

Course No: BUS 1306
Course Title: Accounting Principles (II)
Date: 10/11/ 2013
No. of Questions: 3
Time: 1.10 hour
Using Calculator :(Yes)

University of Palestine



Midterm Exam
First Semester
2013/2014
Total Grade: 20

Instructor Name:Mr.Tareq Y. Abu Al-Ajeen
Student No.: _____
Student Name: _____
College Name: _____
Dep. / Specialist: _____
Using Dictionary (No)

• Answer all Questions

First Question: True or False

No. of Branches (6)
Answer (4) questions only

(/ 2) (3-6 Minutes)

1. A subsidiary ledger provides up-to-date information on specific account balances(.....)
2. The total of the Other Accounts column in the cash receipts journal is not posted(.....)
3. The lack of agreement between the bank balance and the book balance is due to time lags and errors (.....)
4. A one-column purchases journal is used to record purchases of merchandise on account (.....)
5. The safeguarding of assets is an objective of a company's system of internal control (.....)
6. Transaction amounts recorded in the general journal are never posted to accounts in the subsidiary ledger (.....)

Second Question: Multiple Choice

No. of Branches (6)
Answer (5) questions only

(/5) (17-20 Minutes)

1- The following information is available for Starr Company at December 31, 2012: beginning inventory \$80,000; ending inventory \$120,000; cost of goods sold \$900,000; and sales \$1,200,000. **Starr's inventory turnover in 2012 is:***(Show Computation)*

- A.12 times.
- B.11.3 times.
- C.9.0 times.
- D.7.5 times.

2- A petty cash fund of \$100 is replenished when the fund contains \$5 in cash and receipts for \$93. **The entry to replenish the fund would include:** *(Show Computation)*

- A. credit Cash Over and Short for \$2.
- B. credit Miscellaneous Revenue for \$2.
- C. debit Cash Over and Short for \$2.
- D. debit Miscellaneous Expense for \$2.

3- **The balance of a control account in the general ledger**

- A.is always greater than the composite balance of individual accounts in a related subsidiary ledger.
- B.must equal the amount of total assets.
- C. must always be zero
- D.must equal the composite balance of individual accounts in a related subsidiary ledger.

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West Company has the following account balances:

Purchases	\$35,000
Sales Returns and Allowances	4,000
Purchase Discounts	2,500
Freight-in	1,875
Delivery Expense	2,500

4- The cost of goods purchased for the period is: (*Show Computation*)

- A.\$37,500
- B.\$34,375
- C.\$36,875
- D.\$32,875

Tinker Bell Company has the following:

	Units	Unit Cost
Inventory, Jan.18,	8,000	\$11
Purchase, June 19	13,000	12
Purchase, Nov. 8	5,000	13

5- If Tinker Bell has 9,000 units on hand at December 31, the cost of the ending inventory under FIFO is: (*Show Computation*)

- A. \$99,000.
- B. \$113,000.
- C. \$108,000.
- D. \$117,000.

6-Baden Shoe Store has a beginning merchandise inventory of \$15,000. During the period, purchases were \$60,000; purchase returns, \$2,000; and freight-in \$5,000. A physical count of inventory at the end of the period revealed that \$10,000 was still on hand. The cost of goods available for sale was: (*Show Computation*)

- A. \$72,000
- B. \$68,000
- C. \$78,000
- D. \$82,000

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Third Question

No. of Branches (2)

(/13)

Q3 B1:

(/ 6) (12-17 Minutes)

Tamer Co. uses special journals and a general journal. The following transactions occurred during May 2013.

- May 1 Tamer invested \$50,000 cash in the business.
2 Sold merchandise to Morena Co. for \$6,300 cash. The cost of the merchandise sold was \$4,200.
3 Purchased merchandise for \$7,200 from J. DeLeon using check no. 101.
14 Paid salary to H. Potter \$700 by issuing check no. 102.
16 Sold merchandise on account to K. Kimbell for \$900, terms n/30. The cost of the merchandise sold was \$630.
22 A check of \$9,000 is received from M. Baccarin in full for invoice 101; no discount given.

Instructions

1- Record the transaction(s) for May that should be journalized in the cash receipts journal.

The Answer:

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Q3 B2:

(/ 7) (15-20 Minutes)

Yousef Store developed the following information in recording its bank statement for the month of March.

Balance per books March 31	\$ 3,622
Balance per bank statement March 31	\$11,400

- (1) Outstanding Checks \$11,200.
- (3) Deposits in transit \$7,200.
- (4) NSF check of customer returned by bank \$700.
- (5) Check No. 210 for \$591 was correctly issued and paid by bank but incorrectly entered in the cash payments journal as payment on account for \$519.
- (6) Bank service charge for March was \$50.
- (7) A payment on account was incorrectly entered in the cash payments journal and posted to the accounts payable subsidiary ledger for \$834 when Check No. 318 was correctly prepared for \$384.
- (8) The bank collected a note receivable for the company for \$4,000 plus \$150 interest revenue.

Instructions

1- Prepare a bank reconciliation at March 31.

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The Answer:

End of Questions
Good Luck