**UIL ACCOUNTING**

**District 2016-D2**

**Group 1**

**For questions 1 through 7, indicate whether the change in the account would be recorded as a debit or credit. For questions 8 through 13, indicate the normal balance side of each account. Use the following code: DR = debit CR = credit**

|  |  |  |
| --- | --- | --- |
|  | **Recorded As** | **Normal**  **Balance Side** |
| Decrease in Accounts Receivable | #1 | #8 |
| Increase in Purchases | #2 | #9 |
| Decrease in Accounts Payable | #3 | #10 |
| Increase in the owner’s withdrawals account | #4 | #11 |
| Decrease in Sales Discounts | #5 | #12 |
| Increase in Transportation In | #6 | #13 |
| Increase in Petty Cash | #7 | XXXXXXXXXXX |

**Group 2**

**A business with a fiscal year end of Dec 31 has the following normal account balances and other information for the dates given in the year 2015. The company prepares monthly adjusting entries, but closes the accounts only at the end of the fiscal year. Therefore, the date Dec. 31 refers to balances after closing entries are posted.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash, Jan 1** | **24,210** |  | **Accounts Payable, Jan 1** | **3,780** |
| **Cash, Dec 31** | **46,846** |  | **Accounts Payable, Dec 31** | **….?….** |
| **Accounts Receivable, Jan 1** | **7,650** |  | **Jake Sims, Capital, Jan 1** | **….?….** |
| **Accounts Receivable, Dec 31** | **14,042** |  | **Jake Sims, Capital, Dec 31** | **….?….** |
| **Merchandise Inventory, Jan 1** | **12,750** |  |  |  |
| **Merchandise Inventory, Dec 31** | **13,620** |  | **Net Income, Jan 1 – Dec 31** | **7,123** |
| **Owner withdrew cash for personal use on February 4, 2015** | | | | **7,000** |
| **Owner made additional investment in his business on July 14, 2015** | | | | **15,000** |

**For questions 14 through 17, write the correct amount on your answer sheet.**

14. What was the total owner’s equity on January 1, 2015?

15. What was the total owner’s equity on December 31, 2015?

16. By what amount did the Accounts Payable account increase from January 1, 2015

to December 31, 2015?

\*17. In 2015 the company had net sales of $84,900 and a gross profit of 37%. What

was the amount of merchandise purchased during the year 2015?

**Group 3**

**At the beginning of the fiscal year 2015, Michael Company’s assets were $87,428. During the year, assets increased by $12,065 and liabilities decreased by $1,975. At the end of the year, liabilities totaled $19,645. The owner made withdrawals of $2,000 and invested $8,000 in the business during the year.**

**For questions 18 through 20, write the correct amount on your answer sheet. (A net loss must be indicated on your answer sheet either in brackets or in parentheses. A minus sign is NOT acceptable.)**

18. What was the total owner’s equity at the beginning of the year?

19. What was the total owner’s equity at the end of the year?

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

**Group 4**

**Use the following information to answer questions 21 through 27. This company calculates the gross profit percentage based on net sales. Write the identifying letter of the best response on your answer sheet.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sales | 92,880 |  | Sales Discounts | 3,847 |
| Transportation In | 4,891 |  | Purchases Returns | 4,785 |
| Net Sales | 86,400 |  | Ending Inventory | 10,790 |
| Sales Returns | ? |  | Beginning Inventory | ? |
| Purchases | 52,377 |  | Purchases Discounts | 3,795 |
| Gross Profit | 37,152 |  |  |  |

21. The amount of sales returns is:

A. $2,633 B. $2,685 C. $6,480 D. $10,327

22. The amount of net purchases is:

A. $38,906 B. $43,797 C. $47,486 D. $48,688 E. $60,957 F. $65,848

23. The amount of cost of delivered merchandise is:

A. $ 4,891 B. $38,906 C. $47,486 D. $48,688 E. $53,579 F. $57,268

\*24. The amount of cost of merchandise available for sale is:

A. $33,007 B. $37,152 C. $37,898 D. $38,458 E. $60,038 F. $63,167

25. The amount of cost of merchandise sold is:

A. $37,152 B. $41,587 C. $48,688 D. $49,248 E. $55,728 F. $60,038

\*\*26. The amount of beginning inventory is:

A. $ 3,689 B. $10,790 C. $11,350 D. $12,230 E. $17,830 F. $22,140

27. The gross profit percentage is

A. $39% B. 40% C. 41% D. 42% E. 43% F. 44%

**Group 5**

**Superior Company pays employees in one of three ways based on their position: 1) a salary plus commission based on sales; 2) an hourly wage plus a piece rate; and 3) an hourly wage only. Hourly wage employees also earn overtime at 1½ times the regular hourly rate of pay for hours worked over 40 in a week.**

**For questions 28 through 31, write the correct amount of gross pay for each employee on your answer sheet.**

28. Edith receives a salary of $360 per week plus a 2% commission on sales, and she

was responsible for $18,250 worth of sales this week.

29. Edna earns an hourly wage of $14, and she worked 39 and ½ hours this

week.

30. Ernestine earns an hourly wage of $9.50 and she worked 54 hours this week.

31. Esmerelda earns an hourly wage of $12 and a piece rate of 18 cents. She worked

49 hours and produced 1,450 pieces.

**Group 6**

**Slate Company employs five people, and their gross earnings for 2015 are given in the table below. Also provided are various taxes and their respective rates.**

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $118,500 per employee** |
| **Medicare** | **1.45% on all gross wages** |
| **FUTA (federal unemployment tax)** | **.8% on first $7,000 gross earnings per employee** |
| **SUTA (state unemployment tax)** | **1.2% on first $9,000 gross earnings per employee** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Wilma** | **Fred** | **Betty** | **Barney** | **Bamm** |
| **First Quarter** | **41,200** | **6,740** | **2,240** | **920** | **0** |
|  |  |  |  |  |  |
| **Second Quarter** | **41,200** | **6,740** | **4,160** | **2,420** | **3,640** |
|  |  |  |  |  |  |
| **Third Quarter** | **41,200** | **6,740** | **4,240** | **4,600** | **4,160** |
|  |  |  |  |  |  |
| **Fourth Quarter** | **41,200** | **6,740** | **4,660** | **3,220** | **4,160** |
|  |  |  |  |  |  |

**For question #32, write the identifying letter of the correct response on your answer sheet.**

\*\*32. What was the total payroll tax expense the employer incurred for the third quarter?

A. $3,659.36 E. $4,859.19

B. $4,525.07 F. $4,875.60

C. $4,542.99 G. $5,658.40

D. $4,596.75 H. $5,880.71

**Group 7**

**Trey Bishop is a sole proprietor who specializes in three types of computer services: 1) remote maintenance, 2) programming, and 3) writing instructional manuals. Bishop performs all services himself (no services are contracted out.)**

**Bishop 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 Trey Bishop’s company for the calendar year 2015 follows. All accounts have normal balances. Trey Bishop invested $5,750 in cash in his business during 2015.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cash in Bank** | **10,487** |  | **Programming Fees** | **18,742** |
| **Accounts Receivable** | **2,410** |  | **Writing Royalty Fees** | **7,816** |
| **Supplies on Hand** | **1,640** |  | **Rent Expense** | **2,700** |
| **Prepaid Insurance** | **1,312** |  | **Utilities Expense** | **2,220** |
| **Office Equipment** | **8,290** |  | **Supplies Expense** | **25,429** |
| **Computer Equipment** | **15,740** |  | **Equip. Repairs Expense** | **2,678** |
| **Accounts Payable** | **3,274** |  | **Cleaning Expense** | **1,800** |
| **Trey Bishop, Capital** | **34,568** |  | **Advertising Expense** | **7,896** |
| **Trey Bishop, Drawing** | **30,000** |  | **Insurance Expense** | **3,975** |
| **Maintenance Fees** | **53,422** |  | **Miscellaneous Expense** | **1,245** |

**For questions 33 through 39, write the identifying letter of the best response on your answer sheet.**

33. What was the balance of Trey Bishop, Capital on 1-1-15?

A. $5,518 B. $5,750 C. $26,055 D. $28,818 E. $37,555 F. $40,318

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

A. $26,558 B. $37,842 C. $47,943 D. $53,422 E. $72,164 F. $79,980

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

A. $47,943 B. $51,217 C. $55,759 D. $74,501 E. $79,980 F. $82,743

36. What was the amount that affected Income Summary in the third closing entry?

A. $2,763 B. $5,479 C. $21,385 D. $32,037 E. $34,800 F. $66,837

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

A. Trey Bishop, Capital B. Income Summary C. Trey Bishop, Drawing

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

A. Trey Bishop, Capital B. Income Summary C. Trey Bishop, Drawing

\*39. What was the balance of Trey Bishop, Capital on 12-31-15 after all closing entries were posted?

A. $36,605 B. $37,842 C. $40,047 D. $42,355 E. $66,605 F. $69,355

**Group 8**

**Refer to Table 1 on page 8. For each of the transactions (found in the Table) that occurred in June, indicate which of the following best describes the transaction activity. Mark the correct identifying letter on your answer sheet. (The question numbers 40 through 49 are also shown in the Table.)**

|  |  |
| --- | --- |
| **A** | Bought supplies on account |
| **B** | Eddie Bower performed carpentry services for cash |
| **C** | Paid the current month’s rent by writing a check |
| **D** | Eddie Bower invested personal funds in his business |
| **E** | Customer paid Eddie Bower on account |
| **F** | Eddie Bower hired a carpenter to remodel the office with payment to be made in the future |
| **G** | Eddie Bower performed carpentry services with payment to be received in the future |
| **H** | Owner withdrew cash for personal use by writing a business check payable to himself |
| **I** | Purchased carpentry tools and paid by writing a check at the point of purchase |
| **J** | The $20,000 represents net income of the business |
| **K** | Purchased supplies by writing a check at the point of purchase |
| **L** | Paid on account (for tools) by writing a check |
| **M** | Purchased carpentry tools with payment to be made in the future |
| **N** | Purchased a twelve-month liability insurance policy by writing a check |

**Continue to refer to Table 1. For questions 50 through 69, write the correct amount on your answer sheet.**

**For questions 50 through 57, consider that all transactions for the year 2015 have been journalized and posted correctly and the trial balance has been prepared on the worksheet for the year ending December 31, 2015.**

On the unadjusted trial balance, what is the balance of:

\*50. Cash in Bank 54. Eddie Bower, Capital

\*51. Supplies 55. Rent Expense

52. Accounts Receivable 56. Insurance Expense

53. Accounts Payable 57. Eddie Bower, Drawing

**For questions 58 and 59, assume the entire worksheet for the year ending December 31, 2015 has been correctly prepared.**

In the adjusted trial balance, what is the balance of:

\*58. Prepaid Insurance

\*59. Supplies Expense

**Group 8 continued**

**For questions 60 through 63, continue to assume the entire worksheet for the year ending December 31, 2015 has been correctly prepared.**

What is the subtotal (before net income or net loss is calculated) in the following columns on the worksheet:

60. Income statement debit column

61. Income statement credit column

\*62. Balance sheet debit column

63. Balance sheet credit column

**For questions 64 through 69, assume the financial statements for the year 2015 have been prepared correctly.**

On the Income Statement, what is the correct amount of:

64. Carpentry Fees Income

65. Total Expenses

\*66. Net Income

On the Balance Sheet dated December 31, 2015, what is the correct amount of:

67. Total assets

68. Total liabilities

\*\*69. Total ending capital

**Group 9**

**For questions 70 through 74, write the correct amount on your answer sheet.**

70. Your company purchased merchandise on account from a supplier on April 7 for $6,400 with terms of sale of 3/10, n/30. You paid the invoice on April 16. What was the amount of your check?

71. The Accounts Receivable controlling account had a balance of $94,118 on March 1. During March the subsidiary ledger accounts contained various debits totaling $34,275 and various credits totaling $41,964. If everything was posted correctly to the subsidiary ledger accounts, what should the March 31 balance of Accounts Receivable be?

72. On the first day of April, the Petty Cash account had a balance of $150, which agreed to the amount of actual cash in the petty cash box. During the month the fund was increased by $50. Actual vouchers in the box on April 30 before replenishment totaled $184.14. At the time of replenishment on April 30, a credit to Cash Short and Over was made for $2.57. How much cash was actually in the box immediately preceding the replenishment on April 30?

73. Your company sold merchandise to a customer for $1,800 plus 8% sales tax, FOB shipping point. Freight for the shipment was $265, which you paid to Carrier Freight Company. How much does your customer owe you upon receipt of your merchandise and invoice?

**Group 9 continued**

\*\*74. The balance in the checkbook on April 30 before the bank statement was received was $2,383.71. The bank statement for April includes a $35 bank service charge (that has not yet been recorded in the checkbook), cleared deposits of $2,425 and cleared checks totaling $3,950. A deposit made on April 30 for $2,500 and checks written the last several days in April for $995.42, $743.20 and $76.86 did not appear on the April bank statement. What was the April 1 balance on the bank statement?

**Group 10**

**Greg Simpson operates a marketing consulting business. Through the years, the accounting records and financial statements for the business were prepared by a CPA. The general ledger indicated that Greg’s December 31, 2014 capital balance was $69,398. Adjusting and closing entries are prepared only at the end of the fiscal year, which is December 31.**

**Greg believed that he could reduce expenses if he prepared the financial statements himself. He used the correct balances from the general ledger provided by the CPA to prepare the incorrect statements found in Table 2 on page 9. Greg now admits that preparing financial statements is very confusing to him, and he is devastated by the outcome because he felt like business had been really good (except for a low point in March).**

**Greg could not find where the CPA recorded the cash that Greg took out of the business monthly for personal use. Greg knew this to be a set amount of $2,000 per month, so he reported it as Salary Expense (Owner).**

**Greg never could get the balance sheet to balance, so he just plugged the difference to the line for Capital.**

**Using the information in Table 2, consider that the correct financial statements have been prepared and answer questions 75 through 80, by writing the correct amount on your answer sheet.**

75. What is the correct amount of total revenue?

76. What is the correct amount of total expenses?

\*\*77. What is the correct amount of capital as of 12-31-15 as it appears on the

Statement of Owner’s Equity?

78. What is the correct amount of total liabilities on 12-31-15?

79. What is the correct amount of total assets on 12-31-15?

\*80. On the worksheet for the year ended 12-31-15, what is the balance of Greg’s

capital account in the Trial Balance column?

**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 40 through 69)**

**Eddie Bower is a carpenter and started his own business on June 1, 2015. Adjusting and closing entries are prepared only at the end of the fiscal year, which is December 31.**

**The following nine transactions took place in June 2015. Amounts in parentheses are decreases to the respective accounts. The transaction number is also the test question number.**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Trans # ** | **#40** | **#41** | **#42** | **#43** | **#44** | **#45** | **#46** | **#47** | **#48** | **#49** |
| **Cash in Bank** | **20,000** | **(500)** | **(1,200)** |  | **(300)** |  | **(500)** | **1,500** | **200** | **(3,000)** |
| **Accounts Receivable** |  |  |  |  |  | **1,000** |  |  | **(200)** |  |
| **Supplies** |  | **500** |  |  |  |  |  |  |  |  |
| **Prepaid Insurance** |  |  | **1,200** |  |  |  |  |  |  |  |
| **Tools and Equipment** |  |  |  | **10,000** |  |  | **500** |  |  |  |
| **Accounts Payable** |  |  |  | **10,000** |  |  |  |  |  | **(3,000)** |
| **Eddie Bower, Capital** | **20,000** |  |  |  |  |  |  |  |  |  |
| **Carpentry Fees Income** |  |  |  |  |  | **1,000** |  | **1,500** |  |  |
| **Rent Expense** |  |  |  |  | **300** |  |  |  |  |  |

**Below is a narrative summary of all the transactions that occurred in the months of July through December 2015.**

* **Services performed for cash $38,675**
* **Supplies purchased on account $9,750**
* **Services performed on account $11,325**
* **Various expenses incurred and charged on account (Accounts Payable) $8,620**
* **Paid by checks the monthly rent for July through December for a total of $1,800**
* **Owner withdrawal by check $24,500**
* **Payments on account $12,700**
* **Collections on account (that were received July 1 through December 31) $11,450**

**Other Information:**

* **Supplies on hand on December 31, 2015 are $980.**
* **The insurance premium is for a 12-month policy purchased on 6-1-15.**

***Table 2***

**(for questions 75 through 80)**

|  |  |  |
| --- | --- | --- |
| **Greg Simpson Marketing Consulting** | | |
| **Income Statement** | | |
| **For the Year Ended December 31, 2015** | | |
| **Revenue:** |  |  |
| **New Loan Proceeds (March 10, 2015)** | **15,000** |  |
| **Accounts Receivable** | **3,220** |  |
| **Investment by owner (March 2, 2015)** | **8,000** |  |
| **Total Revenue** |  | **26,220** |
|  |  |  |
| **Operating Expenses:** |  |  |
| **Office Supplies Expense** | **3,740** |  |
| **Telephone Expense** | **2,544** |  |
| **Computer Equipment** | **8,450** |  |
| **Office Supplies on Hand** | **975** |  |
| **Utilities Expense** | **1,896** |  |
| **Salary Expense (Employee)** | **28,410** |  |
| **Payroll Tax Expense** | **2,033** |  |
| **Payroll Tax Payable** | **473** |  |
| **Accounting Expense** | **3,600** |  |
| **Prepaid Insurance** | **1,792** |  |
| **Insurance Expense** | **3,016** |  |
| **Total Operating Expenses** |  | **56,929** |
| **Net Income (Loss)** |  | **$<30,709>** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Greg Simpson Marketing Consulting** | | | | |
| **Balance Sheet** | | | | |
| **December 31, 2015** | | | | |
| **Assets** |  |  | **Liabilities** |  |
| **Cash** | **20,050** |  | **Accounts Payable** | **9,620** |
| **Buildings** | **87,480** |  | **Consulting Fees Earned** | **96,215** |
| **Land** | **7,500** |  |  |  |
| **Salary Expense (Owner)** | **24,000** |  |  |  |
|  |  |  | **Total Liabilities** | **105,835** |
|  |  |  |  |  |
|  |  |  | **Capital** |  |
|  |  |  | **Greg Simpson, Capital** | **33,195** |
|  |  |  |  |  |
|  |  |  | **Total Liabilities and** |  |
| **Total Assets** | **$139,030** |  | **Owner’s Equity** | **$139,030** |