1 through June 30, 2014 what amount was withheld from all six

 employees in accordance with the Federal Insurance Contributions Act?

 A. $2,536.05 B. $2,673.80 C. $3,113.55 D. $6,219.45 E. $13,517.60

\*57. On the Income Statement for the twelve months ended December 31, 2014 what is

 the correct year-to-date amount of Payroll Tax Expense?

 A. $ 971.80 C. $13,517.60 E. $15,078.40

 B. $3,379.05 D. $14,489.40 F. $18,163.40

\*58. What is the employer’s liability for FUTA for the third quarter only?

 A. $68.40 C. $135.60 E. $241.60

 B. $78.60 D. $204.60 F. $315.60

\*59. What is the employer’s liability for SUTA for the third quarter only?

 A. $ 90.60 C. $241.60 E. $329.60 G. $662.40

 B. $182.40 D. $289.60 F. $352.00 H. $750.40

\*\*60. What is the total Payroll Tax Expense for all six employees for the fourth

 quarter only?

 A. $3,348.65 B. $3,379.05 C. $3,410.25 D. $3,968.05 E. $4,974.25

61. The total amount posted to Salary Expense for the year 2014 was

 A. $174,900 C. $193,900

 B. $184,400 D. cannot be determined because owner’s drawing is unknown

**Group 8**

**Refer to Table 2 on page 8 and the work sheet on page 9. For questions 62 through 80, write the correct amount on your answer sheet.**

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

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

64. What is the amount of gross profit?

\*65. What is the subtotal of the income statement debit column on the work sheet before

 net income or net loss is calculated?

\*66. What is the subtotal of the balance sheet debit column on the work sheet before net

 income or net loss is calculated?

\*\*67. What is the amount of net income?

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

\*68. Accounts Receivable

\*69. Prepaid Insurance

70. Store Supplies

71. Merchandise Inventory

72. Sales

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

\*73. Allowance for Uncollectible Accounts

74. Merchandise Inventory

75. Store Supplies

76. Prepaid Insurance

77. Accumulated Depreciation—Equipment

78. Davis Green, Capital

**What was the balance in the following account on January 1, 2014?**

79. Prepaid Insurance

**What was the balance of the following account on December 31, 2014 after all adjusting and closing entries were posted?**

\*\*80. Davis Green, Capital

**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 51 through 61)**

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

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $118,500** |
| **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** | **.6% on first $7,000 of gross earnings** |
| **State Unemployment Tax** | **1.6% 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.**

**Russell Company prepares adjusting entries on a monthly basis; however, closing entries are prepared only at the end of the fiscal year which is December 31.**

**Beverly Payne was hired in December 2014 at a regular rate of pay of $10 per hour, and she was paid for 160 regular hours for December. She was also paid for overtime.**

**Colten Sims has Year-to-Date gross earnings that were earned from working twenty 40-hour weeks, which resulted in regular earnings of $9,600. He was also paid for overtime.**

**The employer’s liability for FUTA for the First Quarter based on the wages of Jessie Long only was $37.80**

**The amount of Medicare Tax withheld from Jessie Long’s Second Quarter earnings was $33.35**

**The employer’s liability for SUTA for First Quarter based on the earnings of April Davis only was $36.80**

**The amount of Medicare Tax withheld from Donald Ray’s Fourth Quarter earnings was $37.70**

**The amount withheld from April Davis’ Year-to-Date earnings for Social Security Tax was $930.00**

**The earnings for the calendar year 2014 by quarter for the employees of Russell Company are as follows:**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **1st Qtr** | **2nd Qtr** | **3rd Qtr** | **4th Qtr** |  | **YTD** |
| Peyton Marks | 32,000 | 32,000 | 32,000 |  |  | 128,000 |
| Jessie Long |  |  | 4,100 | 5,400 |  |  |
| April Davis |  | 4,600 | 3,900 |  |  |  |
| Donald Ray | 0 | 1,800 | 6,500 |  |  |  |
| Colten Sims | 0 | 0 | 6,100 |  |  |  |
| Beverly Payne | 0 | 0 | 0 | 1,900 |  | 1,900 |
| **Totals** |  |  | 52,600 |  |  | 184,400 |

***Table 2***

**(for questions 62 through 80)**

**Company Policies and Other Information:**

* Purchases of store supplies and insurance are posted to respective asset accounts.
* All daily transactions are posted either daily or monthly to the general ledger.
* Adjusting entries, financial statements, and closing entries are prepared only at the end of the fiscal year which is December 31.
* All prior year adjusting entries were prepared and posted correctly.
* Uncollectible accounts are estimated based on 1½ % of charge sales only.
* Actual customer accounts are written off throughout the year only after numerous attempts to collect. Fortunately, in 2014 no accounts had to be written off.
* All of the general ledger accounts used by Green Thumb Garden Supply are listed on the worksheet. Income Summary is not only used during the closing process but is also used for merchandise inventory adjustments. Davis does not use the perpetual inventory system; rather he uses the periodic inventory system. (There is NO general ledger account entitled Cost of Merchandise Sold nor should you open one.)

**Other Information:**

* The account called Store Supplies had a balance of $1,755 on January 1, 2014. During 2014 Green Thumb purchased $6,940 of store supplies.
* The gross profit percentage for 2014 was 45%.
* Charge sales for 2014 were $14,200.
* Allowance for Uncollectible Accounts had a credit balance of $180 on 01-01-14
* The book value of Accounts Receivable on the Balance Sheet dated 12-31-14 is $10,029.
* The CPA for Green Thumb calculated the adjustment required for the depreciation entry for the year 2014 in the amount of $3,000.
* Davis Green invested $15,000 in his business on 01-19-14. The balance in the owner’s capital account on 1-1-14 was $40,094.
* The company assigns cost to the Merchandise Inventory account at the end of the year using the specific identification method. The physical inventory on

12-31-14 consists of:

|  |  |
| --- | --- |
|  | **Unit Cost** |
|  4 units purchased for | $650 |
| 18 units purchased for | $705 |
| 21 units purchased for | $710 |
|  6 units purchased for | $695 |
|  5 units purchased for | $808 |

* The only insurance premium paid during 2013 was $7,680 on 8-2-13 for a

12-month policy. Shown next is a general ledger account containing some insurance information prior to the adjusting and closing entries for the year 2014.

|  |
| --- |
| **Prepaid Insurance** |
| **Date** |  | **Debit** | **Credit** | **Balance** |
| *1-1-14* |  |  |  | *?* |
| *8-2-14* | *(12-month policy)* | *8,520* |  | *?* |
|  |  |  |  |  |

|  |
| --- |
| **Green Thumb Garden Supply** |
| **Work Sheet** |
| **For the Year Ended December 31, 2014** |
| **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** | **6,240** |  |  |  |  |  |  |  |  |  |
| **Accounts Receivable** |  |  |  |  |  |  |  |  |  |  |
| **Allow. for Uncol. Accts.** |  |  |  |  |  |  |  |  |  |  |
| **Merchandise Inventory** |  |  |  |  |  |  |  |  |  |  |
| **Store Supplies** |  |  |  |  |  |  |  |  |  |  |
| **Prepaid Insurance** |  |  |  |  |  |  |  |  |  |  |
| **Equipment** | **18,500** |  |  |  |  |  |  |  |  |  |
| **Accum. Depr.—Equip.** |  | **6,000** |  |  |  |  |  |  |  |  |
| **Accounts Payable** |  | **4,295** |  |  |  |  |  |  |  |  |
| **Sales Tax Payable** |  | **1,250** |  |  |  |  |  |  |  |  |
| **Davis Green, Capital** |  |  |  |  |  |  |  |  |  |  |
| **Davis Green, Drawing** | **27,600** |  |  |  |  |  |  |  |  |  |
| **Income Summary** |  |  |  |  |  | **2,120** |  |  |  |  |
| **Sales** |  |  |  |  |  |  |  |  |  |  |
| **Purchases** | **105,190** |  |  |  |  |  |  |  |  |  |
| **Rent Expense** | **13,800** |  |  |  |  |  |  |  |  |  |
| **Utilities Expense** | **11,650** |  |  |  |  |  |  |  |  |  |
| **Repairs Expense** | **2,832** |  |  |  |  |  |  |  |  |  |
| **Bad Debt Expense** |  |  |  |  |  |  |  |  |  |  |
| **Store Supplies Expense** |  |  |  |  |  |  | **6,315** |  |  |  |
| **Insurance Expense** |  |  |  |  |  |  |  |  |  |  |
| **Depreciation Expense** |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |

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