Course No: BUS1302
Course Title:Principles of Accounting1
Date: 06/1/2014
No. of Questions: (6)
Time: 2hours
Using Calculator (No)

University of Palestine

Final Exam
2013/2014
Total Grade:

Instructor Name: ______________
Student No.: ________________
Student Name: ______________
College Name: ______________
Dep. / Specialist: _____________
Using Dictionary (No)

The Exam include 6 questions – Put your answer in the same sheet

Question No. (1):

Multiple Choice Question

1. After gross profit is calculated, operating expenses are deducted to determine
   a. gross margin.
   b. net income.
   c. gross profit on sales.
   d. net margin.

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2. The ending owner's equity amount is shown on
   a. the balance sheet only.
   b. the owner's equity statement only.
   c. both the income statement and the owner's equity statement.
   d. both the balance sheet and the owner's equity statement.

3. The journal entry to record a return of merchandise purchased on account under a perpetual inventory system would credit
   a. Accounts Payable.
   b. Purchase Returns and Allowances.
   c. Sales.
   d. Merchandise Inventory.

4. In recording an accounting transaction in a double-entry system
   a. the number of debit accounts must equal the number of credit accounts.
   b. there must always be entries made on both sides of the accounting equation.
   c. the amount of the debits must equal the amount of the credits.
   d. there must only be two accounts affected by any transaction.

5. During 2008, its first year of operations, Jane's Bakery had revenues of $60,000 and expenses of $33,000. The business had owner drawings of $18,000. What is the amount of owner's equity at December 31, 2008?
   a. $0
   b. $18,000 debit
   c. $9,000 credit
   d. $27,000 credit

6. The time period assumption states that
   a. a transaction can only affect one period of time.
   b. estimates should not be made if a transaction affects more than one time period.
   c. adjustments to the enterprise's accounts can only be made in the time period when the business terminates its operations.
   d. the economic life of a business can be divided into artificial time periods.

7. An adjusting entry
a. affects two balance sheet accounts.
b. affects two income statement accounts.
c. affects a balance sheet account and an income statement account.
d. is always a compound entry.

8. 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

9. When using a worksheet, adjusting entries are journalized
a. after the worksheet is completed and before financial statements are prepared.
b. before the adjustments are entered on to the worksheet.
c. after the worksheet is completed and after financial statements have been prepared.
d. before the adjusted trial balance is extended to the proper financial statement columns.

10. Closing entries are necessary for
a. permanent accounts only.
b. temporary accounts only.
c. both permanent and temporary accounts.
d. permanent or real accounts only.

Question No. (2):

Presented below is a balance sheet for Jim Dixon Lawn Service at December 31, 2008.

JIM DIXON LAWN SERVICE
Balance Sheet
December 31, 2008

Assets		Liabilities and Owner's Equity	
Cash	$13,000	Liabilities	
Accounts receivable	6,000	Accounts payable	$ 8,000
Supplies	9,000	Notes payable	15,000
Equipment	11,000	Owner's equityJim Dixon, Capital	16,000
Total assets	$39,000	Total liabilities & owner's equity	$39,000

The following additional data are available for the year which began on January 1: All expenses (excluding supplies expense) total $6,000. Supplies on January 1, were $11,000 and $5,000 of supplies were purchased during the year. Net income for the year was $8,000 and drawings were $6,000.

Instructions

Determine the following: (Show all computations.)

1. Supplies used during the year.
2. Total expenses for the year.
3. Service revenues for the year.
4. Jim Dixon's capital balance on January 1.

Answer for Q2:

Question No. (3):

The following business transactions. Identify each transaction by number. (You may omit explanations of the transaction).

1. The owner, Mike Derby, invests $35,000 in cash in starting a real estate office operating as a sole proprietorship.
2. Purchased $400 of office supplies on credit.
3. Purchased office equipment for $8,000, paying $2,000 in cash and signed a 30-day, $6,000, note payable.
4. Real estate commissions billed to clients amount to $4,000.
5. Paid $700 in cash for the current month's rent.
6. Paid $200 cash on account for office supplies purchased in transaction 2.
7. Received a bill for $600 for advertising for the current month.
8. Paid $2,200 cash for office salaries.
9. Derby withdrew $1,200 from the business for living expenses.
10. Received a check for $3,000 from a client in payment on account for commissions billed in transaction 4.

Instructions

(a) Journalize the transactions.
(b) Post to the ledger (use T accounts).
(c) Prepare a trial balance.

<u>Answer for Q3:</u>

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Question No. (4):

The worksheet for Vietti Rental Company appears below. Using the adjustment data below, complete the worksheet. Add any accounts that are necessary.

Adjustment data:

(a) Prepaid rent expired during August, $2.
(b) Depreciation expense on office equipment for the month of August, $8.
(c) Supplies on hand on August 31 amounted to $6.
(d) Salaries expense incurred at August 31 but not yet paid amounted to $10.

VIETTI RENTAL COMPANY
Worksheet
For the Month Ended August 31, 2012

Account Titles	Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit
Cash	20									
Account Receivable	12									
Prepaid Rent	8									
Supplies	10									
Office Equipment	50									
Accum. Depreciation-Equipment		10								
Account Payable		20								
Vietti Capital		25								
Vietti Drawing	2									
Rent Revenue	77									
Depreciation Expense	6									
Rent Expense	4									
Salaries Expense	20									
Total	132	132								
Totals										
Net Income										
Totals										

Question No. (5):

The following information is available for Juxton Company for the year ended December 31, 2012:

Accounts payable	$ 2,700
Accumulated depreciation, equipment	4,000
Juxton, Capital	7,800
Intangible assets	2,500
Notes payable (due in 5 years)	7,500
Accounts receivable	1,500
Cash	2,600
Short-term investments	1,000
Equipment	7,500
Long-term investments	6,900

Instructions

Use the above information to prepare a classified balance sheet for the year ended December 31, 2012

Answer for Q5:

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Question No. (6):

Prepare the necessary journal entries on the books of Tri-State Carpet Company to record the following transactions, assuming a perpetual inventory system (you may omit explanations):
(a) Tri-State purchased $40,000 of merchandise on account, terms 2/10, n/30.
(b) Returned $4,000 of damaged merchandise for credit.
(c) Paid for the merchandise purchased within 10 days.
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Answer for Q6: