**UIL ACCOUNTING**

**Regional 2017-R**

**Group 1**

**Write the correct identifying letters (DR or CR or NC) on your answer sheet for items 1 through 4.**

|  |
| --- |
| **DR = this account is closed with a debit** |
| **CR = this account is closed with a credit** |
| **NC = this is an account that is never closed; or this is not an account**  |

1. Purchases Discounts 3. a partner’s drawing account

2. Residual Value 4. Accumulated Depreciation—Equipment

**Group 2**

**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 December is $24.50**

 **Deposits in transit on December 31 are $487.92 and $4,181.19 Reconciled bank balance on December 31 is $3,694.52**

 **Outstanding checks on December 31 are $487.90, $102.16, and $891.27**

**For questions 5 and 6, write the correct amount on your answer sheet.**

5. Given the above facts, what was the amount that was printed on the bank statement

 as the closing balance for December?

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

 reconciling the bank statement for December?

**Group 3**

**For question #7, write the correct amount on your answer sheet. Some of the subtotals on a worksheet before net income or net loss is calculated are as follows:**

|  |  |
| --- | --- |
| **Income Statement Credit** | **112,442** |
| **Balance Sheet Debit** | **137,496** |
| **Balance Sheet Credit** | **128,799** |

7. What is the amount of the Income Statement Debit column subtotal before net

 income or net loss is calculated?

**Group 4**

**The following T-account summarizes the activity for fiscal year end December 31, 2016 for a business that started in 2012. Revenues for 2016 were $198,432 and expenses were $168,007. The owner made one investment in the business during 2016 and also made withdrawals.**

|  |  |  |
| --- | --- | --- |
|  **John Adams, Capital** |  |  |
|  |  **98,344** |  |
|  |  **15,000** |  |
|  |  **113,344**  | ***(footing before closing entries)*** |
| **25,000** |  **??** |  |
|  |  |  |
|  |  **??**  | ***(footing after closing entries)*** |

**For questions 8 through 14, write the identifying letter of the correct answer on your answer sheet using the following choices. A choice may be used more than once.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **A. none** |  | **D. $30,425** |  | **G. $107,919** |
| **B. $15,000** |  | **E. $83,344** |  | **H. $113,344** |
| **C. $25,000** |  | **F. $98,344** |  | **I. $168,769** |

 8. the amount of capital that would be found in the unadjusted trial balance column of

 the work sheet for 2016

 9. net loss for 2016

10. the amount of capital on January 1, 2016

11. the amount of owner withdrawals for 2016

12. the amount of capital extended to the balance sheet credit column of the work sheet

 for 2016

13. the amount of owner investments made in 2016

14. the resulting amount of owner investments, owner withdrawals, net profits, and net

 losses from years prior to 2016

**Continue to use the information above. For questions 15 and 16, write the correct amount on your answer sheet.**

15. What is the amount of the net income for 2016?

16. What is the amount of ending capital that would be found on the balance sheet for

 December 31, 2016?

**Group 5**

**Trumpet 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%. Trumpet Co. has the following asset information.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Asset** | **Original** **Cost** | **Accum.** **Depr.** | **Fair** **Market** **Value** | **Replace-****ment** **Value** | **Assessed****Value** |
| Land | 80,000 | 0 | 120,000 | 120,000 | 90,000 |
| Building | 750,000 | 72,500 | 975,000 | 1,450,000 | 845,000 |
| Furniture | 150,000 | 64,200 | 75,000 | 175,000 | 120,000 |
| Equipment | 865,000 | 348,000 | 625,000 | 980,000 | 740,000 |
| Aircraft | 2,530,000 | 759,000 | 1,960,000 | 3,140,000 | 1,450,000 |
| Vehicles | 480,000 | 195,000 | 310,000 | 560,000 | 310,000 |

**For questions 17 through 19, write the identifying letter of the best response on your answer sheet.**

17. 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. $39,300 E. $60,375

 C. $39,882 F. $72,825

 D. $44,550

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

 A. $ 1,350 D. $14,025

 B. $11,362 E. $16,425

 C. $12,675 F. $23,550

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

 credited, what account is debited?

 A. Cash in Bank

 B. Plant Assets Expense

 C. Depreciation Expense

 D. Property Tax Expense

**Group 6**

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

|  |  |
| --- | --- |
| **Social Security** | **6.2% on gross earnings up to $118,500** |
| **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** | **1.5% 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 Big-3 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 $8,460. The payroll clerk is new to the job and was unsure what to deduct.**

|  |  |
| --- | --- |
| **Gross Earnings:** |  |
|  **Regular** |  |
|  **Overtime (5 hours)** | **120.00** |
|  **Total Gross Earnings** |  |
| **Deductions: ????** |  |
|  **Social Security** |  |
|  **Medicare** |  |
|  **Federal Income Tax** |  |
|  **State Income Tax** |  |
|  **Health Insurance Premium** | **155.00** |
|  **Federal Unemployment Tax** |  |
|  **State Unemployment Tax** |  |
|  **Total Deductions** |  |
| **Net Pay:** |  |

**For questions 20 through 22, write the correct amount on your answer sheet.**

\*20. What is the correct amount of the employee’s paycheck?

\*21. What is the correct amount of the employer’s payroll tax expense for this employee

 for this week?

\*22. 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?

**Group 7**

**One of the items sold at School of Sports is a weight-lifting glove. The following shows the beginning inventory and purchases information for the year.**

**The company uses a periodic inventory system.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Number of****Units** | **Cost per Unit** | **Extended****Amount** |
| **1-1-16** | **Beginning Inventory** | **60** | **9.00** |  |
| **Mar** | **Purchase** | **50** | **9.50** |  |
| **July** | **Purchase** | **70** | **10.00** |  |
| **Sept** | **Purchase** | **20** | **10.25** |  |
|  |  |  |  |  |

**For questions 23 through 25, write the correct amount on your answer sheet.**

\*23. If 170 units were sold for $15 during the year, and the company used the

 FIFO inventory costing method, what is the amount of gross profit for the year?

\*24. If 130 units were sold for $18 during the year, and the company used the LIFO

 inventory costing method, what is the amount of gross profit for the year?

25. If 180 units were sold for $16 during the year, and the company used the

 weighted average inventory costing method, what is the amount of gross profit

 for the year?

**Group 8**

**Analyze each of the following entries into debit and credit parts. Using the account titles chart (which is in alphabetical order), write the identifying letter of the correct account on your answer sheet for items 26 through 37.**

|  |
| --- |
| **Account Titles Chart** |
| **A** | **Accumulated Depr.—Equipment**  |  | **H** | **Michelle Kwan, Drawing** |
| **B** | **Cash in Bank** |  | **I** | **Merchandise Inventory** |
| **C** | **Depreciation Expense** |  | **J** | **Petty Cash** |
| **D** | **Equipment** |  | **K** | **Prepaid Insurance** |
| **E** | **Income Summary** |  | **L** | **Sales** |
| **F** | **Insurance Expense** |  | **M** | **Supplies Expense** |
| **G** | **Michelle Kwan, Capital** |  | **N** | **Supplies on Hand** |

|  |  |  |
| --- | --- | --- |
| **Entries** |  **Debit** | **Credit** |
| Adjusting entry to record depreciation expense on equipment | #26 | #27 |
| Entry to increase the petty cash fund by $50 | #28 | #29 |
| Entry to adjust merchandise inventory from a beginning inventory of $42,000 to an ending inventory of $38,000 | #30 | #31 |
| Closing entry for the revenue account | #32 | #33 |
| Closing entry for Income Summary when there was a net income | #34 | #35 |
| Closing entry for owner’s drawing account | #36 | #37 |

**Group 9**

**For questions 38 through 45, write the correct amount on your answer sheet.**

**Stanton Co. uses the periodic inventory system and takes a physical inventory on the last day of each month.**

**The Stanton Co. experienced a total loss due to a fire on November 25, 2016. Stanton Co. must provide to their insurance company evidence of the estimated cost of the inventory lost. Fortunately, the company electronically transmitted all of their accounting data to an off-site server on a daily basis.**

**The off-site server provided the following data for the year-to-date ending October 31, 2016 and for the partial month of November through the 24th day.**

|  |  |  |
| --- | --- | --- |
|  | **01-01-16** **through** **10-31-16** | **November 1 through** **Nov. 24, 2016** |
| **Sales** | **204,975** | **17,080** |
| **Sales Discounts** | **2,840** | **273** |
| **Sales Returns & Allow.** | **1,285** | **107** |
| **Beginning Inventory** | **29,380** |  **?** |
| **Purchases** | **112,463** | **10,220** |
| **Purchases Ret. & Allow.** | **4,085** | **371** |
| **Purchases Discounts** | **3,420** | **310** |
| **Transportation In** | **6,755** | **615** |
| **Ending Inventory** | **24,600** |  **?**  |

**Answer questions 38 through 44 based on the first ten months of the year.**

38. What is the amount of net sales?

39. What is the amount of cost of merchandise available for sale?

40. What is the amount of net purchases?

41. What is the amount of cost of delivered merchandise?

42. What is the amount of cost of merchandise sold?

\*43. What is the gross profit on operations?

44. What is the percentage of gross profit on operations for the first ten months?

\*45. What is the estimated ending inventory destroyed by the fire?

**Group 10**

**On April 1, 2016, the Braveheart Company bought a new computer system for $20,000. The equipment has an estimated useful life of five years and a salvage value of $2,000. The company uses the straight-line method and records adjusting and closing entries only at the end of the fiscal year which is Dec 31.**

**For questions 46 through 50, write the identifying letter of the best response on your answer sheet.**

46. Accumulated Depreciation is classified as a/an \_?\_ account. It has a normal \_?\_

 balance side.

 A. asset; credit

 B. contra asset; debit

 C. revenue; credit

 D. contra asset; credit

 E. cost of merchandise; credit

47. The adjusting entry made to record depreciation at the end of 2016 is a credit of

 \_?\_ to the account \_?\_.

 A. $3,600; Depreciation Expense

 B. $3,000; Accumulated Depreciation

 C. $2,700; Depreciation Revenue

 D. $3,600; Accumulated Depreciation

 E. $2,700; Accumulated Depreciation

48. The amount of Accumulated Depreciation at the end of 2019 after adjusting entries

 will be:

 A. $2,700 B. $9,900 C. $10,800 D. $13,500 E. $14,400

\*49. At the end of 2020 after adjusting entries, the book value of this asset will be

 A. $2,900 B. $5,600 C. $6,500 D. $9,200 E. $17,100

\*50. At the end of 2021 after adjusting entries, the book value of this asset will be

 A. zero B. $$900 C. $2,000 D. $2,700 E. $3,600 F. $18,000

**Group 11**

**For items 51 through 54, decide whether the item belongs on the Post-Closing Trial Balance. If the item belongs on this type of trial balance, indicate whether the normal 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** |

51. Allowance for Uncollectible Accounts 53. a partner’s capital account

52. Merchandise Inventory 54. Gross Profit

**Group 12**

**Beth Jacobs purchased a building and began a business as a sole proprietor on September 1, 2015. She purchased several different kinds of insurance coverage in 2015 and 2016.**

**Payments for insurance are debited to Prepaid Insurance. Company accounting procedures require that the cost of each policy be allocated to expense over the respective term of each insurance policy as an adjusting entry. Adjusting and closing entries are prepared only at the end of the fiscal year, which is December 31. The worksheets, adjusting entries, and closing entries for both the year ended December 31, 2015 and 2016 were prepared, journalized and posted correctly.**

**Details about the policies are as follows:**

**Building ($350,000 coverage on the structure)**

**paid by check for $2,880 on Sept. 1, 2015 for a 12-month policy term**

**paid by check for $3,024 on Sept. 1, 2016 for a 12-month policy term**

**General Liability ($1,000,000 coverage on premises)**

**paid by check for $984 on Oct. 1, 2015 for a 12-month policy term**

**paid by check for $1,080 on Oct. 1, 2016 for a 12-month policy term**

**Delivery Van ($50,000 comprehensive coverage)**

**paid by check for $540 on Nov. 1, 2015 for a 6-month policy term**

**paid by check for $570 on May 1, 2016 for a 6-month policy term**

**paid by check for $630 on Nov. 1, 2016 for a 6-month policy term**

**Inventory Protection ($40,000 coverage against theft, fire, weather damage)**

**paid by check for $1,320 on Feb. 1, 2016 for a 24-month policy term**

**For questions 55 through 60, write the correct amount on your answer sheet.**

**For questions 55 through 57, consider the correctly prepared worksheet for the year ended December 31, 2015.**

55. What is the amount of Prepaid Insurance in the Trial Balance column?

56. What is the amount of Prepaid Insurance in the Adjusted Trial Balance column?

\*57. What is the amount of Insurance Expense for the year 2015?

**For questions 58 through 60, consider the correctly prepared worksheet for the year ended December 31, 2016.**

\*58. What is the amount of Prepaid Insurance in the Trial Balance column?

\*\*59. What is the amount of Prepaid Insurance in the Adjusted Trial Balance column?

\*\*60. What is the amount of Insurance Expense for the year 2016?

**Group 13**

**The owner of a small sole proprietorship uses three financial statements at the end of each month. These are the balance sheet, income statement, and statement of changes in owner’s equity. The owner’s equity section of the balance sheet only shows the ending capital amount. The income statement includes a detailed section for cost of merchandise sold and gross profit. The company uses the periodic inventory method.**

**For items 61 through 70, indicate on which financial statement(s) the item will appear. Write the identifying letter of the correct response on your answer sheet.**

**A. Balance Sheet only**

**B. Income Statement only**

**C. Statement of Changes in Owner’s Equity only**

**D. Balance Sheet and Statement of Changes in Owner’s Equity**

**E. Income Statement and Statement of Changes in Owner’s Equity**

**F. Balance Sheet and Income Statement**

61. Investments made by owner during the fiscal period 66. Net Loss

62. Ending balance of capital 67. Owner withdrawals

63. Beginning balance of Merchandise Inventory 68. Total Liabilities

64. Beginning balance of capital 69. Prepaid Insurance

65. Ending balance of Merchandise Inventory 70. Insurance Expense

**Group 14**

**Refer to the information provided in Table 1 on page 11. For questions 71 through 80, write the identifying letter of the best response on your answer sheet.**

71. What was the book value of Accounts Receivable on 1-1-16?

 A. $2,300 B. $15,447 C. $16,339 D. $18,384 E. $20,429 F. $54,357

72. What is the amount of net sales for the year?

 A. $82,505 B. $84,200 C. $85,092 D. $121,000 E. $123,110 F. $125,220

\*73. What was the total amount of Accounts Receivable that was written off as

 uncollectible during the year 2016?

 A. $350 B. $1,210 C. $1,695 D. $2,045 E. $2,300 F. $2,650

74. Which of the following is correct about Crawford’s entry to write-off any customer’s

 uncollectible account receivable?

 A. Allowance for Uncollectible Accounts is debited.

 B. Allowance for Uncollectible Accounts is credited.

 C. Accounts Receivable is debited.

 D. Uncollectible Accounts Expense is debited.

**Group 14 continued**

75. From the information given which of the following makes it evident that Crawford

 does not use the direct write-off method?

 A. Uncollectible Accounts Expense has a zero balance on 1-1-16.

 B. The general ledger contains an account called Allowance for Uncollectible

 Accounts, and this account has a balance.

 C. The general ledger contains an account called Uncollectible Accounts Expense.

 D. The company does not allow customers to pay later.

\*76. Which of the following is true regarding the adjusting entry on 12-31-16?

 A. Allowance for Uncollectible Accounts is credited for $2,300.

 B. Allowance for Uncollectible Accounts is debited for $2,650.

 C. Uncollectible Accounts Expense is debited for $2,650.

 D. Accounts Receivable is credited for $2,300.

77. Which of the following is true regarding the presentation of Accounts Receivable,

 Allowance for Uncollectible Accounts, and Uncollectible Accounts Expense in the

 company’s financial statements?

 A. Allowance for Uncollectible Accounts is found on the Income Statement.

 B. On the Balance Sheet, Accounts Receivable is listed immediately below

 Allowance for Uncollectible Accounts in the assets section.

 C. On the Balance Sheet, Allowance for Uncollectible Accounts is listed immediately

 below Accounts Receivable in the assets section.

 D. Uncollectible Accounts Expense is a contra account to Accounts Receivable on

 the Balance Sheet.

\*78. What is the book value of Accounts Receivable at each of the following times:

 On 12-31-16 Before On 12-31-16 After

 the adjusting entry the adjusting entry

 A. $18,384 $15,797

 B. $16,339 $13,147

 C. $15,447 $12,797

 D. $18,034 $13,497

 E. $15,447 $13,147

\*79. What was the total amount of sales on account for the year 2016?

 A. $82,505 B. $82,855 C. $84,200 D. $84,550 E. $85,092 F. $85,155

\*80. Assume that instead of using the aging of accounts receivable method, Crawford

 estimates uncollectible accounts expense by calculating two percent of sales on

 account for the year. The 12-31-16 adjusting entry to properly record uncollectible

 accounts expense would include the following amount:

 A. $1,334 B. $1,684 C. $1,702 D. $2,034 E. $2,420 F. $2,462

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

***Table 1***

**(for questions 71 through 80)**

**The accountant for Crawford Supply Co. gathered the following information for the end of the fiscal year dated December 31, 2016.**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Accounts** | **Estimated** | **Estimated** |
|  | **Receivable** | **Percentage** | **Uncollectible** |
| **Age Group** | **Amount** | **Uncollectible** | **Amount** |
| **Not Yet Due** | **6,500** | **2%** |  |
| **1-30 days past due** | **4,060** | **5%** |  |
| **31-60 days past due** | **2,400** | **20%** |  |
| **61-90 days past due** | **1,400** | **50%** |  |
| **91-180 days past due** | **1,200** | **75%** |  |
| **Over 180 days past due** | **237** | **100%** |  |
|  |  |  |  |

**The following table shows information obtained from Crawford’s general ledger after all regular business transactions were journalized and posted for 2016 but before any adjusting journal entries were prepared. (It is company policy to adjust and close accounts only at the end of the fiscal year.) All accounts have normal balances.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sales** | **123,110** |  | **Uncollectible Accounts Expense** | **0** |
| **Accounts Receivable** | **?** |  | **Allowance for Uncollectible Accounts** | **350** |
| **Sales Discounts** | **1,240** |  | **Sales Returns & Allowances** | **870** |

**Crawford uses the allowance method of accounting for uncollectible accounts. The company consistently estimates the uncollectible amount by aging its accounts receivable accounts.**

**A review of the year-to-date activity in the account called Allowance for Uncollectible Accounts indicates the account had a January 1, 2016 balance of $2,045.**

**A review of the year-to-date activity in the account called Accounts Receivable indicates the total collections on account for the year to be $85,092 and the balance of Accounts Receivable on 1-1-16 was $18,384. There was one customer account written off when Crawford had exhausted all efforts to collect the account. The customer account write-off was correctly journalized and posted in November 2016.**

**In 2016 once an account receivable was written-off as uncollectible, no subsequent payments were received that would require a reinstatement.**