

Course No: BUS 1302
Course Title: accounting (1)
Date: 10/11/2013
No. of Questions: (3)
Time: 1 hours
Using Calculator (yes)

University of Palestine



Midterm Exam
2013/2014
Total Grade: 20

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

Question One:

Multiple Choice Question

1. Which of the following events is *not* a business transaction?
 - a. Investment of cash by the owner
 - b. Hired employees
 - c. Incurred utility expenses for the month
 - d. Earned revenue for services provided
2. Net income results when
 - a. Assets > Liabilities.
 - b. Revenues = Expenses.
 - c. Revenues > Expenses.
 - d. Revenues < Expenses.
3. Owner's capital at the end of the period is equal to
 - a. owner's capital at the beginning of the period plus net income minus liabilities.
 - b. owner's capital at the beginning of the period plus net income minus drawings.
 - c. net income.
 - d. assets plus liabilities.
4. A balance sheet shows
 - a. revenues, liabilities, and owner's equity.
 - b. expenses, drawings, and owner's equity.
 - c. revenues, expenses, and drawings.
 - d. assets, liabilities, and owner's equity.
5. An income statement
 - a. summarizes the changes in owner's equity for a specific period of time.
 - b. reports the changes in assets, liabilities, and owner's equity over a period of time.
 - c. reports the assets, liabilities, and owner's equity at a specific date.
 - d. presents the revenues and expenses for a specific period of time.
6. If the owner's equity account increases from the beginning of the year to the end of the year, then
 - a. net income is less than owner drawings.
 - b. a net loss is less than owner drawings.
 - c. additional owner investments are less than net losses.
 - d. net income is greater than owner drawings.
7. All of the financial statements are for a period of time *except* the
 - a. income statement.
 - b. owner's equity statement.
 - c. balance sheet.
 - d. statement of cash flows.
8. Benson Company began the year with owner's equity of \$175,000. During the year, the company recorded revenues of \$250,000, expenses of \$190,000, and had owner drawings of \$20,000. What was Benson's owner's equity at the end of the year?
 - a. \$255,000
 - b. \$215,000
 - c. \$405,000
 - d. \$235,000

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9. Meenen Company purchases equipment for \$1,200 and supplies for \$400 from Sanders Co. for \$1,600 cash. The entry for this transaction will include a

- a. debit to Equipment \$1,200 and a debit to Supplies Expense \$400 for Sanders.
- b. credit to Cash for Sanders.
- c. credit to Accounts Payable for Meenen.
- d. debit to Equipment \$1,200 and a debit to Supplies \$400 for Meenen

10. Which of the following is *false* about a journal?

- a. It discloses in one place the complete effects of a transaction.
- b. It provides a chronological record of transactions.
- c. It helps to prevent or locate errors because debit and credit amounts for each entry can be readily compared.
- d. It keeps in one place all the information about changes in specific account balances.

Question Two:

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

- 1. John Amos invested \$20,000 cash to start an appliance repair business.
- 2. Hired an employee to be paid \$400 per week, starting tomorrow.
- 3. Paid two years' rent in advance, \$7,200.
- 4. Paid the worker's weekly wage.
- 5. Recorded revenue earned and received for the week, \$1,500.

Instructions

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

<u>Answer for Q2:</u>

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A large rectangular area with horizontal dashed lines for writing, intended for the student's answers.
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