**UIL ACCOUNTING**

**Invitational 2015-B**

**Group 1**

**For items 1 through 6, 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. Sales Tax Payable

2. Sales Discounts

3. Petty Cash

4. the owner’s withdrawals

5. Merchandise Inventory

6 Benny Fields, Capital

**Group 2**

**Brett Brightman is the sole proprietor of Lightscapes, a retail company that sells light fixtures to the general public. For the year 2014, his revenues were $89,435; purchases were $35,870; expenses were $54,560; beginning inventory was $8,800; and ending inventory was $8,900. Consider that each account has a normal balance.**

**For each account title in questions 7 through 14, write the identifying letter of the correct response (A, B, or C), which indicates whether each account should be closed and where, or if it should not be closed at all. If the account is to be closed, indicate whether that account is closed with a debit or a credit. Use the following sets of codes. An answer might appear in this way: B DR**

  **A. closed into Income Summary DR=debit**

 **B. closed into the capital account CR=credit**

 **C. not closed**

 7. Accounts Receivable

 8. Sales

 9. Brett Brightman, Capital

10. Purchases

11. Brett Brightman, Drawing

12. Medicare Tax Payable

13. Payroll Tax Expense

\*14. Income Summary (All accounts that are supposed to be closed ***to*** this account

 have already been closed.)

**Group 3**

**Use the following information of a sole proprietorship to answer questions 15 through 18. Consider each question independently. Write the identifying letter of the best response on your answer sheet.**

|  |  |  |
| --- | --- | --- |
|  | **ASSETS** | **LIABILITIES** |
| **Beginning of Year** | **84,220** | **11,215** |
| **End of Year After Closing** | **98,940** | **5,255** |

15. The owner made an investment of $10,000 in the business during the year and

 withdrew nothing. The amount of net income or net loss for the year was:

 A. $5,960 C. $10,000 E. $14,720

 B. $8,760 D. $10,680 F. $20,680

16. The owner made no investments in the business during the year and withdrew

 $15,000. The amount of net income or net loss for the year was:

 A. $5,680 C. $ 8,760 E. $15,000

 B. $5,960 D. $14,720 F. $35,680

17. The owner made no investments in the business during the year and withdrew

 nothing. The amount of net income or net loss for the year was:

 A. zero C. $ 8,760 E. $20,680

 B. $5,960 D. $14,720 F. $26,640

18. The owner made an investment of $18,000 and withdrew $25,000 during the year.

 The amount of net income or net loss for the year was:

 A. $5,960 C. $ 8,760 E. $14,720

 B. $7,000 D. $13,680 F. $27,680

**Group 4**

**Answer questions 19 through 22 regarding the six-column worksheet using the identifying letter of the following account titles.**

|  |  |
| --- | --- |
| **A** | **Accounts Receivable** |
| **B** | **Accounts Payable** |
| **C** | **Sales** |
| **D** | **Rent Expense** |

19. This account has a normal debit balance in the Trial Balance section, and the balance is extended to the Balance Sheet section.

20. This account has a normal credit balance in the Trial Balance section, and the balance is extended to the Income Statement section.

21. This account has a normal debit balance in the Trial Balance section, and the balance is extended to the Income Statement section.

22. This account has a normal credit balance in the Trial Balance section, and the balance is extended to the Balance Sheet section.

**Group 5**

**Shane Dyer is the sole proprietor of an ice cream shop called Tasty Freeze. At the end of each work day, Shane makes a night deposit at the local bank where his business checking account is held. For the month of June, Shane made deposits totaling $12,260. This total included the deposits for June 29 $570 and June 30 $610.**

**During June, Shane wrote checks totaling $5,115. This total included the last three checks written in June:**

 **check #2748 for $45**

 **check #2749 for $169**

 **check #2750 for $24**

**The beginning general ledger Cash in Bank balance for the month of June was $4,279, which is also the amount shown as the June 1 beginning balance on the June bank statement.**

**The June bank statement includes a service charge deduction for $18 and a deduction for new checks printed in the amount of $36. Shane did not know about these charges until he reviewed the June bank statement.**

**For questions 23 through 26, write the correct amount on your answer sheet.**

***Consider each question independently unless instructed otherwise.***

23. What is the ending bank statement balance for June if all checks written have

 cleared the bank, and there are no deposits in transit?

24. What is the ending bank statement balance for June if checks #2748, #2749, and

 #2750 are outstanding, and there are no deposits in transit?

\*25. What is the ending bank statement balance for June if checks #2748 and #2750 are

 outstanding, and the deposit of June 30 is in transit?

\*26. Consider the same facts as Question #25. After reconciling the bank statement

 and after all required entries from the bank reconciliation have been journalized and

 posted, what is the ending general ledger Cash in Bank balance on June 30?

**Group 6**

**Comet Company pays four employees weekly. Hourly wage employees are paid overtime at a rate of 1 and ½ times the regular rate of pay for hours worked over 40 hours in a week. The following information is available for the week ending November 6.**

**Zoe earns an hourly wage of $8.92 and she worked 61 hours. Violet receives a salary of $550 per week plus a 2.5% commission on sales. Violet worked 40 hours and was responsible for $18,240 worth of sales this week. Zelda earns an hourly wage of $8.16 and a piece rate of 2 cents. Zelda worked 57 hours and produced 20,619 pieces. Zane earns an hourly wage of $6.28 and he worked 44 hours.**

**For question 27, write the correct amount on your answer sheet.**

\*27. What was the total amount of gross earnings for the week?

**Group 7**

**Use the following information for questions 28 and 29. Write the correct amount on your answer sheet. Payroll tax expense per employee is based on the following:**

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $117,000** |
| **Medicare** | **1.45% on all earnings** |
| **Federal Unemployment Tax** | **.6% on first $7,000 of gross earnings** |
| **State Unemployment Tax** | **2.4% on first $9,000 of gross earnings** |

 \*28. Drysdale, an employee, has cumulative gross wages of $6,275 in the first quarter.

 In the second quarter, if the current gross wages are $2,260, what is the total

 amount of employer’s payroll tax expense on Drysdale’s earnings for the second

 quarter only?

 \*29. Hathaway, an employee, has cumulative gross wages of $6,890 in the first quarter.

 In the second quarter, if current gross wages are $2,420, what is the total amount of

 employer’s payroll tax expense on Hathaway’s earnings for the second quarter

 only?

**Group 8**

**Use the following information (arranged in alphabetical order) to answer questions 30 and 31. Write the correct amount on your answer sheet.**

|  |  |
| --- | --- |
| **Beginning Inventory** |  **?** |
| **Cost of Delivered Merchandise** | **51,806** |
| **Cost of Merchandise Available for Sale** | **72,666** |
| **Ending Inventory** |  **?** |
| **Gross Profit** | **29,659** |
| **Income Summary** | **1,355 DR** |
| **Net Income or <Net Loss>** |  **?** |
| **Net Purchases** |  **?**  |
| **Net Sales** | **78,050** |
| **Purchases** |  **?** |
| **Purchases Discounts** |  **?** |
| **Purchases Returns and Allowances** | **1,490** |
| **Sales** | **82,790** |
| **Sales Discounts** |  **?** |
| **Sales Returns and Allowances** | **1,280** |
| **Total Expenses** |  **?** |
| **Transportation in** | **2,784** |

30. What is the amount of Sales Discounts?

\*31. What is the amount of Purchases Discounts?

**Group 9**

**For questions 32 through 48, write the identifying letter of the best response on your answer sheet.**

32. Depositor’s checks returned with the bank statement are called

 A. NSF checks D. canceled checks

 B. voucher checks E. none of the above

 C. outstanding checks

\*33. A trial balance shows total debits of $6,500 and total credits of $7,900. Which of

 the following errors could explain this “out-of-balance” situation?

 A. The journal entry for the owner’s withdrawal for personal use of $700 was

 credited to the capital account

 B. The Equipment account balance is $9,600 in the general ledger, but was

 recorded in the trial balance as $8,200.

 C. The journal entry to pay a vendor $700 on account was posted as a credit to

 Accounts Payable

 D. Any one of the above may have happened to cause the trial balance to be

 “out-of-balance.”

 E. none of the above would cause this situation.

**Group 9 continued**

34. The owner’s net income (or net loss) and the owner’s withdrawals would be

 shown on what financial statement?

 A. Work Sheet

 B. Income Statement

 C. Statement of Changes in Owner’s Equity

 D. Balance Sheet (with a detailed capital section)

 E. all of the above

 F. C and D

35. To determine how much a company owes a vendor, examine the

 A. journal

 B. Accounts Payable subsidiary ledger

 C. Accounts Receivable controlling account in the general ledger

 D. Accounts Payable controlling account in the general ledger

 E. Work Sheet

36. The only accounts that are listed on the Post-Closing Trial Balance are those that

 A. were open at the end of the current fiscal period

 B. were closed at the end of the current fiscal period

 C. will be open for the next fiscal period

 D. both A and C

37. A customer pays cash on account. What is the effect on the accounting equation?

 A. increases assets

 B. increases both assets and liabilities

 C. increases assets and decreases liabilities

 D. no change

38. Business transactions are not recorded directly in the ledger accounts because

 A. journalizing provides a helpful record of transactions in chronological order

 B. journalizing increases accuracy showing both the debit and credit parts

 C. journalizing makes it easy to see that the debit and credit parts are equal

 D. all of the above

 E. none of the above

39. The Prepaid Insurance amount in the work sheet’s Balance Sheet section

 represents the insurance premiums

 A. at the beginning of the work sheet’s fiscal period

 B. available during the fiscal period covered by the work sheet

 C. purchased during the fiscal period

 D. expired during the work sheet’s fiscal period

 E. none of the above

**Group 9 continued**

40. The Supplies amount in the work sheet’s Trial Balance section represents

 A. the value of supplies on hand at the beginning of the fiscal period

 B. the value of supplies on hand at the end of the fiscal period

 C. the beginning value of supplies on hand plus supplies purchased during

 the fiscal period

 D. none of the above

41. Temporary capital accounts start the fiscal year

 A. with a debit balance

 B. with a credit balance

 C. with either a debit or credit balance

 D. none of the above

42. If there is a net loss for the fiscal period, the amount of the net loss would appear

 on the work sheet in the

 A. income statement debit column; the balance sheet credit column

 B. income statement credit column; the balance sheet credit column

 C. the income statement debit column; the balance sheet debit column

 D. the income statement credit column; the balance sheet debit column

43. When Fluffy Company (a retail pillow store) records bank card sales

 A. a liability is credited for the amount of sales tax collected

 B. a receivable is debited until the customer pays his credit card bill and the credit

 card company remits the payment to Fluffy Company

 C. the bank card sales are recorded as though they were cash sales

 D. both A and C

44. The process of determining whether the amounts of cash recorded in a business’s accounting records and in its checkbook agree is called

 A. proving the ledger C. reconciling the bank statement

 B. reconciling cash D. proving cash

45. In accounting, the financial recordkeeping system in which each business trans-

 action affects at least two accounts is called \_?\_ accounting.

 A. two-faced B. two-sided C. double-entry D. equation-based

46. The sequence 2/10, n/30

 A. is an example of terms of sale

 B. communicates a potential 10% discount

 C. is usually offered by the seller to receive the resulting cash quickly

 D. both A and C

47. January 1 through December 31 in accounting is referred to as a

 A. physical year D. fiscal year

 B. calendar year E. both B and D

 C. ten month period of time

**Group 9 continued**

\*48. A business did not record its expired insurance at the end of the fiscal period. All

 insurance premiums had been recorded in Prepaid Insurance. What effect would

 this error have on the following?

  **Capital**

 **Assets Expenses Net Income (after closing)**

 A. overstated overstated understated overstated

 B. unaffected understated overstated unaffected

 C. understated unaffected overstated overstated

 D. overstated understated unaffected understated

 E. none of the above

**Group 10**

**Refer to Table 1 on page 10 and the work sheet on page 11. For questions 49 through 59, write the correct amount on your answer sheet. These questions refer to the properly completed work sheet.**

What was the balance in each of the following accounts in the unadjusted trial balance?

\*49. Accounts Receivable 55. Karri Burns, Drawing

50. Merchandise Inventory 56. Income Summary

51. Supplies 57. Sales

52. Prepaid Insurance 58. Purchases

\*53. Accounts Payable 59. Supplies Expense

54. Karri Burns, Capital

**Group 11**

**Continue to refer to Table 1 and the work sheet. For questions 60 through 65, write the correct amount on your answer sheet. These questions refer to the properly completed work sheet.**

What was the balance in each of the following accounts after the adjustments were correctly written on the worksheet and the adjusted balances were correctly extended?

\*60. Merchandise Inventory 63. Karri Burns, Capital

61. Supplies 64. Supplies Expense

62. Prepaid Insurance 65. Insurance Expense

**Group 12**

**Continue to refer to Table 1 and the work sheet. For questions 66 through 72, write on your answer sheet the correct amount that would appear on the income statement for the twelve months ending December 31, 2014 and the balance sheet dated December 31, 2014. The balance sheet includes a detailed capital section. The company does not prepare a statement of changes in owner’s equity.**

66. Cost of Merchandise Sold \*70. Total Assets

67. Cost of Merchandise Available for Sale 71. Total Liabilities

68. Gross Profit 72. Total Expenses

\*69. Net Income or <Net Loss>

**Group 13**

**Continue to refer to Table 1 and the work sheet. 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 73 through 76 (found in the chart below), write the correct amount on your answer sheet.**

|  |  |  |
| --- | --- | --- |
|  | **Income Statement** | **Balance Sheet** |
|  | **Debit** | **Credit** | **Debit** | **Credit** |
| **Subtotals** | **\*** #73 | #74 | **\*** #75 | **\*** #76 |
| **Net Income or <Net Loss>** | Red | Blue | Green | Yellow |
| **Totals** |  |  |  |  |

**For question 77, write the identifying letter of the best response on your answer sheet.**

77. 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. Blue Green C. Red Green E. Red Yellow

 B. Yellow Green D. Yellow Blue F. Red Blue

**Group 14**

**Continue to refer to Table 1 and the work sheet. For questions 78 through 80, write the correct amount on your answer sheet.**

78. What is the correct balancing total of the Trial Balance columns?

79. What is the correct balancing total of the Adjustments columns?

\*\*\*80. What was the balance in Karri Burns, Capital on December 31, 2014 after all

 closing entries were posted?

**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 49 through 80)**

**Karri Burns is the owner of Superior Medical Supply. The selected amounts that appear on the work sheet on page 11 are accurate.**

**It is company policy to purchase on account only merchandise for resale. All other assets and expenses must be paid for by check rather than purchased on account. Some of the merchandise vendors used in 2014 did not allow purchases on account by Superior Medical Supply and required that payment by check be received before they would ship the items.**

**Acquisitions of supplies and insurance are properly recorded in their respective asset accounts. Adjusting and closing entries are prepared only at the end of the fiscal year, which is December 31.**

**Additional Information:**

* **Supplies:**

 **Inventory on January 1, 2014………...$ 4,860**

 **Purchased during 2014………………… 11,265**

 **Inventory on December 31, 2014…..…. 2,495**

* **Prepaid Insurance:**

 **Unexpired as of January 1, 2014……. $ 555**

 **Policy purchased during 2014………. 2,460**

 **Unexpired as of December 31, 2014… 615**

* **Merchandise Inventory:**

 **January 1, 2014……………………. $41,200**

* **Capital account balance on January 1, 2014 was $60,245**
* **Capital contributions made by the owner in 2014 were $12,500**
* **Cash withdrawals by owner in 2014 were $40,000**
* **Sales: cash………….. $136,295**

 **on account…. 41,085**

* **Purchases of merchandise: cash…………… $ 16,274**

 **on account…… 80,025**

* **Accounts Receivable balance on January 1, 2014 was $3,205**
* **Accounts Payable balance on January 1, 2014 was $3,980**
* **Received on account in 2014 from customers $40,315**
* **Paid on account in 2014 to vendors $79,245**

UIL Accounting Invitational 2015-B -11-

|  |
| --- |
| **Superior Medical Supply** |
| **Worksheet** |
| **For the Year Ended December 31, 2014** |
| **Account Title** | **Trial Balance** | **Adjustments** | **Income Statement** | **Balance Sheet** |
|  | **Debit** | **Credit** | **Debit** | **Credit** | **Debit** | **Credit** | **Debit** | **Credit** |
| **Cash in Bank** | **38,971** |  |  |  |  |  |  |  |
| **Accounts Receivable** |  |  |  |  |  |  |  |  |
| **Merchandise Inventory** |  |  |  |  |  |  |  |  |
| **Supplies** |  |  |  |  |  |  |  |  |
| **Prepaid Insurance** |  |  |  |  |  |  |  |  |
| **Accounts Payable** |  |  |  |  |  |  |  |  |
| **Karri Burns, Capital** |  |  |  |  |  |  |  |  |
| **Karri Burns, Drawing** |  |  |  |  |  |  |  |  |
| **Income Summary** |  |  |  |  | **1,260** |  |  |  |
| **Sales** |  |  |  |  |  |  |  |  |
| **Purchases** |  |  |  |  |  |  |  |  |
| **Supplies Expense** |  |  |  |  |  |  |  |  |
| **Insurance Expense** |  |  |  |  |  |  |  |  |
| **Rent Expense** | **9,360** |  |  |  |  |  |  |  |
| **Utilities Expense** | **5,940** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
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