**UIL ACCOUNTING**

**Regional 2013-R**

**Group 1**

**Write the correct identifying letters (DR or CR or NC) on your answer sheet for items 1 through 19.**

|  |
| --- |
| **DR = this account is closed with a debit** |
| **CR = this account is closed with a credit** |
| **NC = this is not a temporary capital account; or this is not an account**  |

 1. Sales Discounts 11. Transportation In

 2. Purchases Discounts 12. Allowance for Doubtful Accounts

 3. Land 13. Sales Tax Payable

 4. Residual Value 14. Depreciation Expense--Building

 5. Gain on Plant Assets 15. Bad Debts Expense

 6. Beth Myers, Drawing 16. Accounts Receivable

 7. Purchases 17. Prepaid Insurance

 8. Cost of Delivered Merchandise 18. Income Summary (net loss)

 9. Payroll Tax Expense 19. Book Value of Equipment

10. Accumulated Depreciation—Equip.

**Group 2**

The following is a partial chart of accounts for The Clothes Closet (a retail clothing store). The owner, Patty Walls, wants to compare the effects of using the direct write-off method to the allowance method. For each of the following transactions and for each method, write the account number of the accounts that should be debited and credited. Question numbers 20 through 25 are indicated in each box.

|  |
| --- |
| Chart of Accounts |
| 104 | Cash in Bank |  | 320 | Income Summary |
| 110 | Accounts Receivable |  | 410 | Sales |
| 115 | Allowance for Uncollectible Accts. |  | 630 | Bad Debts Expense |
| 310 | Patty Walls, Capital |  |  |  |

|  |  |  |
| --- | --- | --- |
|  | Allowance Method | Direct Write-Off |
| Transactions | DR | CR | DR | CR |
| Wrote off a charge customer’s account (Beth Hill) as uncollectible | #20 | XXXXXX | #21 | XXXXXX |
| Reopened Beth Hill’s charge account in anticipation of customer’s payment | #22 | XXXXXX | XXXXXX | #23 |
| Received payment on account from Beth Hill | XXXXXX | #24 | #25 | XXXXXX |

**Group 3**

**Barrett Co. operates in a city that imposes a property tax on real and personal property. The city tax rate for both types of property is 1.5%. Barrett Co. has the following asset information.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Asset** | **Original** **Cost** | **Accum.** **Depr.** | **Fair** **Market** **Value** | **Replace-****ment** **Value** | **Assessed****Value** |
| Furniture | 145,600 | 58,240 | 105,000 | 165,000 | 125,000 |
| Equipment | 682,400 | 194,970 | 525,000 | 700,000 | 615,000 |
| Aircraft | 1,250,000 | 167,650 | 1,050,000 | 1,500,000 | 975,000 |
| Vehicles | 322,650 | 129,060 | 290,000 | 350,000 | 295,000 |
| Land | 60,000 | 0 | 100,000 | 100,000 | 75,000 |
| Building | 800,000 | 60,000 | 925,000 | 1,250,000 | 865,000 |

**For questions 26 through 28, write the identifying letter of the best response on your answer sheet.**

26. What is the amount of property tax attributable to the real property?

 A. $1,125 E. $14,100

 B. $11,850 F. $15,375

 C. $12,900 G. $20,250

 D. $12,975

27. What is the amount of property tax attributable to the personal property?

 A. None, because by definition personal property for property tax purposes is

 not taxed.

 B. $27,761 E. $36,010

 C. $29,550 F. $40,725

 D. $30,150 G. $44,250

28. When the property tax billing statement is received and Accounts Payable is

 credited, what account is debited?

 A. Cash in Bank

 B. Depreciation Expense

 C. Plant Assets Expense

 D. Property Tax Expense

**Group 4**

**One of the items sold at Dave’s Electronics is an electronic tablet. The following shows the beginning inventory and purchases information for the year.**

**During the year 58 tablets were sold for $250 each and 140 tablets were sold for $225 each. The company uses a periodic inventory system. (If necessary, round computations to the nearest cent.)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Number of****Units** | **Cost per Unit** | **Extended****Amount** |
| **1-1-12** | **Beginning Inventory** | **12** | **158.10** |  |
| **Jan** | **Purchase** | **6** | **159.50** |  |
| **Mar** | **Purchase** | **18** | **161.00** |  |
| **Apr** | **Purchase** | **32** | **161.50** |  |
| **May** | **Purchase** | **45** | **162.00** |  |
| **July** | **Purchase** | **12** | **163.00** |  |
| **Nov** | **Purchase** | **74** | **161.70** |  |
| **Dec** | **Purchase** | **15** | **154.80** |  |
|  |  |  |  |  |

**For questions 29 through 31, write the identifying letter of the best response on your answer sheet.**

29. What is the amount of gross profit for the year if the FIFO method of inventory

 valuation is used?

 A. $14,022.80 B. $14,029.70 C. $14,075.60 D. $14,081.20 E. $14,122.00

\*30. What is the amount of gross profit for the year if the LIFO method of inventory

 valuation is used?

 A. $14,022.80 B. $14,029.70 C. $14,075.60 D. $14,081.20 E. $14,122.00

31. What is the amount of gross profit for the year if the average cost method of

 inventory valuation is used?

 A. $14,022.80 B. $14,029.70 C. $14,075.60 D. $14,081.20 E. $14,122.00

**Group 5**

**Equipment was purchased on January 4, 2010 at a cost of $95,000. The company estimates salvage value of $8,000 and an estimated useful life of 5 years. The company uses the double-declining balance method.**

**If rounding is necessary, round to the nearest cent. The company’s fiscal year end is December 31. This is the only asset owned by the company.**

**For questions 32 through 36, write the correct amount on your answer sheet.**

32. What amount is debited to Depreciation Expense in 2011?

33. What is the balance of Accumulated Depreciation—Equipment on 01-01-11?

34. What is the book value on 01-01-12?

\*35. What will be the book value on 01-01-14?

\*36. What amount will be debited to Depreciation Expense in 2014?

**Group 6**

**A partnership was formed and began operations on January 8, 2012. Each of the partners contributed either cash or other assets to the partnership. The following is a summary from the adjusted trial balance columns of the worksheet for the year ended December 31, 2012, which is the fiscal year end.**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
| **Assets** | **135,250** |  |
| **Liabilities** |  | **21,650** |
| **Mary Hart, Capital** |  | **16,000** |
| **Mary Hart, Drawing** | **4,800** |  |
| **Daisy Elms, Capital** |  | **28,000** |
| **Daisy Elms, Drawing** | **7,200** |  |
| **Ellie North, Capital** |  | **36,000** |
| **Ellie North, Drawing** | **12,000** |  |
| **Revenue** |  | **186,435** |
| **Expenses** | **128,835** |  |

**For questions 37 through 39, write the correct amount on your answer sheet. Consider the facts in each question independently from the other questions.**

37. Consider that the partnership agreement states that profits and losses shall be

 divided equally among the partners. What is the balance in the capital account of

 Ellie North after all closing entries have been posted?

\*38. Consider that the partnership agreement states that profits and losses shall be

 divided on the basis of the capital contributed by each partner. What is the balance

 in the capital account of Daisy Elms after all closing entries have been posted?

\*39. Consider that the partnership agreement states that profits and losses shall be

 divided based on the time spent by each partner working in the business. The time

 worked by Hart, Elms, and North is expressed as 3:2:1. What is the balance in the

 capital account of Mary Hart after all closing entries have been posted?

**Group 7**

**Refer to Table 1 on page 8. For questions 40 through 44, write the correct amount on your answer sheet.**

What was the Book Value of Accounts Receivable on the following dates…

40. January 1, 2011

41. January 1, 2012

\*42. January 1, 2013

What is the amount of Bad Debt Expense for…

43. the year 2011

\*44. the year 2012

**Group 7 continued**

**For questions 45 through 50, indicate the account debited or credited for the selected transactions (as identified in items A through H in Table 1) using the following chart of accounts.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 105 | Cash in Bank |  | 405 | Sales |
| 120 | Accounts Receivable |  | 560 | Bad Debt Expense |
| 125 | Allowance for Uncollectible Accounts |  |  |  |

|  |  |  |
| --- | --- | --- |
| **Transaction from Table 1** | **Debit** | **Credit** |
| B | 45. | 46. |
| D | 47. | 48. |
| F | 49. | 50. |

**Group 8**

**Pistachio Co. carries an average monthly inventory of $11,000. When the company prepares interim financial statements, the accountant estimates the ending inventory using the gross profit method. Pistachio Co. historically has averaged a gross profit percentage of 44%. Following are the normal balances in the general ledger as of January 31, 2013:**

|  |  |
| --- | --- |
| **Net Sales** | **42,500** |
| **Beginning Inventory, January 1, 2013** | **10,650** |
| **Net Purchases** | **25,580** |

**For question #51 write the correct amount on your answer sheet.**

51. What is the estimated ending inventory on January 31, 2013 using the gross profit

 method?

 A. $ 6,270 E. $15,941

 B. $10,650 F. $17,530

 C. $11,000 G. $18,700

 D. $12,430

**Group 9**

**Refer to Table 2 on page 9. For questions 52 through 56, write the correct amount on your answer sheet.**

On January 1, 2012, what was the balance of each of the following accounts?

52. Office Supplies

\*53. Prepaid Insurance

54. Merchandise Inventory

\*55. Jim Mason, Capital

56. Jim Mason, Drawing

**Group 10**

**Refer to Table 2. For questions 57 through 62, write the identifying letter of the best response on your answer sheet.**

57. When the percentage of net sales method is used to estimate uncollectible accounts

 expense for the year 2012,

 A. the January 1, 2012 balance in the account called Allowance for Uncollectible

 Accounts must be used in the calculation of expense.

 B. the balance of the contra asset account will increase.

 C. Bad Debts Expense will be credited.

 D. Allowance for Uncollectible Accounts will be debited.

58. The adjusting entry to record the actual ending inventory of office supplies

 includes a

 A. debit to Office Supplies for $8,460

 B. credit to Office Supplies Expense for $8,460

 C. debit to Office Supplies Expense for $8,460

 D. credit to Office Supplies for $8,820

59. The balance of Accumulated Depreciation—Equipment after the adjusting entry for

 the year 2010 was

 A. zero B. $1,280 C. $1,423 D. $1,920 E. $3,200 F. $3,840

60. The adjusting entry for depreciation expense for the year 2012 includes a

 A. debit to Depreciation Expense in the amount of $1,920

 B. credit to Depreciation Expense in the amount of $1,920

 C. credit to Equipment in the amount of $1,920

 D. debit to the allowance account for $1,920

61. The adjusting entry to record the amount of expired insurance

 A. includes a credit to Insurance Expense

 B. includes a debit to Prepaid Insurance for $4,860

 C. uses the amount $4,800 which partially consists of three months’ worth

 (or $1,155) of the premium paid on 4-1-11

 D. uses the amount $4,800 which partially consists of nine months’ worth

 (or $3,645) of the premium paid on 4-1-12

 E. Both C and D are correct statements.

62. The adjusting entry to record the actual ending inventory of merchandise

 A. is not necessary

 B. includes a debit to Inventory Expense for $480

 C. includes a credit to Income Summary for $480

 D. is accomplished during the closing of the temporary capital accounts

**Group 11**

**Refer to Table 2. For questions 63 through 70, write the correct amount on your answer sheet.**

On the Income Statement for the twelve months ended December 31, 2012 what is the amount of…

63. Net Sales 67. Cost of Merchandise Available for Sale

64. Cost of Merchandise Sold 68. Gross Profit

65. Cost of Delivered Merchandise \*69. Total Expenses

66. Net Purchases \*70. Net Income

**Group 12**

**Refer to Table 2. For questions 71 through 75, write the correct amount on your answer sheet.**

On the Balance Sheet dated December 31, 2012 what is the amount of…

\*71. Book Value of Accounts Receivable

\*72. Prepaid Insurance

\*73. Book Value of Equipment

74. Office Supplies

\*\*75. the owner’s capital account after all closing entries have been journalized and

 posted

**Group 13**

**Refer to Table 2. For questions 76 through 79, write the correct amount on your answer sheet. Assume the accountant has prepared correctly the work sheet for the twelve months ended December 31, 2012.**

Consider the subtotals of the following columns before net income was calculated. What is the column subtotal for the…

\*76. Income Statement Debit column

\*77. Income Statement Credit column

\*78. Balance Sheet Debit column

\*79. Balance Sheet Credit column

**Group 14**

**Refer to Table 2. For question #80, write the identifying letter of the best response on your answer sheet.**

80. On June 2, 2013 a person offered to purchase all of Jim’s equipment for $10,000. If

 Jim sells the equipment on this date, which of the following is false?

 A. The original cost of the equipment is $14,940.

 B. The sales price is $10,000.

 C. The Book Value of the equipment on June 2, 2013 is $9,820.

 D. The gain on the sale is $980.

**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 40 through 50)**

**Willow Company began operations in 2010. The company prepares adjusting and closing entries only at the end of the fiscal year, which is December 31. On January 1, 2011 the general ledger included the following:**

|  |  |  |
| --- | --- | --- |
|  | **Debit** | **Credit** |
| Accounts Receivable | 9,465 |  |
| Allowance for Uncollectible Accounts |  | 865 |

**During the next two years the company completed many transactions (summarized below in items A through H) that involved credit sales, accounts receivable collections, and bad debts.**

**2011**

 **A.** sold merchandise on account $61,840

 **B.** wrote off uncollectible accounts receivable $745

 **C.** received $58,240 from charge customers in payment on their accounts

 **D.** December 31 adjusting entry using the Aging of Accounts Receivable method

 based on the estimate that 2.5% of the total outstanding Accounts Receivable

 at year-end will become uncollectible

**2012**

 **E.** sold merchandise on account $87,250

 **F.** wrote off uncollectible accounts receivable $535

 **G.** received $88,135 from charge customers in payment on their accounts

 **H.** December 31 adjusting entry using the Aging of Accounts Receivable method

 based on the estimate that 3% of the total outstanding Accounts Receivable

 at year-end will become uncollectible

***Table 2***

**(for questions 52 through 80)**

**Jim Mason owns a furniture retail store and has been in business since 2010. The worksheet on page 10 contains the correct trial balance for the year 2012. Here are additional facts:**

* The company records adjusting and closing entries only at the end of the fiscal year, which is December 31.
* During the year 2012 the owner made only one capital contribution, and it was on March 15 in the amount of $25,000.
* All accounts in the general ledger that have a balance have been listed on the trial balance. There are other expense accounts that currently have a zero balance.
* The Accounts Receivable Subsidiary Ledger was reviewed by the owner, and no

other customer accounts need to be written off as of December 31, 2012.

* The owner uses the percentage of net sales method to estimate uncollectible

accounts expense, and for 2012 he plans to use 1% of net sales.

* Office supplies purchased during 2012 totaled $8,460. The office manager

performed a physical inventory on 12-31-12 and prepared a report for the owner.

The report indicated that $5,230 in office supplies are on hand.

* One insurance policy renews on the same day annually. The correct amount of

insurance expense was reported in the year 2011. These are the premiums paid in the last two years:

* + April 1, 2011 $4,620
	+ April 1, 2012 $4,860
* The employees performed a physical inventory of the merchandise on 12-31-12 using a spreadsheet. The spreadsheet indicated the ending inventory was $144,350.
* All of the equipment was originally purchased on May 2, 2010 and has an estimated salvage value of $1,500 and an estimated useful life of seven years. The owner has consistently used the straight line method. (Round computations to nearest dollar.)

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|  |
| --- |
| **Mason Furniture Co.** |
| **Work Sheet** |
| **For the Year Ended December 31, 2012** |
| **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** | **36,190** |  |  |  |  |  |  |  |  |  |
| **Accounts Receivable** | **62,840** |  |  |  |  |  |  |  |  |  |
| **Allow. for Uncoll. Accts.** |  | **685** |  |  |  |  |  |  |  |  |
| **Office Supplies** | **14,050** |  |  |  |  |  |  |  |  |  |
| **Prepaid Insurance** | **6,015** |  |  |  |  |  |  |  |  |  |
| **Merchandise Inventory** | **143,870** |  |  |  |  |  |  |  |  |  |
| **Equipment** | **14,940** |  |  |  |  |  |  |  |  |  |
| **Accum. Depr.—Equip.** |  | **3,200** |  |  |  |  |  |  |  |  |
| **Accounts Payable** |  | **87,619** |  |  |  |  |  |  |  |  |
| **Jim Mason, Capital** |  | **154,502** |  |  |  |  |  |  |  |  |
| **Jim Mason, Drawing** | **75,000** |  |  |  |  |  |  |  |  |  |
| **Income Summary** |  |  |  |  |  |  |  |  |  |  |
| **Sales** |  | **933,000** |  |  |  |  |  |  |  |  |
| **Sales Discounts** | **5,721** |  |  |  |  |  |  |  |  |  |
| **Sales Ret. & Allow.** | **6,879** |  |  |  |  |  |  |  |  |  |
| **Purchases** | **528,422** |  |  |  |  |  |  |  |  |  |
| **Purchases Discounts** |  | **7,390** |  |  |  |  |  |  |  |  |
| **Purchases Ret. & Allow.** |  | **3,749** |  |  |  |  |  |  |  |  |
| **Transportation In** | **7,825** |  |  |  |  |  |  |  |  |  |
| **Rent Expense** | **42,000** |  |  |  |  |  |  |  |  |  |
| **Utilities Expense** | **22,680** |  |  |  |  |  |  |  |  |  |
| **Salaries Expense** | **205,430** |  |  |  |  |  |  |  |  |  |
| **Payroll Tax Expense** | **18,283** |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
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