

Answer the following questions:

Q.1: Choose the correct answer

10marks

1. In determining cost of goods sold in a periodic system:

- a. purchase discounts are deducted from net purchases.
- b. freight-out is added to net purchases.
- c. purchase returns and allowances are deducted from net purchases.
- d. freight-in is added to net purchases.

2. If beginning inventory is \$60,000, cost of goods purchased is \$380,000, and ending inventory is \$50,000, cost of goods sold is:

a. \$390,000.	b. \$370,000
c. \$330,000.	d. \$420,000

3. Which of the following accounts has a normal credit balance?

a. Sales Returns and Allowances	b. Sales Discounts
c. Sales	d. Selling Expense

4. The revenue recognition principle dictates that revenue should be recognized in the accounting records

a. when cash is received.	b. when it is earned.
c. at the end of the month.	d. in the period that income taxes are paid

5. In a perpetual inventory system, cost of goods sold is recorded

a. on a daily basis.	b. on a monthly basis.
c. on an annual basis.	d. with each sale.

6. A credit sale of \$750 is made on June 13, terms 2/10, net/30. A return of \$50 is granted on June 16. The amount received as payment in full on June 23 is:

a. \$700.	b. \$686.
c. \$685.	d. \$650.

7. A company spends \$10 million dollars for an office building. Over what period the cost should be written off?

a. When the \$10 million is expended in cash	b. After \$10 million in revenue is earned
c. All in the first year	d. Over the useful life of the building

8. The closing entry process consists of closing

a. all asset and liability accounts	b. all the owner's capital account.
c. all permanent accounts.	d. all temporary accounts.

9. In a service-type business, revenue is considered earned

a. at the end of the month.	b. at the end of the year.
c. when the service is performed.	d. when cash is received.

10. Unearned revenues are

- a. received and recorded as liabilities before they are earned.
- b. earned and recorded as liabilities before they are received.
- c. earned but not yet received or recorded.

d. earned and already received and recorded.

Q.2: Answer the following question

20 marks

1. Renner Hardware Store completed the following merchandising transactions in the month of May, at the beginning of May, the ledger of Renner showed Cash of \$5,000.

May 1	Purchased merchandise on account from Braun's Wholesale Supply \$4,200, terms 2/10, n/30.
2	Sold merchandise on account \$2,100, terms 1/10, n/30. The cost of the merchandise sold was \$1,300.
5	Received credit from Braun's Wholesale Supply for merchandise returned \$300.
9	Received collections in full, less discounts, from customers billed on sales of \$2,100 on May 2.
10	Paid Braun's Wholesale Supply in full, less discount.
11	Purchased supplies for cash \$400.
17	Purchased merchandise from Valley Distributors \$2,700, FOB shipping point, terms 2/10, n/30.
19	Paid freight on May 17 purchase \$130.
24	Sold merchandise for cash \$3,200. The merchandise sold had a cost of \$2,000.
25	Purchased merchandise from Lumley, Inc. \$620, FOB destination, terms 2/10, n/30.
27	Paid Valley Distributors in full, less discount.
31	Sold merchandise on account \$1,000 terms n/30. The cost of the merchandise sold was \$560.

Instructions

- Journalize the transactions using a perpetual inventory system.
- (for cash account only) Enter the beginning cash balance in the ledger and post the related transactions.


2. Hanson Company has an inexperienced accountant. During the first month on the job, the accountant made the following errors in journalizing transactions. All entries were posted as made.

- The purchase of supplies for \$650 cash was debited to Equipment \$210 and credited to Cash \$210.
- A \$500 withdrawal of cash for B. Hanson's personal use was debited to Salaries and Wages Expense \$900 and credited to Cash \$900.
- A payment on account of \$820 to a creditor was debited to Accounts Payable \$280 and credited to Cash \$280.

Required

Prepare the correcting entries.

Course Title: Accounting Principles 1
 Date: 14/01/2017
 No. of Questions: (3)
 Time: 2 hours
 Using Calculator (Yes)

University of Palestine

 Final Exam.
 1st Semester 2016-2017
 Total Grade: 50

Instructor Name: Yousef El-Mudallal
 Student Name: _____
 College Name: IT
 Dep. / Specialist: _____
 Using Dictionary (No)

3: Answer the following questions

20 marks

1. Brown Insurance Agency reported the following items at November 30, 2017:

Sales and marketing expense	\$2,100	Cash	\$1,100
Other assets	700	Service revenue	5,500
Depreciation expense	800	Accounts payable	500
Long-term liabilities	600	Accounts receivable	900
Dividends	1500	Retained earnings	2000

Required

Journalize necessary Brown's closing entries, as needed for these accounts.

2. Assume that the following transactions occurred between Brighton Medical Supply and a Best drug store during April of the current year.

Apr. 6	Best purchased \$5,800 of merchandise from Brighton Medical Supply on credit terms of 2/10, n/30, FOB shipping point. Separately, Best paid freight in of \$150
10	Best returned \$900 of the merchandise to Brighton.
15	Best paid the amount owed to Brighton for the April 6 purchase, less the discount.

Required

Journalize these transactions, first on the books of the Best drug store and second on the books of Brighton Medical Supply. Use the periodic inventory system.

3. Delta Electric uses the periodic inventory system. Delta reported the following selected amounts at December 31, 2017:


Inventory, Dec. 31, 2016	\$ 16,000	Freight in	\$ 4,000
Inventory, Dec. 31, 2017	23,000	Sales revenue	174,000
Purchases (of inventory)	84,000	Sales discounts	6,000
Purchase discounts	3,000	Sales returns	17,000
Purchase returns	9,000	Owner's equity	47,000

Requirement

Compute Delta's

- Net sales revenue.
- Cost of goods sold.
- Gross profit.

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Total Grade: 50

Instructor Name: Yousef El-Mudallal
Student Name: _____
College Name: IT
Dep. / Specialist: _____
Using Dictionary (No)

Q.4: Only for Students who did not attend midterm exam للطلبة الذين لم يتقدموا للنصفي

1. The ledger of ABC, Inc. on March 31, 2014, includes the following selected accounts before adjusting entries.

	Debit	Credit
Prepaid Insurance	2,400	
Supplies	2,500	
Equipment	30,000	
Unearned Service Revenue		9,000

An analysis of the accounts shows the following.

1. Insurance expires at the rate of \$300 per month.
2. Supplies on hand total \$1,100.
3. The equipment depreciates \$480 per month.
4. During March, services were performed for two-fifths of the unearned service revenue.

Prepare the adjusting entries for the month of March.