**UIL ACCOUNTING**

**District 2014-D2**

**Group 1**

**Determine whether each of the following is a debit or credit using this code: DR=debit; CR=credit. Mark the correct answer on your answer sheet.**

1. The balance side of Cash in Bank

2. The decrease side of Miscellaneous Expense

3. The increase side of Purchases Returns & Allowances

4. The decrease side of Sales Taxes Payable

5. The decrease side of Dan Baker, Capital

6. The balance side of Sales

7. The decrease side of Prepaid Insurance

**Group 2**

**The Balance Sheet for Harley Co. appears below. Refer to it and answer questions 8 through 11 by writing the identifying letter of the best response on your answer sheet. Consider each question independently.**

|  |
| --- |
| **Harley Co.** |
| **Balance Sheet** |
| **December 31, 2013** |
| **Assets** |  |  | **Liabilities** |  |
| **Cash** | **18,670** |  | **Accounts Payable** |  **$ 12,610**  |
| **Accounts Receivable** | **7,864** |  |  |  |
| **Computer Equipment** | **35,460** |  | **Owner’s Equity** |  |
| **Office Equipment** | **12,680** |  | **Dee Harley, Capital** |  **?**  |
| **Office Furniture** |  **?**  |  |  |  |
| **Total Assets** |  **$ ?** |  | **Total Liabilities and** **Owner’s Equity** |  **$ ?** |
|  | **========** |  |  | **========** |

8. If the balance in the Dee Harley, Capital account is $70,264, what would be the balance in the Office Furniture account?

 A. $4,410 B. $8,200 C. $17,020 D. $62,064 E. $74,674

9. If the balance of the Office Furniture account was $10,650, what would be the total liabilities and owner’s equity?

 A. $51,414 B. $62,064 C. $72,714 D. $85,324 E. $97,934

10. If the balance sheet showed an amount in the Office Furniture account of $18,750

 and if all the computer equipment was sold for its historical cost and cash received,

 what would be the balance of Dee’s capital account?

 A. $45,354 B. $70,574 C. $80,814 D. $93,424 E. $106,034

11. If the balance sheet showed an amount of $20,000 in the Office Furniture account,

 and $3,000 of Accounts Payable were paid and $4,500 of Accounts Receivable was

 received, what would be the balance of Dee’s capital account?

 A. $79,064 B. $80,564 C. $82,064 D. $85,064 E. $94,674

**Group 3**

**It is company policy to record any necessary journal entries and to update the checkbook (check stubs) balance after the bank reconciliation is completed. There are no math errors or recording errors in the checkbook (check stubs). The owner did not receive any prior notice for items she discovered on the bank statement.**

|  |
| --- |
| Holland Street Bakery |
| Bank Reconciliation |
| December 31, 2013 |
| Bank Statement Balance, 12/29 |  | Checkbook Balance, 12/31 |  |
| Add:  |  | Add: |  |
|  |  |  |  |
| Deduct: |  | Deduct: |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

On December 31, Sara received the company bank statement dated Dec. 29 and reviewed it along with other accounting records and found the following facts:

 1. The ending bank balance was $3,629.42

 2. The following checks were written in November, were outstanding in November,

 and still did not appear on this bank statement:

 check #4168…$84.29 check #4170…$42.25

 3. The following checks were written in December and did not appear on this bank

 statement: check #4237…$8.41 check #4239…$68.92

 check #4238…$974.44 check #4241…$843.57

 4. The bank charged $34.28 for the month’s service charge

 5. A check in the amount of $265.43 from Matt Flower that Sara deposited on Dec. 21 was

 returned by the bank for insufficient funds. The bank charged Sara’s account $25 for

 handling the NSF check. No journal entry has been made yet by Sara for the NSF check

or its related fee.

 6. A deposit of $4,248.19 made on Dec. 31 does not appear on the bank statement.

 7. A check Sara wrote in early December for $268 made out to Baker’s Supply was lost

 in the mail and never found. Sara requested a stop payment order, which cost $22.50

 and was issued by Sara’s bank on Dec. 29. Sara needs to record this fee and the

 voided check in the checkbook. She plans to write a replacement check on Jan. 2.

 8. Sara’s review of the bank statement reminded her that she had used the debit card

 on this account to make a $46 payment at the post office and forgot to record it in

 the company checkbook.

 9. The bank statement revealed an electronic funds transfer to a vendor for $64.88 that Sara

forgot to record in the company checkbook. The stress caused by such recurring

forgetfulness led her to seriously consider hiring another employee.

**For question #12 write the identifying letter of the best response on your answer sheet.**

\*12. What was the checkbook (check stub) balance on December 31, 2013 prior to the

 completion of this bank reconciliation?

 A. $3,439.33 C. $5,665.64 E. $6,045.82

 B. $5,129.64 D. $5,855.73 F. $6,581.82

**Group 4**

**Jim Parsons is a sole proprietor who specializes in three types of educational services in the field of science: 1) teaching, 2) tutoring, and 3) writing study materials. Parsons performs all services himself (no services are contracted out.)**

**Parsons uses the following policy when closing the temporary accounts at the end of the fiscal year:**

**First, close all revenue accounts in one combined entry.**

**Second, close all expense accounts in one combined entry.**

**Third, close the Income Summary account.**

**Fourth, close the owner’s drawing account.**

**The adjusted trial balance data for Jim Parsons’ company for the calendar year 2013 follows. All accounts have normal balances. Jim Parsons invested $3,500 in cash in his business during 2013.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash in Bank** | **4,295** |  | **Tutoring Fees** | **18,743** |
| **Accounts Receivable** | **5,650** |  | **Writing Royalty Fees** | **21,467** |
| **Educational Supplies** | **6,650** |  | **Rent Expense** | **7,860** |
| **Prepaid Insurance** | **1,240** |  | **Utilities Expense** | **5,640** |
| **Office Equipment** | **3,450** |  | **Educational Supplies Expense** | **40,125** |
| **Computer Equipment** | **64,219** |  | **Repairs Expense** | **3,462** |
| **Accounts Payable** | **1,450** |  | **Cleaning Expense** | **1,875** |
| **Jim Parsons, Capital** | **97,508** |  | **Advertising Expense** | **2,744** |
| **Jim Parsons, Drawing** | **12,000** |  | **Insurance Expense** | **3,180** |
| **Teaching Fees** | **23,871** |  | **Miscellaneous Expense** | **649** |

**For questions 13 through 18, write the identifying letter of the best response on your answer sheet.**

13. What was the balance of Jim Parsons, Capital on 1-1-13?

 A. $84,054 B. $94,008 C. $96,054 D. $97,508 E. $101,008

14. What was the amount that affected Income Summary in the first closing entry?

 A. $23,871 B. $40,210 C. $64,081 D. $65,535 E. $129,616

15. What was the amount that affected Income Summary in the second closing entry?

 A. $64,081 B. $65,535 C. $77,535 D. $87,002 E. $105,745

16. The third closing entry will include a debit to which account?

 A. Jim Parsons, Capital B. Income Summary C. Jim Parsons, Drawing

17. The fourth closing entry will include a debit to which account?

 A. Jim Parsons, Capital B. Income Summary C. Jim Parsons, Drawing

 \*18. What was the balance of Jim Parsons, Capital on 12-31-13 after all closing entries were posted?

 A. $84,054 B. $86,962 C. $87,554 D. $97,508 E. $110,962

**Group 5**

**The following rates and maximums per employee per year 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** | **1.2% 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 Affordable 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 $7,050. The payroll clerk is new to the job and was unsure what to deduct.**

|  |  |
| --- | --- |
| **Gross Earnings:** |  |
|  **Regular** |  |
|  **Overtime (15 hours)** | **180.00** |
|  **Total Gross Earnings** |  |
| **Deductions: ????** |  |
|  **Social Security** |  |
|  **Medicare** |  |
|  **Federal Income Tax** |  |
|  **State Income Tax** |  |
|  **Health Insurance Premium** | **55.00** |
|  **Federal Unemployment Tax** |  |
|  **State Unemployment Tax** |  |
|  **Total Deductions** |  |
| **Net Pay:** |  |

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

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

 A. $80.63 B. $99.37 C. $178.25 D. $186.12 E. $315.75 F. $321.75

\*20. What is the correct amount of the employer’s payroll tax expense for this employee

 for this week?

 A. $15.93 B. $28.32 C. $44.25 D. $44.65 E. $47.85 F. $48.25

21. 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?

 A. $113.25 B. $151.50 C. $155.50 D. $157.50 E. $161.50 F. $167.50

**Group 6**

**Refer to Table 1 on page 8. For each transaction, indicate the chart of account section for the account that is debited or credited.**

**When the correct answer includes multiple account sections: 1) all account sections must be listed correctly; 2) they may be listed in any order, and 3) any incorrect response will cause your answer to be wrong.**

**The question numbers (22 through 31) are in the debit and credit columns below. Write the identifying letter(s) from the following chart on your answer sheet.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A** | **Asset** |  | **D** | **Revenue** |
| **B** | **Liability** |  | **E**  | **Cost of Merchandise** |
| **C** | **Capital** |  | **F** | **Expense** |

|  |  |  |
| --- | --- | --- |
| **Transaction****Date** | **Debit** | **Credit** |
| **Dec 10** | **#22** | **#23** |
| **Dec 15** | **#24** | **#25** |
| **Dec 23** | **#26** | **#27** |
| **Dec 24** | **#28** | **#29** |
| **Dec 30** | **#30** | **#31** |

**Group 7**

**Continue to refer to Table 1. For questions 32 through 41 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?**

32. Cash in Bank

33. Accounts Receivable

34. Merchandise Inventory

35. Supplies

\*36. Prepaid Insurance

37. Equipment

38. Building

39. Accounts Payable

40. Sales Tax Payable

\*\*41. Ben O’Grady, Capital

**Continue to refer to Table 1. For questions 42 through 44, write the correct answer on your answer sheet; and for question #43, no brackets are necessary.**

\*42. What was the amount of gross profit for 2012?

\*43. What was the amount of net loss for 2012?

44. What was the sales tax rate for 2012?

**Group 8**

**Refer to Table 2 on page 9 and the work sheet on page 10. For questions 45 through 57, 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?

\*45. Accounts Receivable

46. Merchandise Inventory

47. Supplies

48. Prepaid Insurance

\*49. Accounts Payable

\*50. Sales Tax Payable

51. Ben O’Grady, Capital

52. Ben O’Grady, Drawing

53. Income Summary

\*54. Sales

55. Purchases

56. Salaries Expense

\*57. Payroll Tax Expense

**Group 9**

**Continue to refer to Table 2. For questions 58 through 62, 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?

\*58. Merchandise Inventory

59. Supplies

\*60. Prepaid Insurance

61. Supplies Expense

62. Insurance Expense

**Group 10**

**Continue to refer to Table 2. For questions 63 through 72, give the correct amounts that would appear on the income statement for the twelve months ending December 31, 2013 and the balance sheet dated December 31, 2013.**

63. Cost of Delivered Merchandise

64. Cost of Merchandise Sold

65. Cost of Merchandise Available for Sale

66. Gross Profit

\*67. Net Income

68. Net Purchases

\*69. Net Sales

\*70. Total Assets

71. Total Liabilities

72. Total Expenses

**Group 11**

**Continue to refer to Table 2. For questions 73 through 75, write the correct amount on your answer sheet.**

73. What was the amount of nontaxable sales on account for the year?

74. What was the amount of sales tax collected January 1 through December 31, 2013?

\*\*75. What was the balance in Ben O’Grady, Capital on December 31, 2013 after all

 closing entries were posted?

**Group 12**

**Continue to refer to Table 2. The following chart represents the bottom three lines of selected columns on the completed work sheet: subtotals before net income or net loss is calculated; the line for net income or net loss; and the line for the respective balancing totals for the income statement columns and the balance sheet columns.**

**For each of the questions 76 through 79 (found in the chart below), write the correct amount on your answer sheet.**

|  |  |  |
| --- | --- | --- |
|  | **Income Statement** | **Balance Sheet** |
|  | **Debit** | **Credit** | **Debit** | **Credit** |
| **Subtotals** | #76 | #77 | #78 | #79 |
| **Net Income or <Net Loss>** | Red | Blue | Green | Yellow |
| **Totals** |  |  |  |  |

**For question 80, write the identifying letter of the best response on your answer sheet.**

80. After the net income or net loss is calculated, indicate in which columns of the work

 sheet the amount would appear in the chart above using colors as indicators.

 A. Red Yellow D. Blue Yellow

 B. Blue Green E. Red Green

 C. Red Blue F. Green Yellow

**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 44)**

**Ben O’Grady is the sole owner of O’Grady Farm Supply.**

**The business began operations on December 2, 2012 when O’Grady invested the following assets that he owned personally with no liabilities:**

|  |  |
| --- | --- |
| **Cash** | **80,000** |
| **Building** | **100,000** |
| **Equipment** | **7,500** |

**Acquisitions of supplies and insurance are properly recorded in their respective asset accounts. Among other accounts that have been prepared for use, the general ledger contains an account called Purchases and one called Income Summary.**

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

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

**At the end of the first fiscal year, the owner made no personal withdrawals.**

**Most sales will be for farm and ranch use which are exempt from state sales tax collection. 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.**

**During December of 2012 O’Grady had the following transactions:**

|  |  |
| --- | --- |
| **Date** | **Transaction** |
| **Dec 2** | **Wrote a check for $2,688 for insurance on the building for two years of coverage** |
| **Dec 10** | **Purchased merchandise inventory on account $31,460** |
| **Dec 15** | **Purchased equipment by writing a check $6,250** |
| **Dec 20** | **Purchased merchandise inventory by writing a check $15,558** |
| **Dec 23** | **Made a nontaxable sale on account $4,265** |
| **Dec 24** | **Wrote checks for various expenses incurred for December $19,855** |
| **Dec 29** | **Deposited $25,990 from nontaxable sales for the month of December** |
| **Dec 30** | **Deposited $11,340 consisting of taxable sales $10,500 and collected sales tax of $840 for the month of December** |
| **Dec 31** | **Purchased supplies (which are guaranteed to be delivered to the store by 5 p.m. today) by writing a check $3,685** |

**Adjusting and closing entries are prepared only at the end of the fiscal year, which is December 31. The December 31, 2012 physical inventory of merchandise at cost revealed $21,750 is still on hand.**

***Table 2***

**(for questions 45 through 80)**

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

**Refer to Group 5 (on page 4) for the applicable payroll tax rates and maximums.**

**The selected amounts that appear on the work sheet on page 10 are correct.**

**Additional Information:**

|  |  |
| --- | --- |
| **Received on account from customers during 2013** | **52,275** |
| **Supplies purchased by check during 2013** | **7,640** |
| **Physical inventory of supplies taken on 12-31-13** | **4,150** |
| **Paid on account to vendors during 2013** | **112,857** |
| **Capital contribution made by the owner in 2013** | **9,500** |

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

|  |  |  |  |
| --- | --- | --- | --- |
| Asset Insured | Date Paid | Length of Coverage | Amount Paid |
| Equipment | 1-2-13 | one year | 1,524 |
| inventory | 2-4-13 | one year | 1,740 |
| delivery truck | 4-1-13 | 6 months | 765 |
| delivery truck | 10-1-13 | 6 months | 822 |

* **Gross sales for 2013 are as follows:**

|  |  |  |
| --- | --- | --- |
|  | **On Account** | **Received Cash** |
| **Taxable Sales** | **3,500** | **10,100** |
| **Nontaxable Sales** | **???** | **141,336** |

* **The owner withdrew $1,500 cash each month during 2013 for personal use.**
* **The Gross Profit Percentage based on net sales for 2013 is 45%**

* **Purchases of merchandise: cash…………… $ 13,690**

 **on account…… 113,852**

* **Ben O’Grady pays an independent contractor for selected bookkeeping and accounting services.**
* **There were no additions to the Building account during 2013.**
* **The owner wrote a check for $5,200 for Equipment during 2013.**
* **The company employed one person during the year, but she quit in September and the owner did not rehire. The bookkeeper prepared a rough draft of the employee’s Form W-2 and the amount of Medicare tax withheld is $203.**

* **All employer payroll tax expense was paid prior to 12-31-13.**
* **Sales Tax (the rate is the same as in 2012)**

 **sales tax collected January 1 through December 31, 2013 $\_\_?\_\_**

 **sales tax paid to the state during 2013 $1,780**

UIL Accounting District 2014-D2 -10-

|  |
| --- |
| **O’Grady Farm Supply** |
| **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** | **77,677** |  |  |  |  |  |
| **Accounts Receivable** |  |  |  |  |  |  |
| **Merchandise Inventory** |  |  |  |  |  |  |
| **Supplies** |  |  |  |  |  |  |
| **Prepaid Insurance** |  |  |  |  |  |  |
| **Equipment** |  |  |  |  |  |  |
| **Building** |  |  |  |  |  |  |
| **Accounts Payable** |  |  |  |  |  |  |
| **Sales Tax Payable** |  |  |  |  |  |  |
| **Ben O’Grady, Capital** |  |  |  |  |  |  |
| **Ben O’Grady, Drawing** |  |  |  |  |  |  |
| **Income Summary** |  |  |  |  |  | **16,510** |
| **Sales** |  |  |  |  |  |  |
| **Sales Discounts** | **3,192** |  |  |  |  |  |
| **Sales Returns & Allowances** | **2,674** |  |  |  |  |  |
| **Purchases** |  |  |  |  |  |  |
| **Transportation In** | **3,781** |  |  |  |  |  |
| **Purchases Discounts** |  | **4,728** |  |  |  |  |
| **Purchases Returns & Allowances** |  | **2,186** |  |  |  |  |
| **Utilities Expense** | **7,843** |  |  |  |  |  |
| **Advertising Expense** | **4,380** |  |  |  |  |  |
| **Salaries Expense** |  |  |  |  |  |  |
| **Payroll Tax Expense** |  |  |  |  |  |  |
| **Delivery Expense** | **8,227** |  |  |  |  |  |
| **Accounting Services Expense** | **3,200** |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
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