

Course No :BUS1302
Course Title: Principles of
Accounting 1
Date: 14/01/2015
No. of Questions: (4)
Time: 2hours
Using Calculator (Yes)

University of Palestine



Final Exam
2014/2015
Total Grade:

Instructor Name: _____
Student No.: _____
Student Name: _____
College Name: _____
Dep. / Specialist: _____
Using Dictionary (No)

Answer all the following questions

Q1 (10 Marks)

- 1 () Assets are the resources owned by the business and they are claims against liabilities
- 2 () The main objective of Financial Position Statement is to present the business results of the period
- 3 () Making adjustments is a result of a Time Period Assumption
- 4 () According to Accrual-Basis Accounting, transactions recorded in the periods in which the events occur
- 5 () According to Accrual-Basis Accounting, revenues are recognized when cash is received
- 6 () Cash-Basis Accounting is in accordance with International Financial Reporting Standards (IFRS).
- 7 () Adjusting entries make it possible to report correct amounts on the financial position statement and on the income statement
- 8 () Unearned revenues are revenues earned but not yet received
- 9 () $C.O.G.S = \text{Opening Stock} + \text{Purchases} - \text{Purchases return} - \text{closing Stock}$
- 10 () By short method we cannot correct all errors

Q 2 (23 marks)

Company X have the following transactions at January 2014

- Jan. 1 The owner presented an equipment of \$12000 and cash of \$18000 as capital for his new business
- Jan. 1 Bought Goods 1340 units, \$10 per unit (2%, 10) and paid \$200 Freight expense (F.O.B. D.)
- Jan. 2 Bought Furniture of \$5000 on Account
- Jan. 2 From J. 1 purchases, 140 units were turned back
- Jan. 5 Paid the net value of Jan.1 Purchases
- Jan. 7 Sold goods of 950 units, \$20 per unit (2%, 10) and paid \$200 Freight expense (F.O.B. S.P.)
- Jan. 10 From Jan. 7 sales, 100 units were turned back
- Jan. 12 Collected the net value of Jan. 7 sales
- Jan. 15 Bought Goods 2000 units, \$10 per unit (3%, 10) and paid \$300 Freight expense (F.O.B. D.)
- Jan. 17 From J. 15 purchases, 200 units were turned back
- Jan. 20 Paid the net value of Jan.15 Purchases
- Jan. 22 Sold Goods of 1800 units, \$20 per unit (1%, 12) and paid \$250 Freight expense (F.O.B. D.)

Jan. 25 From Jan. 22 sales 150 units were turned back

Jan. 27 Collected the net value of Jan. 22 sales

Jan, 30 Paid salaries of \$2000

Required

You are required to:

Journalize transactions according to the PERPETUAL SYSTEM

Q 3 (22 marks)

You have the Trial Balance of Company X at the end of December 2013

Account	Amount \$	
	Dr.	Cr.
Capital		90000
Cash	15000	
Equipment	40000	
Furniture	10000	
Sales		110000
Sales return	3000	
Purchases	60000	
Opening Stock (Inventory)	30000	
Salaries	20000	
Utilities	6000	
Rent	6000	
Interest		2000
Loan		13000
A/R	35000	
A/P		7000
Compensations		3000
Total	225000	225000

Also you have the following information

- 1- Utilities of the year are of \$5000
- 2- Monthly salaries are of \$ 2000
- 3- Rent was paid at 1/10/2013 for one year started from this date
- 4- Closing Stock value is of \$30000
- 5- Interest of the year is of \$1500
- 6- Compensation of the year is of \$5000

Required

You are required to prepare the Work Sheet as at the end of 2013

Q 4 (5 Marks)

Correct the following errors using short way

- 1- Cash purchases of \$6500 was recorded as purchases on account of \$6500
- 2- Cash sales of \$12000 was recorded as cash sales of \$13000
- 3- Cash salaries of 5000 was registered as cash utilities of \$5000
- 4- On account sales of \$3000 was recorded as A/R debit of \$3000 and sales credit of \$30000
- 5- Credit rent of \$4500 was registered as Debit rent of \$4500

Good Luck