


Course No:  
 Course Title: Accounting Principle 1  
 Date: 14/01/2017  
 No. of Questions: (0)  
 Time: 2hours  
 Using Calculator (Yes)

University of Palestine  
  
 Final Exam  
 First Semester 2016/2017

Instructor Name: \_\_\_\_\_  
 Student No.: \_\_\_\_\_  
 Student Name: \_\_\_\_\_  
 College Name: Business & Finance  
 Dep. / Specialist: Accounting  
 Using Dictionary (No)

**Answer all the following questions**

**Question One: (10 Marks)**

**Choose what are True and what are False from the following**

1	( )	Making adjustments is a result of a Going Concern Assumption
2		Matching principle requires to match assets with liabilities
3	( )	The main objective of Income Statement is to present the business position at the end of the period
4	( )	Trial balance contains the balances of all accounts at the ledger
5	( )	Credit discount is a profit for the seller
6	( )	Accrued revenues is a revenues that was collected at current period but it is related to next period
7	( )	Cash-Basis Accounting is in accordance with International Financial Reporting Standards (IFRS).
8	( )	Adjusting entries make it possible to report correct amounts on the financial position statement and on the income statement
9	( )	Adjusting entries - needed to ensure that the revenue recognition and expense recognition are followed
10	( )	Freight expense is paid by the seller when the term is FOB Destination

**Question Two: 2 Marks)**

**Prepaid Expense is:**

.....  
 .....

**Unearned Revenues is:**

.....  
 .....

**Question Three: 3 Marks)**

**Correct the following errors using short way**

- 1- Cash purchases of \$50000 was recorded as cash sales of \$50000
- 2- Paid utilities of 65000 was registered as paidutilities of \$56000
- 3- Credit rent of \$3500 was registered as Debit rent of \$3500

**Question four : (15 Marks)**

**Company " X" have the following transactions at January 2016**

- Jan. 1 The owner presented an equipment of \$22000, Furnitureof \$8000 and cash of \$10000 as capital for his new business
- Jan. 2 Bought Goods of \$15400(2%, 10) and paid \$200 Freight expense (F.O.B. D.)
- Jan 3. From J. 2 purchases, goods of \$2400were turned back
- Jan. 5 Paid the net value of Jan.2 Purchases
- Jan. 7 Sold goods of \$23000(2%, 10) and paid \$200 Freight expense (F.O.B. S.P.)

- Jan. 10 From Jan. 7 sales, goods of \$3000 were turned back
- Jan. 12 Collected the net value of Jan. 7 sales
- Jan. 15 Bought Goods \$12000 (3%, 7) and paid \$300 Freight expense (F.O.B. S.P.)
- Jan. 23 Paid the net value of Jan. 15 Purchases
- Jan. 24 Sold Goods of \$21000 units, (1%, 9) and paid \$250 Freight expense (F.O.B. D.)
- Jan. 26 Paid Salaries \$3000
- Jan. 30 Collected rent \$2000
- Jan. 31 Collected the value of Jan. 21 sales

**Required**

**You are required to:**

- 1- Journalize transactions according to the **PERIODIC SYSTEM**
- 2- Prepare The ledger page of **CASH ONLY** using the T Form

**Question five: (20Marks)**

**You have the Trial Balance of Company X at 31/12/ 2015**

Account	Amount \$	
	Dr.	Cr.
Capital		90000
Cash	10000	
Equipment	30000	
Furniture	20000	
Sales		100000
Sales return	4000	
Purchases	60000	
Opening Stock (Beginning Inventory)	27000	
Insurance	3000	
Salaries	20000	
Utilities	6000	
Rent	5000	
Interest		2000
Discount		2000
Loan		18000
A/R (Debtors)	35000	
A/P (Creditors)		5000
Compensations		3000
<b>Total</b>	<b>220000</b>	<b>220000</b>

**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 1/10/2015 for one year started from this date
- 4- Closing Stock (Ending Inventory) value is of \$30000
- 5- Credit Interest of the year is of \$1500
- 6- Credit Compensation of the year is of \$5000
- 7- Tax Rate is 20%

**Required**

**You are required to prepare the Income statement and the Financial Position Statement as at 31/12/ 2015**

**Good Luck**