**UIL Accounting**

**District 2019-D**

**Group 1**

**For items 1 through 8, decide whether the item belongs on the Post-Closing Trial Balance. If the item belongs on this type of trial balance, indicate whether the balance will be listed in the debit column or the credit column. Use the following code:**

|  |  |
| --- | --- |
| **A** | **Yes, debit side** |
| **B** | **Yes, credit side** |
| **C** | **No** |

1. Insurance Expense 5. the owner’s withdrawals account

2. Purchases Discounts 6. Prepaid Insurance

3. Merchandise Inventory 7. Fees Earned

4. Sue Dickson, Capital 8. Social Security Tax Payable

**Group 2**

**Identify the account classification of items 9 through 27 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**

 9. Purchases Discounts

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

 customers

11. Utilities Expense

12. Accounts Payable

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

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 the amount withdrawn from the business by the owner for personal use

15. Transportation In

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

17. Sales Discounts

18. the value of supplies used this fiscal period

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 the single account that contains amounts invested by the owner, amounts withdrawn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

20. a cash fund used to make small, incidental cash (currency and coin) payments

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

 vendors

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

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

24. Fees earned by a service-oriented business

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

26. Sales

27. the amount owed to a supplier

**Group 3**

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

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $128,400** |
| **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** | **.6% on first $7,000 of gross earnings** |
| **State Unemployment Tax** | **2.2% 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 Safeguard 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 $6,820. The payroll clerk is new to the job and was unsure what to deduct.**

|  |  |
| --- | --- |
| **Gross Earnings:** |  |
| **Regular** |  |
| **Overtime (5 hours)** | **120.00** |
| **Total Gross Earnings** |  |
| **Deductions: ????** |  |
| **Social Security** |  |
| **Medicare** |  |
| **Federal Income Tax** |  |
| **State Income Tax** |  |
| **Health Insurance Premium** | **105.00** |
| **Federal Unemployment Tax** |  |
| **State Unemployment Tax** |  |
| **Total Deductions** |  |
| **Net Pay:** |  |

**For questions 28 through 30, write the correct amount on your answer sheet.**

28. What is the correct amount of the employee’s paycheck?

\*29. What is the correct amount of the employer’s payroll tax expense for this employee

 for this week?

30. 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 4**

**Refer to Table 1 on page 5 and the work sheet on page 6. For questions 31 through 54, write the correct amount on your answer sheet.**

What is the correct balance of each of the following accounts that should appear in the Trial Balance columns?

31. Supplies

\*32. Merchandise Inventory

\*33. Prepaid Insurance

\*34. Elsa Snow, Capital

35. Insurance Expense

What is the correct balance of each of the following accounts that should appear in the Adjusted Trial Balance columns (if the worksheet form had included the adjusted trial balance columns)?

36. Supplies

37. Merchandise Inventory

\*38. Prepaid Insurance

39. Elsa Snow, Capital

40. Insurance Expense

41. Supplies Expense

What is the correct amount for each of the following found on the Income Statement for the twelve months ended December 31, 2018?

42. Merchandise Inventory on January 1, 2018

43. Cost of Merchandise Sold

44. Cost of Merchandise Available for Sale

45. Sales

\*46. Gross Profit

47. Total Expenses

\*48. Net Income

What is the correct amount for each of the following found on the Balance Sheet dated December 31, 2018?

\*49. Total Assets

\*50. Elsa Snow, Capital

On the Work Sheet, what are the subtotals of the following columns before net income is calculated?

51. Income Statement Debit column

52. Income Statement Credit column

53. Balance Sheet Debit column

54. Balance Sheet Credit column

**Group 5**

**Refer to Table 2 on pages 7 and 8. For questions 55 through 80, write the correct amount on your answer sheet.**

55. What was the balance of Cody Hillman, Capital on November 1, 2018?

56. What is the balance of Cody Hillman, Capital that belongs on the adjusted Trial

 Balance dated November 30, 2018?

\*57. What was the amount of total deposits on the November bank statement?

\*58. What was the amount of total checks cleared on the November bank statement?

\*59. What was the ending bank balance printed on the November bank statement?

\*60. What is the total amount of supplies purchased in November?

61. Of the total November sales, what is the amount of cash sales?

\*62. What was the ending bank balance printed on the December bank statement?

63. On the December bank reconciliation, what is the amount of total outstanding

 checks?

\*64. What is the reconciled balance on the bank reconciliation dated Dec 31, 2018?

After the December transactions are correctly journalized and posted to the general ledger and before any necessary December adjusting entries are prepared, what is the correct balance of the following accounts:

65. Cash in Bank 70. Gasoline Expense

66. Accounts Receivable 71. Repairs Expense

\*67. Supplies on Hand 72. Supplies Expense

68. Cody Hillman, Drawing 73. Bank Service Charges

69. Sales

\*74. On Cody’s Income Statement for the month of November, what is his net income?

\*75. On Cody’s Income Statement for the month of December, what is his net income?

\*76. On Cody’s Balance Sheet dated December 31, 2018 what is the amount of total

 assets?

77. On Cody’s Balance Sheet dated December 31, 2018 what is the amount of total

 liabilities?

In Cody’s general ledger, what is the correct amount of owner’s capital on each of the following dates…

78. December 1, 2018

79. December 31, 2018 before all adjusting and closing entries are posted

\*80. December 31, 2018 after all adjusting and closing entries are posted

**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 31 through 54)**

**All of the balances on the work sheet are correct.**

**All daily transactions are posted monthly to the general ledger. Adjusting and closing entries are prepared at the end of the year only. All prior year adjusting entries were prepared and posted correctly.**

**Below are two of the accounts in the general ledger for Elsa’s Ice Castle prior to the adjusting and closing entries for the year 2018.**

|  |
| --- |
| **Supplies** |
| **Date** |  | **Debit** | **Credit** | **Balance** |
| *1-1-18* |  |  |  | *2,740* |
| *5-18-18* |  | *2,764* |  | *5,504* |
| *7-20-18* |  | *3,972* |  | *9,476* |
| *10-23-18* |  | *1,285* |  | *10,761* |
|  |  |  |  |  |

|  |
| --- |
| **Prepaid Insurance** |
| **Date** |  | **Debit** | **Credit** | **Balance** |
| *1-1-18* |  |  |  | *?* |
| *8-1-18* | *(12 month policy)* | *2,640* |  | *?* |
|  |  |  |  |  |

**Additional Information:**

Last year the only insurance purchased was a 12-month policy. The premium of $2,340 was paid on 8-1-17.

Merchandise Inventory December 31, 2018 $3,215

The Gross Profit Percentage for the year 2018 was 42%.

Supplies Inventory December 31, 2018 $3,075

Elsa Snow, Capital January 1, 2018 $4,976

Owner made a capital contribution on April 14, 2018 $2,500

Owner made monthly withdrawals during 2018: $1,000 each month

The company prepares the following financial statements annually:

* Balance Sheet
* Income Statement
* Statement of Changes in Owner’s Equity

The Owner’s Equity section of the Balance Sheet only shows the ending Capital amount. The Income Statement includes a detailed section for Cost of Merchandise Sold.

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|  |
| --- |
| **Elsa’s Ice Castle** |
| **Work Sheet** |
| **For the Year Ended December 31, 2018** |
| **Account Title** | **Trial Balance** | **Adjustments** | **Income Statement** | **Balance Sheet** |
|  | **Debit** | **Credit** | **Debit** | **Credit** | **Debit** | **Credit** | **Debit** | **Credit** |
| **Cash in Bank** | **2,479** |  |  |  |  |  |  |  |
| **Supplies** |  |  |  |  |  |  |  |  |
| **Merchandise Inventory** |  |  |  |  |  |  |  |  |
| **Prepaid Insurance** |  |  |  |  |  |  |  |  |
| **Accounts Payable** |  | **575** |  |  |  |  |  |  |
| **Sales Tax Payable** |  | **445** |  |  |  |  |  |  |
| **Elsa Snow, Capital** |  |  |  |  |  |  |  |  |
| **Elsa Snow, Drawing** |  |  |  |  |  |  |  |  |
| **Income Summary** |  |  |  |  | **240** |  |  |  |
| **Sales** |  |  |  |  |  |  |  |  |
| **Purchases** | **42,216** |  |  |  |  |  |  |  |
| **Rent Expense** | **4,200** |  |  |  |  |  |  |  |
| **Utilities Expense** | **2,580** |  |  |  |  |  |  |  |
| **Supplies Expense** |  |  |  |  |  |  |  |  |
| **Insurance Expense** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

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***Table 2***

(for questions 55 through 80)

Cody Hillman is a full-time municipal fire fighter who works three 24-hour shifts and then is off duty four days. In 2017 Cody started his own business by working on his off-duty days and only in the months of November and December. Cody has a service business installing lighting decorations for residences and businesses city-wide. The customers provide their own lighting and decorations; however, Cody provides and replaces bulbs that no longer work.

The only accounts in Cody’s general ledger that had a balance on November 1, 2018 were Cash in Bank $65 (which agreed with the bank’s balance on this date); Equipment $2,300; Cody Hillman, Capital $ ??? . Cody has not made any owner contributions of capital in the year 2018. The amount posted to Drawing in November was for cash.

Cody’s bank reconciliation for November 2018 had no deposits in transit and no outstanding checks. In November 2018, the bank did not charge Cody any bank service charges and there were no dishonored checks received in November.

Cody records all purchases of supplies in an asset account, takes a physical inventory monthly and makes any necessary adjustment monthly in order to prepare monthly financial statements. **He prepares closing entries only at the end of the fiscal year, which is December 31.** The following is Cody’s adjusted trial balance for November 30, 2018.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Title** | **Amount** |  | **Account Title** | **Amount** |
| Cash in Bank | 20,520 |  | Sales (fees earned) | 25,200 |
| Accounts Receivable | 700 |  | Gasoline Expense | 860 |
| Supplies on Hand | 1,270 |  | Supplies Expense | 480 |
| Equipment | 2,300 |  | Repairs Expense | 100 |
| Accounts Payable | 265 |  | Bank Service Charges | 0 |
| Cody Hillman, Drawing | 1,600 |  | Cash Short & Over | 0 |
| Cody Hillman, Capital |  ? |  |  |  |

The December 2018 transactions are given on the next page of Table 2.

On December 31, 2018 Cody received his December bank statement dated Dec. 28. Cody accidently spilled coffee on the document, smudging some of the figures and making them unreadable.

Bank Statement balance on December 1 $\_\_?\_\_

Deposits $16,300 and $350

Dishonored check Dec 10 Barton Industries $\_\_?\_\_

Dec 10 fee for Dishonored check $\_\_?\_\_

Total of debit card usage $275

Checks that cleared the bank: #36 $265 #37 $200 #38 $30,000

Bank Service Charge for December $\_\_?\_\_

Bank Statement balance on December 28 $\_\_\_?\_\_\_

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***Table 2 Continued***

(for questions 55 through 80)

**December 2018 Transactions:**

Dec 3 Paid $265 to repair equipment ck #36

 4 Established a petty cash fund $200 ck #37 Cody placed the cash in his petty

 cash bag (he uses a zippered bank bag), and placed the bag in his truck’s

 console which he keeps locked.

 5 Bought supplies $685 on account

 6 Used debit card to purchase gasoline for truck $90

 10 Received notice from the bank of a dishonored check from Barton Industries

 $650 plus $35 bank fee to handle this dishonored check

 13 Used debit card to purchase gasoline for truck $95

 14 Made bank deposit for December sales (cash and checks) $16,300

 17 Received in the mail and deposited in bank $350 from a customer that Cody

 allowed to charge for a November service

 18 Cody went into his bank and withdrew $30,000 for his personal use ck #38

 19 Used debit card to purchase gasoline for truck $90

 27 Paid $265 on account ck #39

 28 Cody’s bank emailed him advanced notice that his December bank service

 charge is $25

 30 Cody reviewed and totaled the petty cash slips in the zippered bank bag:

 Repairs $18; Gasoline $80; Supplies $65

 The cash in the petty cash zippered bag totaled $36

 Cody correctly prepared ck #40 to replenish the petty cash fund. On this day at

 his bank, he cashed ck #40 and placed the cash in his petty cash bag. He

 placed the petty cash bag in the locked safe in his home to be ready for next

 year’s work season in November 2019.

**Additional Information:**

* Cody contacted Barton Industries and learned that Mr. Barton was aware of the bounced check, but was out of the country until the first week of January 2019. Mr. Barton gave assurance that he would pay Cody in cash the $650 and the $35 bank handling fee as soon as he returns from his holiday. For the Dec 10 transaction listed above, Cody used the Accounts Receivable account to correctly record this transaction.
* The amount of Accounts Receivable on the November 30 adjusted trial balance is a result of two customer charges in the amount of $350 each. For the year 2018, these were the only two customers allowed to charge for Cody’s services.
* The amount of Accounts Payable on the November 30 adjusted trial balance is a result of supplies purchased in November.
* Cody deposited the $30,000 check he wrote to himself into his personal checking account so that he could spend $4,000 for his family’s Christmas gifts and the balance was used to pay additional principal on his family’s home mortgage loan.
* On December 31, 2018, Cody performed a physical inventory of supplies still on hand which totaled $135.