**UIL ACCOUNTING**

**District 2015-D2**

**Group 1**

**A sole proprietorship may be formed to operate either a service or merchandising business. The accounting records and financial statements will vary according to the type of business operation.**

**For items 1 through 10, write the identifying letter of the best response on your answer sheet.**

|  |  |
| --- | --- |
| **A** | **service business only** |
| **B** | **merchandising business only** |
| **C** | **either a service or merchandising business** |
| **D** | **neither a service or merchandising business** |

**Which type of business organized as a sole proprietorship would have the following?**

 1. comparative financial statements

 2. an account in the general ledger called Service Fees Earned when there is only one

 revenue account

 3. a Payroll Register

 4. a Schedule of Accounts Receivable

 5. a section on the Income Statement called Cost of Merchandise Sold

 6. an account listed on the Post-Closing Trial Balance called Petty Cash

 7. a Statement of Owner’s Equity (also called a Statement of Changes in Owner’s

 Equity)

 8. an account in the general ledger called Transportation In

 9. an adjustment on the work sheet to an account called Prepaid Insurance

\*10. an adjustment on the work sheet to Income Summary

**Group 2**

**Kane Company began operations on January 4, 2014, when Mary Kane invested $30,000 cash in the business. During 2014, the company had service revenue of $47,000; of this amount $29,000 was collected during 2014 and the balance was an outstanding receivable at year-end. Kane incurred $15,000 of expenses during 2014; of this amount $13,500 was paid by checks and the rest was unpaid as of 12-31-14. Kane withdrew $7,000 of cash from the business on December 1, 2014.**

**For questions 11 through 13, write the correct amount on your answer sheet.**

11. What is the company’s cash account balance on 12-31-14?

12. What is the amount of the company’s total liabilities on 12-31-14?

13. What is the balance in the capital account after all closing entries are posted?

**Group 3**

**Cassie Craig started a new business. Each line (questions #14 through #22) represents the accounting equation after a transaction has been recorded.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Accounts** |  |  |  | **Accounts** |  | **Craig** |  |  |  |  |
|  | **Cash** | **+** | **Receivable** | **+** | **Equip.** | **=** | **Payable** | **+** | **Capital** | **+** | **Revenue** | **-**  | **Expenses** |
| 14. | 10,000 |  |  |  |  |  |  |  | 10,000 |  |  |  |  |
| 15. | 40,000 |  |  |  |  |  | 30,000 |  | 10,000 |  |  |  |  |
| 16. | 15,000 |  |  |  | 25,000 |  | 30,000 |  | 10,000 |  |  |  |  |
| 17. | 33,000 |  |  |  | 25,000 |  | 30,000 |  | 10,000 |  | 18,000 |  |  |
| 18. | 27,000 |  |  |  | 25,000 |  | 30,000 |  | 10,000 |  | 18,000 |  | 6,000 |
| 19. | 27,000 |  | 4,000 |  | 25,000 |  | 30,000 |  | 10,000 |  | 22,000 |  | 6,000 |
| 20. | 17,000 |  | 4,000 |  | 25,000 |  | 20,000 |  | 10,000 |  | 22,000 |  | 6,000 |
| 21. | 15,000 |  | 4,000 |  | 33,000 |  | 26,000 |  | 10,000 |  | 22,000 |  | 6,000 |
| 22. | 18,000 |  | 1,000 |  | 33,000 |  | 26,000 |  | 10,000 |  | 22,000 |  | 6,000 |

**Analyze the above equations. For questions 14 through 22, write the identifying letter that describes each transaction numbered above using the following code:**

|  |  |
| --- | --- |
| **A** | **Owner invests in business** |
| **B** | **Bought an asset for cash only** |
| **C** | **Bought an asset on credit only** |
| **D** | **Bought an asset with cash paid down and the balance on credit** |
| **E** | **Payment of a liability** |
| **F** | **Billed a customer for services provided; cash to be received in the future** |
| **G** | **Took out a loan and deposited the proceeds** |
| **H** | **Performed a service and received cash the same day** |
| **I** | **Customer paid this business on account** |
| **J** | **Recorded an expense paid with cash** |
| **K** | **Owner withdrawal of cash** |

**Group 4**

**It is company policy to record any necessary journal entries and to update the checkbook balance after the bank reconciliation is completed.**

**Data: Bank Service Charge for January is $24.80**

 **Deposits in transit on January 31 are $452.19 and $2,142.63 Reconciled bank balance on January 31 is $4,692.18**

 **Outstanding checks on January 31 are $751.68, $82.49, and $743.58**

**For questions 23 and 24, write the correct amount on your answer sheet.**

\*23. Given the above facts, what was the amount that was printed on the bank statement

 as the closing balance for January?

24. What was the balance in the cash account in the accounting records prior to

 reconciling the bank statement?

**Group 5**

**The following information comes from the accounting records of two separate businesses.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Gold Co.** |  | **Silver Co.** |
| **December 31, 2013:** |  |  |  |
|  Assets | 87,240 |  | 26,200 |
|  Liabilities | 15,790 |  | 11,900 |
| **December 31, 2014:** |  |  |  |
|  Assets | 97,210 |  | 39,600 |
|  Liabilities | 19,260 |  | ? |
| **During 2014:** |  |  |  |
|  Owner Investments | ? |  | 5,000 |
|  Net Income <Loss> | <1,800> |  | 11,400 |
|  Owner Withdrawals | 10,200 |  | -0- |

**Answer questions 25 through 28 by writing the identifying letter of the best response on your answer sheet.**

25. What was the amount of owner’s equity for Gold Co. on January 1, 2014?

 A. $14,300 B. $18,500 C. $71,450 D. $77,950 E. $89,950

26. What did the owner of Gold Co. invest in the business during the year 2014?

 A. $5,000 B. $11,400 C. $14,300 D. $18,500 E. $89,950

27. On Gold’s Post-Closing Trial Balance dated December 31, 2014 what is the amount

 of the owner’s capital account?

 A. $19,300 B. $30,700 C. $71,450 D. $77,950 E. $89,950

28. What is the total amount of liabilities for Silver Co. on December 31, 2014?

 A. $1,800 B. $8,900 C. $14,300 D. $11,900 E. $30,700

**Group 6**

**Determine the unknown amount in each of the following independent situations. The amounts in the Beginning and Ending Balance columns represent normal balances. Answer questions 29 through 31 by writing the correct amount on your answer sheet.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Account** | **Beginning****Balance** | **Ending****Balance** | **Other Information** |
| Accounts Payable | 42,896 | 32,641 | Paid on account $82,803 |
| Prepaid Insurance | 1,710 | 1,835 | Premiums paid during the period $4,404 |
| Owner’s Capital | 54,265 | 52,813 | Owner’s withdrawals $15,000 |

29. What amount of insurance premiums expired during the period?

30. What amount was purchased on account from vendors during the period?

31. What amount did the owner invest in the business during the period if net loss for

 the period was $4,652?

**Group 7**

**Following are all the accounts (except capital) of AAA Plumbing as of the end of the fiscal year (12-31-14) after adjustments. All accounts have normal balances.**

**Andy Aims made one owner investment during the current year 2014 of $2,500.**

**Supplies purchased are first posted to an asset account. Andy purchased $8,436 of supplies during the current fiscal year.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Account Title** | **Amount** |  | **Account Title** | **Amount** |
| Accounts Payable | 7,290 |  | Rent Expense | 1,860 |
| Accounts Receivable | 850 |  | Revenue | 34,310 |
| Cash in Bank | 4,655 |  | Utilities Expense | 2,136 |
| Equipment | 78,500 |  | Supplies | 3,170 |
| Andy Aims, Drawing | 20,000 |  | Supplies Expense | 8,956 |

**Write the correct amount on your answer sheet for questions 32 through 40.**

32. What was the balancing total of the Adjusted Trial Balance columns?

33. What is the balance in the capital account at the end of fiscal year 2014 before

 closing entries are posted?

34. What was the balance in the capital account on January 1, 2014?

35. On the worksheet for 2014, what is the subtotal of the Income Statement Debit

 column before net income or net loss is calculated?

36. On the worksheet for 2014, what is the subtotal of the Balance Sheet Debit column

 before net income or net loss is calculated?

37. What was the amount of net income or net loss for the year 2014?

\*38. What was the capital account balance on December 31, 2014 after closing

 entries are posted?

39. What is the amount of total assets that would appear on the Post-Closing Trial Balance dated December 31, 2014?

\*40. What was the balance of the Supplies account on January 1, 2014?

**Group 8**

**Electro-Mart is a company that sells electrical parts and supplies (from the sales floor, by internet sales, and by phone sales). Employees are paid weekly. Hourly wage employees are paid overtime at 1 and ½ times the regular rate of pay for hours worked over 40 in a week.**

**Jessie Joule, sales clerk, is paid a salary of $490 per week plus a commission of 7% of all telephone sales. Jessie is the only sales clerk who handles telephone sales.**

**Brenda Ballast is the business manager and is paid a salary of $650 per week plus a bonus of 8% of all the gross revenue that exceeds the base amount of $25,000 per week.**

**Vanessa Volt, Clay Current, and Henry Hertz are all sales clerks who assist customers who shop in the store. These clerks are paid an hourly wage as follows based on seniority:**

 **Vanessa Volt, regular rate $15.20 plus 2.6% commission of personal sales**

 **Clay Current, regular rate $12.70 plus 2.2% commission of personal sales**

 **Henry Hertz, regular rate $10.60 plus 1.8% commission of personal sales**

**Dolly Delta is the secretary and is paid a weekly salary of $460.**

**Wyatt Watts, in charge of internet sales, is paid a salary of $475 per week plus a commission of 3.5% of all internet sales. No other employee handles internet sales. Wyatt’s total gross wages for the week ending December 6 are $813.45**

**Ollie Ohm (regular rate $8.70), Lonnie Lumen (regular rate $8.80), and Stacy Static (regular rate $9.10) are hourly employees who handle all the shipping of products sold.**

**Time Cards for the week ending December 6 included the following:**

|  |  |
| --- | --- |
| **Employee** | **Hours for Week** |
| **Brenda Ballast** | **40** |
| **Clay Current** | **44** |
| **Dolly Delta** | **40** |
| **Henry Hertz** | **51** |
| **Jessie Joule** | **40** |
| **Lonnie Lumen** | **47** |
| **Ollie Ohm** | **49** |
| **Stacy Static** | **53** |
| **Vanessa Volt** | **48** |
| **Wyatt Watts** | **40** |

**The following is the gross sales breakdown for the week ending December 6:**

|  |  |
| --- | --- |
| **Telephone** | **6,435** |
| **Internet** | **?** |
| **In Store by Vanessa Volt** | **7,490** |
| **In Store by Clay Current** | **5,105** |
| **In Store by Henry Hertz** | **4,225** |

**For questions 41 through 46, write the correct amount on your answer sheet.**

41. What was the amount of Internet gross sales?

What are the total gross earnings for the week for…

\*42. the shipping department?

\*43. the sales clerks who sell to customers who shop in the store?

44. the employee who handles telephone sales?

\*\*45. Brenda Ballast?

\*\*46. all ten employees?

**Group 9**

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

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $117,000** |
| **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** | **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 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: Richard $8,690 and Bernard $6,845. For this pay period overtime hours respectively are: Richard 8 hours and Bernard 10 hours. The payroll clerk is new to the job and was unsure what to deduct.**

|  |  |  |
| --- | --- | --- |
| **Gross Earnings:** | **Richard** | **Bernard** |
|  **Regular** |  |  |
|  **Overtime** | **120.00** | **120.00** |
|  **Total Gross Earnings** |  |  |
| **Deductions: ????** |  |  |
|  **Social Security** |  |  |
|  **Medicare** |  |  |
|  **Federal Income Tax** |  |  |
|  **State Income Tax** |  |  |
|  **Health Insurance Premium** | **45.00** | **45.00** |
|  **Federal Unemployment Tax** |  |  |
|  **State Unemployment Tax** |  |  |
|  **Total Deductions** |  |  |
| **Net Pay:** |  |  |

**For questions 47 through 49, write the correct amount on your answer sheet.**

\*47. What is the correct amount of net pay for both employees combined?

\*48. What is the correct amount of the employer’s payroll tax expense for these two employees for this week?

\*49. 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 10**

**Listed below are general ledger accounts identified by a letter. It is company policy to record all acquisitions of supplies and insurance to their respective asset accounts.**

**Indicate for each transaction the account(s) that should be debited and credited by writing the identifying letter(s) on your answer sheet. The question numbers (#50 through #60) are shown in the debit and credit columns.**

**If an answer contains more than one account, all accounts must be correct for the answer to be correct. The accounts in that answer may be listed in any order.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A** | **Cash** |  | **H** | **Accounts Payable** |
| **B** | **Accounts Receivable** |  | **I** | **Deb Sparkman, Capital** |
| **C** | **Supplies** |  | **J** | **Deb Sparkman, Drawing** |
| **D** | **Prepaid Insurance** |  | **K** | **Fees Earned** |
| **E** | **Office Equipment** |  | **L** | **Rent Expense** |
| **F** | **Office Furniture** |  | **M** | **Utilities Expense** |
| **G** | **Delivery Equipment** |  | **N** | **Supplies Expense** |

|  |  |  |
| --- | --- | --- |
| **Transaction** | **Debit** | **Credit** |
| Purchased insurance; coverage is for 12 months | **#50** | **#51** |
| Purchased supplies by writing a check  | **#52** | **XXX** |
| On March 4th, purchased office equipment paying a partial down payment and the balance on account | **#53** | **#54** |
| Billed customers for services performed | **#55** | **#56** |
| The owner withdrew cash for personal use | **#57** | **XXX** |
| Wrote a check for the current month’s telephone bill | **#58** | **XXX** |
| Wrote a check for the balance owed on the office equipment that was purchased on March 4th. | **#59** | **XXX** |
| Received cash on account from a customer | **XXX** | **#60** |

**Group 11**

**Refer to Table 1 on page 9 and the work sheet on page 10. For questions 61 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 in the unadjusted trial balance?

61. Supplies

62. Prepaid Insurance

63. Food Inventory

64. Ben Baker, Capital

65. Ben Baker, Drawing

**Group 12**

**Continue to refer to Table 1. For questions 66 through 73, 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 adjusted trial balance?

66. Supplies

67. Prepaid Insurance

68. Food Inventory

69. Supplies Expense

70. Insurance Expense

\*71. Sales

\*72. Equipment

\*\*73. Accounts Payable

**Group 13**

**Continue to refer to Table 1. For questions 74 through 77, 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.**

74. Cost of Merchandise Available for Sale

75. Cost of Merchandise Sold

76. Gross Profit

\*77. Net Income

**Group 14**

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

\*78. What was the balance of Prepaid Insurance in the general ledger on 1-1-14?

79. What was the balance of Food Inventory in the general ledger on 1-1-14?

\*80. What is the balance of Ben Baker, Capital on the Post-Closing Trial Balance dated

 December 31, 2014?

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

***TABLE 1***

**(for questions 61 through 80)**

**Ben Baker is the owner of Baker’s Bakery. The selected amounts that appear on the work sheet on page 10 are accurate.**

**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.**

**All adjusting entries made in prior years were prepared correctly.**

**Additional Information:**

* **Supplies:**

 **Inventory on January 1, 2014………...$ 1,240**

 **Purchased during 2014………………… 5,210**

 **Inventory on December 31, 2014…..… 1,890**

* **Insurance information:**

 **paid by check $1,920 on June 1, 2013 for a 12-month policy**

 **paid by check $2,100 on June 1, 2014 for a 12-month policy**

* **Food Inventory:**

**Inventory on December 31, 2014…….. $6,450**

* **Ben Baker, Capital:**

 **General Ledger balance January 1, 2014 $35,955**

 **owner capital contribution July 15, 2014 $5,500**

* **Cash withdrawals by owner for personal use were equal payments of $600 per month during 2014.**
* **The gross profit percentage for the twelve months ending December 31, 2014 was 44%**

 UIL Accounting District 2015-D2 -10-

|  |
| --- |
| **Baker’s Bakery** |
| **Work Sheet** |
| **For the Year Ended December 31, 2014** |
| **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** | **3,847** |  |  |  |  |  |  |  |  |  |
| **Accounts Receivable** | **1,011** |  |  |  |  |  |  |  |  |  |
| **Supplies** |  |  |  |  |  |  |  |  |  |  |
| **Prepaid Insurance** |  |  |  |  |  |  |  |  |  |  |
| **Food Inventory** |  |  |  |  |  |  |  |  |  |  |
| **Equipment** |  |  |  |  |  |  |  |  |  |  |
| **Accounts Payable** |  |  |  |  |  |  |  |  |  |  |
| **Sales Tax Payable** |  | **265** |  |  |  |  |  |  |  |  |
| **Ben Baker, Capital** |  |  |  |  |  |  |  |  |  |  |
| **Ben Baker, Drawing** |  |  |  |  |  |  |  |  |  |  |
| **Income Summary** |  |  |  |  |  | **475** |  |  |  |  |
| **Sales** |  |  |  |  |  |  |  |  |  |  |
| **Purchases** | **25,675** |  |  |  |  |  |  |  |  |  |
| **Rent Expense** | **3,000** |  |  |  |  |  |  |  |  |  |
| **Utilities Expense** | **2,372** |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| **Subtotals Before Net Income** |  |  |  |  |  |  |  |  | **50,883** |  |
| **Net Income** |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |