**UIL ACCOUNTING**

**Invitational 2016-B**

**Group 1**

**Identify the account classification of items 1 through 16 by writing the correct identifying letter on your answer sheet AND indicate the increase side of the account by writing DR for debit or CR for credit. Both parts of each compound** **answer must be correct in order for your response to be counted correct.**

**A. Asset D. Revenue DR=debit**

**B. Liability E. Cost of Merchandise Sold CR=credit**

**C. Capital F. Expense**

1. Merchandise inventory on hand that is available for sale in the next fiscal period

2. Sales Discounts

3. Utilities Expense

4. the amount owed to the state for income tax withheld from an employee’s paycheck

5. Fees earned by a service-oriented business

6. Transportation In

7. the value of insurance still in force for the next fiscal period

8. the controlling account for the subsidiary ledger that includes the company’s

customers

9. the single account that contains amounts invested by the owner, amounts withdrawn

by the owner in prior years, plus the net income (and net losses) from prior years

10. the amount owed to a supplier

11. the amount of supplies on hand available for future use

12. Accounts Payable

13. the amount owed to the state for state sales taxes collected

14. the amount withdrawn from the business by the owner for personal use

15. the value of supplies used this fiscal period

16. Purchases Discounts

**Group 2**

**For items 17 through 20, write the correct amount on your answer sheet. None of the owners invested additional capital in their respective businesses during the time period shown.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Company**  **Name** | **Ending**  **Amt. of**  **Assets** | **Ending**  **Amt. of**  **Liabilities** | **Beginning Amt. of Owner’s Equity** | **Withdrawals for the period** | **Revenue for the period** | **Expenses for the period** |
| Beltre Co. | 41,592 | 10,437 | 30,031 | 8,000 | Q#17 | 82,741 |
|  |  |  |  |  |  |  |
| Andrus Co. | 37,435 | 14,810 | Q#18 | 500 | 84,699 | 86,482 |
|  |  |  |  |  |  |  |
| Odor Co. | **\***Q#19 | 12,615 | 42,313 | 7,500 | 87,692 | **\***Q#20 |
|  | **Odor Company’s total owner’s equity after closing net income but before closing withdrawals is $55,395.** | | | | | |

**Group 3**

**On November 1, 2015 Alberto Hansard, owner of Hansard Supply, received a bank statement dated October 30, 2015. It is company policy to record any necessary journal entries and to update the checkbook balance after the bank reconciliation is completed. Alberto compared the company’s checkbook records with the bank statement and found the following:**

* The October bank statement shows an ending balance of $4,742.81
* The statement shows the October bank service charge of $25.60
* A check from Danny Murphy for $562.10 that was deposited in the business bank account on October 28 was returned by the bank. Alberto’s bank charged his account with a $20 fee for handling the dishonored check. (Both the dishonored check and the fee were first discovered upon receipt of the bank statement.)
* A deposit of $3,942 was made on October 31 but does not appear on the bank statement.
* Four October checks do not appear on the bank statement:

Check #1804 for $64.92 Check #1806 for $18.94

Check #1805 for $1,643.19 Check #1807 for $30.00

**For questions 21 and 22, write the correct amount on your answer sheet.**

21. What is the reconciled (adjusted) bank balance on October 31, 2015?

22. What was the balance in the checkbook immediately before the bank reconciliation was prepared?

**Group 4**

**Analyze each of the following transactions into debit and credit parts. Company accounting methods require that all supplies and insurance purchased be posted initially to the respective asset account.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **A** | **Advertising Expense** |  | **E** | **Merchandise Inventory** |  | **I** | **Prepaid Insurance** |
| **B** | **Cash** |  | **F** | **Miscellaneous Expense** |  | **J** | **Sales** |
| **C** | **Income Summary** |  | **G** | **Owner’s capital** |  | **K** | **Supplies** |
| **D** | **Insurance Expense** |  | **H** | **Owner’s withdrawals** |  | **L** | **Supplies Expense** |

**Using the account titles chart above, write the identifying letter of the correct response for items 23 through 33 on your answer sheet.**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
| Adjusting entry for prepaid insurance expired | XXX | #23 |
| Entry to close Supplies Expense | #24 | XXX |
| Entry to adjust Merchandise Inventory from a beginning  inventory of $7,500 to an ending inventory of $9,500 | XXX | #25 |
| Closing entry for owner’s drawing account | #26 | #27 |
| Adjusting entry for supplies used | #28 | #29 |
| Closing entry for revenue account | #30 | #31 |
| Closing entry for Income Summary with a net loss | #32 | #33 |

**Group 5**

**Use the following information to answer questions 34 through 39. Write the identifying letter of the best response on your answer sheet.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sales | 83,510 |  | Sales Discounts | 2,475 |
| Transportation In | 3,410 |  | Purchases Returns | 2,485 |
| Net Sales | 79,385 |  | Ending Inventory | 15,410 |
| Sales Returns | ? |  | Beginning Inventory | ? |
| Purchases | 39,915 |  | Purchases Discounts | 2,575 |
| Gross Profit | 43,790 |  |  |  |

34. The amount of sales returns is:

A. zero D. $2,485

B. $1,650 E. $2,575

C. $2,475 F. $4,125

35. The amount of net purchases is:

A. $31,445 D. $39,915

B. $34,855 E. $47,595

C. $38,265 F. $51,005

\*36. The amount of cost of delivered merchandise is:

A. $35,595 D. $39,915

B. $36,505 E. $41,565

C. $38,265 F. $43,325

37. The amount of cost of merchandise sold is:

A. $32,185 D. $43,325

B. $35,595 E. $43,790

C. $38,265 F. $51,005

\*38. The amount of beginning inventory is:

A. $ 2,670 D. $18,080

B. $12,740 E. $20,185

C. $15,410 F. $89,270

\*39. The amount of cost of merchandise available for sale is:

A. $32,185 D. $43,325

B. $35,595 E. $43,790

C. $38,265 F. $51,005

**Group 6**

**Three customers owed a total of $94,860 to a business called Napoli Company as of November 30, 2015 and one of these customers was Prince Company that owed $32,950. On December 31, 2015 the balance of Napoli’s controlling account for Accounts Receivable had decreased by $8,430 since the beginning of the month.**

**From Napoli’s**

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

|  |  |
| --- | --- |
| (12-1-15) |  |
|  |  |
| (Dec 2015) \_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ (Dec 2015) |
|  |  |
| (12-31-15) |  |
|  |  |

**Napoli’s Accounts Receivable Subsidiary Ledger:**

**Yu Company Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 12-1-15 |  |  | 30,240 |
| Dec 2015 |  | 42,170 |  |

**Stubbs Company Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 12-1-15 |  |  |  |
| Dec 2015 | 39,725 | 56,920 |  |

**Prince Company Debit Credit Balance**

|  |  |  |  |
| --- | --- | --- | --- |
| 12-1-15 |  |  |  |
| Dec 2015 |  | 36,580 | 42,905 |

**For questions 40 through 42 write the correct amount on your answer sheet.**

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

41. What is the balance of the Stubbs Company account on 12-1-15?

42. What amount was sold on account to Yu Company during December?

**Group 7**

**Jay Banister records adjusting and closing entries only at year end, which is December 31. The following partially completed balance sheet is correct. Use the group information to calculate the missing amounts.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Banister Company** | | | | |
| **Balance Sheet** | | | | |
| **December 31, 2015** | | | | |
| ***Assets*** |  |  | ***Liabilities*** |  |
| **Cash** | **3,610** |  | **Accounts Payable** | **1,200** |
| **Accounts Receivable** | **12,470** |  | **Sales Tax Payable** | **840** |
| **Merchandise Inventory** |  |  | **Total Liabilities** |  |
| **Prepaid Insurance** |  |  |  |  |
| **Supplies** |  |  | ***Owner’s Equity*** |  |
|  |  |  | **Jay Banister, Capital** |  |
| **Total Assets** | **$** |  | **Total Liabilities and**  **Owner’s Equity** | **$** |
|  | **========** |  |  | **========** |

**The balance in the owner’s capital account on 1-1-15 was $19,395. The owner made one additional capital investment of $10,000. He made equal monthly withdrawals for personal use of $1,500 per month during the year.**

**The amount of merchandise Inventory as of 12-31-14 was $15,820. On 12-31-15 one of the adjusting entries included a credit to Income Summary for $1,470.**

**Supplies Expense for 2015 was $5,200. Supplies inventory as of 12-31-14 was $2,420. During the year Banister purchased $3,745 in supplies.**

**Banister began the year 2015 with no insurance coverage. Following the advice of his attorney, he purchased two different types of policies that cost $2,430 and $1,080 respectively. During 2015, $2,045 in insurance had expired.**

**For items 43 through 50 write the correct amount on your answer sheet.**

\*43. What is the amount of net income for the year 2015?

What is the correct amount that should appear on the worksheet in the Trial Balance column for:

44. Supplies

45. Prepaid Insurance

46. Merchandise Inventory

What is the correct amount that should appear on this Balance Sheet for:

\*47. Merchandise Inventory

48. Prepaid Insurance

\*49. Supplies

\*50. Jay Banister, Capital

**Group 8**

**From the list of terms, select the one that best relates to each statement (items 51 through 59). Each term (if used) is used only once. Write the identifying letter of the correct term on your answer sheet.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A** | **cash-in journal** |  | **M** | **merchandise inventory** |
| **B** | **cash-out journal** |  | **N** | **miscellaneous journal** |
| **C** | **cash payments journal** |  | **O** | **owner's equity** |
| **D** | **cash receipts journal** |  | **P** | **purchases** |
| **E** | **cost of merchandise available for sale** |  | **Q** | **purchases journal** |
| **F** | **cost of merchandise sold** |  | **R** | **retailer** |
| **G** | **final seller** |  | **S** | **sales** |
| **H** | **general journal** |  | **T** | **sales journal** |
| **I** | **gross profit** |  | **U** | **special journals** |
| **J** | **initial profit before expenses** |  | **V** | **stocker** |
| **K** | **initial seller** |  | **W** | **subsidiary journals** |
| **L** | **inventory journal** |  | **X** | **wholesaler** |

51. The accounting term for a business that sells to the final consumer.

52. The special journal used to record purchases of merchandise on account.

53. The actual cost to the business of the merchandise sold to customers.

54. Items of merchandise that the business has in stock.

55. The special journal used to record sales of merchandise on account.

56. Beginning inventory plus net purchases.

57. The journal used to record transactions that are not recorded in a special journal.

58. When a business uses the periodic inventory method and buys new goods to

replace those sold to customers, the account debited for the cost of the new  
merchandise is \_?\_.

59. The accounting term for the difference between revenue earned from sales and the

total cost of merchandise sold.

**Group 9**

**For question #60, write the correct amount on your answer sheet. Arlington Company has three employees who are paid weekly as follows:**

|  |  |
| --- | --- |
| **Chi Chi Hamilton** | **$10.50 per hour with overtime for hours worked over 40 hours in a week at a rate of time and a half** |
| **Colby Feliz** | **$700 salary per week** |
| **Jake Robinson** | **$600 salary per week plus 1.25% commission on sales** |

**Last week each employee worked standard hours except Chi Chi who worked a total of 60 hours. Jake Robinson sold $20,800 of merchandise.**

\*60. What is the total gross pay for the week on the Payroll Register for all three

employees?

**Group 10**

**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** | **1.4% 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 APlus Health Insurance Co.**

**Selected information from a weekly payroll register for two employees is presented below with some amounts intentionally omitted. Prior to this week’s paycheck the accumulated gross earnings respectively for each employee were: Josh $8,575 and Leonys $6,720. For this pay period overtime hours respectively are: Josh 6 hours and Leonys 5 hours. The payroll clerk is new to the job and was unsure what to deduct.**

|  |  |  |
| --- | --- | --- |
| **Gross Earnings:** | **Josh** | **Leonys** |
| **Regular** |  |  |
| **Overtime** | **180** | **120** |
| **Total Gross Earnings** |  |  |
| **Deductions: ????** |  |  |
| **Social Security** |  |  |
| **Medicare** |  |  |
| **Federal Income Tax** |  |  |
| **State Income Tax** |  |  |
| **Health Insurance Premium** | **55.00** | **55.00** |
| **Federal Unemployment Tax** |  |  |
| **State Unemployment Tax** |  |  |
| **Total Deductions** |  |  |
| **Net Pay:** |  |  |

**For questions 61 through 63, write the correct amount on your answer sheet.**

\*61. What is the correct amount of net pay for both employees combined?

\*62. What is the correct amount of the employer’s payroll tax expense for these two employees for this week?

\*63. The employer must pay the liability (for these two paychecks) 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 11**

**You are the payroll clerk for Moreland Co. After reviewing the payroll records, you observed that three employees are approaching the 2015 maximum taxable amount for social security of $118,500. These employees do not earn a salary or wages; they earn only commissions based on the sales they generate.**

**You prepared the following electronic spreadsheet to determine how much more in sales each employee needed to reach the maximum taxable amount for social security. Then an electric power surge resulted in some lost data.**

**For questions 64 through 66, write the correct amount or percentage on your answer sheet.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Earnings to Date** | **Commission Rate** | **Additional Sales Needed** |
| Sym Choo | 92,510 | Q# 64 | 519,800 |
| Andre Beltre | 98,454 | 6% | Q# 65 |
| Delayne Shields | Q# 66 | 5% | 478,000 |

**Group 12**

**Refer to Table 1 on page 9. For questions 67 through 80, write the correct amount on your answer sheet.**

67. What is the balancing total for the adjusted trial balance columns on the work sheet?

\*68. On the work sheet what is the subtotal before net income or net loss is calculated

for the balance sheet debit column?

69. On the work sheet what is the subtotal before net income or net loss is calculated

for the balance sheet credit column?

\*70. On the work sheet what is the subtotal before net income or net loss is calculated

for the income statement debit column?

71. On the work sheet what is the subtotal before net income or net loss is calculated

for the income statement credit column?

\*72. What was the balance in Prepaid Insurance on January 1, 2015?

\*73. What is the correct amount of Office Supplies purchased throughout the year 2015?

74. What was the amount of owner’s capital contribution made during the year 2015?

\*75. What was the balance in Merchandise Inventory on January 1, 2015?

76. What is the amount of Cost of Merchandise Sold on the Income Statement?

77. What is the amount of Gross Profit on the Income Statement?

\*78. What was the net income or net loss for the year?

\*79. What is the balance of the owner’s capital account on the Post-Closing Trial

Balance?

80. What is the amount of total assets that would appear on the Post-Closing Trial

Balance?

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

***Table 1***

**(for questions 67 through 80)**

**Below is the adjusted trial balance from the work sheet of Cole’s Sporting Goods for the year ended December 31, 2015. All accounts have normal balances. All prepaid expenses, inventory, and supply items are recorded in respective asset accounts when they are originally purchased. Adjusting and closing entries are prepared only at the end of the fiscal year.**

**Other Information:**

* **The only insurance purchased in 2015 was a 12-month policy purchased on August 1 for $3,300**
* **The balance in Office Supplies on January 1, 2015 was $625**
* **The balance in Cole Gallardo, Capital on January 1, 2015 was $22,816**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Title** | **Amount** |  | **Account Title** | **Amount** |
| Cash in Bank | 5,462 |  | Sales | 88,194 |
| Accounts Receivable | 2,175 |  | Sales Returns & Allow. | 948 |
| Prepaid Insurance | 1,925 |  | Purchases | 56,340 |
| Office Supplies | 710 |  | Purchases Returns | 3,424 |
| Office Equipment | 6,850 |  | Insurance Expense | 3,230 |
| Merchandise Inventory | 20,250 |  | Rent Expense | 4,800 |
| Accounts Payable | 3,670 |  | Utilities Expense | 1,980 |
| Cole Gallardo, Capital | 32,816 |  | Office Supplies Expense | 1,790 |
| Cole Gallardo, Drawing | 1,000 |  | Salary Expense | 18,000 |
| Income Summary, debit | 1,180 |  | Miscellaneous Expense | 1,464 |