

Course No: BUS 1302  
 Course Title: Accounting Principles 1  
 Date: 14 / 01 / 2014  
 No. of Questions:  
 Time: 120 Minutes  
 Using Calculator (yes)

University of Palestine



Final examination  
 1<sup>st</sup> 2013/2014  
 Total Grade: 60

Instructor Name: Ahmad Al-Saqqa  
 Student No.: \_\_\_\_\_  
 Student Name: \_\_\_\_\_  
 College Name: \_\_\_\_\_  
 Dep. / Specialist: \_\_\_\_\_  
 Using Dictionary, Mobile (No)

**Answer all questions**

First Question: TRUE-FALSE	No. of Branches (1)	(10/60)
<p>1. Many business transactions affect more than one time period.</p> <p>2. The time period assumption states that the economic life of a business entity can be divided into artificial time periods.</p> <p>3. The time period assumption is often referred to as the matching principle.</p> <p>4. A company's calendar year and fiscal year are always the same.</p> <p>5. Accounting time periods that are one year in length are referred to as interim periods.</p> <p>6. A worksheet is a mandatory form that must be prepared along with an income statement and balance sheet.</p> <p>7. If a worksheet is used, financial statements can be prepared before adjusting entries are journalized.</p> <p>8. If total credits in the income statement columns of a worksheet exceed total debits, the enterprise has net income.</p> <p>9. It is not necessary to prepare formal financial statements if a worksheet has been prepared because financial position and net income are shown on the worksheet.</p> <p>10. The adjustments on a worksheet can be posted directly to the accounts in the ledger from the worksheet.</p>		
Second Question:	No. of Branches (2)	(10/20)
<p>1. Monthly and quarterly time periods are called</p> <p style="margin-left: 20px;">a. calender periods.</p> <p style="margin-left: 20px;">b. fiscal periods.</p> <p style="margin-left: 20px;">c. interim periods.</p> <p style="margin-left: 20px;">d. quarterly periods.</p> <p>2. The time period assumption states that</p> <p style="margin-left: 20px;">a. a transaction can only affect one period of time.</p> <p style="margin-left: 20px;">b. estimates should not be made if a transaction affects more than one time period.</p> <p style="margin-left: 20px;">c. adjustments to the enterprise's accounts can only be made in the time period when the business terminates its operations.</p> <p style="margin-left: 20px;">d. the economic life of a business can be divided into artificial time periods.</p> <p>3. An accounting time period that is one year in length, but does <i>not</i> begin on January 1, is referred to as</p> <p style="margin-left: 20px;">a. a fiscal year.</p> <p style="margin-left: 20px;">b. an interim period.</p> <p style="margin-left: 20px;">c. the time period assumption.</p> <p style="margin-left: 20px;">d. a reporting period.</p> <p>4. Adjustments would <i>not</i> be necessary if financial statements were prepared to reflect net income from</p> <p style="margin-left: 20px;">a. monthly operations.</p> <p style="margin-left: 20px;">b. fiscal year operations.</p> <p style="margin-left: 20px;">c. interim operations.</p> <p style="margin-left: 20px;">d. lifetime operations.</p> <p>5. Management usually desires _____ financial statements and the IRS requires all businesses to file _____ tax returns.</p> <p style="margin-left: 20px;">a. annual, annual</p>		

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**Using Dictionary, Mobile (No)**

- b. monthly, annual
  - c. quarterly, monthly
  - d. monthly, monthly
6. If the total debit column exceeds the total credit column of the income statement columns on a worksheet, then the company has
- a. earned net income for the period.
  - b. an error because debits do not equal credits.
  - c. suffered a net loss for the period.
  - d. to make an adjusting entry.
7. A worksheet is a multiple column form that facilitates the
- a. identification of events.
  - b. measurement process.
  - c. preparation of financial statements.
  - d. analysis process.
8. Which of the following companies would be least likely to use a worksheet to facilitate the adjustment process?
- a. Large company with numerous accounts
  - b. Small company with numerous accounts
  - c. All companies, since worksheets are required under generally accepted accounting principles
  - d. Small company with few accounts
9. A worksheet can be thought of as a(n)
- a. permanent accounting record.
  - b. optional device used by accountants.
  - c. part of the general ledger.
  - d. part of the journal.
10. The account, Supplies, will appear in the following debit columns of the worksheet.
- a. Trial balance
  - b. Adjusted trial balance
  - c. Balance sheet
  - d. All of these

<b>Third Question:</b>	<b>No. of Branches (2)</b>	<b>(10/20)</b>
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1) The Astros, a semi-professional baseball team, prepare financial statements on a monthly basis. Their season begins in April, but in March the team engaged in the following transactions:

- (a) Paid \$120,000 to Wichita City as advance rent for use of Wichita City Stadium for the six month period April 1 through September 30.
- (b) Collected \$250,000 cash from sales of season tickets for the team's 20 home games. This amount was credited to Unearned Ticket Revenue. During the month of April, the Astros played four home games and five road games.

**Instructions**  
 Prepare the adjusting entries required at April 30 for the transactions above

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2) Dane Coat Company purchased equipment on June 1 for \$81,000, paying \$18,000 cash and signing a 12%, 2-month note for the remaining balance. The equipment is expected to depreciate \$18,000 each year. Dane Coat Company prepares monthly financial statements.

**Instructions**

- (a) Prepare the general journal entry to record the acquisition of the equipment on June 1st.
- (b) Prepare any adjusting journal entries that should be made on June 30th.

<b>Forth Question</b>	<b>No. of Branches (1)</b>	<b>(15/60)</b>
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Presented below is an adjusted trial balance for Trent Company, at December 31, 2008

	Dr.		Cr.
Cash	\$12,700	Accounts payable	\$10,000
Accounts receivable	20,000	Notes payable	9,000
Prepaid insurance	15,000	Accumulated Depreciation Equipment	14,000
Equipment	35,000	Service revenue	25,000
Depreciation expense	7,000	M. Trent, Capital	24,000
M. Trent, Drawing	1,500	Unearned revenue	16,000
Advertising expense	1,400		
Rent expense	800		
Salary expense	3,000		
Insurance expense	1,600		
	<b><u>\$98,000</u></b>		<b><u>\$98,000</u></b>

**Instructions**

- (a) Prepare closing entries for December 31, 2008.
- (b) Determine the balance in M. Trent's capital account after the entries have been posted.

<b>Fifth Question</b>	<b>No. of Branches (2)</b>	<b>(25/60)</b>
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1) The adjusted trial balance column of the worksheet for Melton Company as of December 31, 2008 are as follows:

Accounts	Debit	Credit
Cash	20,000	
Accounts Receivable	6,000	
Supplies	4,500	
Prepaid Insurance	7,000	
Equipment	50,000	
Accumulated Depreciation		4,800
Patents	7,500	
Accounts Payable		23500
Bonds Payable (due 2012)		18000
Melton, Capital		46000
Melton, Drawing	4,200	

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**Using Dictionary, Mobile (No)**

Service Revenue		25,400
Salaries Expense	5,200	
Depreciation Expense	4,800	
Insurance Expense	5,000	
Interest Expense	3,500	
<b>Total</b>	117700	17700

**Instructions**

Prepare a income statement, and balance sheet for Melton Company.

2) Sansony Co. distributes suitcases to retail stores and extends credit terms of 1/10, n/30 to all of its customers. At the end of June, Sansony’s inventory consisted of suitcases costing \$1,200. During the month of July the following merchandising transactions occurred.

July 1 Purchased suitcases on account for \$1,800 from Trunk Manufacturers, FOB destination, terms 3/10, n/30. The appropriate party also made a cash payment of \$100 for freight on this date.

3 Sold suitcases on account to Satchel World for \$2,500. The cost of suitcases sold is \$1,600.

9 Paid Trunk Manufacturers in full.

12 Received payment in full from Satchel World.

17 Sold suitcases on account to The Going Concern for \$1,500. The cost of the suitcases sold was \$900.

18 Purchased suitcases on account for \$1,700 from Kingman Manufacturers, FOB shipping point, terms 1/10, n/30. The appropriate party also made a cash payment of \$100 for freight on this date.

20 Received \$300 credit (including freight) for suitcases returned to Kingman Manufacturers.

21 Received payment in full from The Going Concern.

30 Paid Kingman Manufacturers in full.

Sansony’s chart of accounts includes the following: No. 101 Cash, No. 112 Accounts Receivable, No. 120 Merchandise Inventory, No. 201 Accounts Payable, No. 401 Sales, No. 412 Sales Returns and Allowances, No. 414 Sales Discounts, No. 505 Cost of Goods Sold.

**Instructions**

**Journalize the transactions for the month of July for Sansony using a perpetual inventory system.**

**End of Questions**

*Good Luck*