

Course Title: Accounting Principles2
Date: 22 /11 /2014
No. of Questions: (3)
Time: 1 hour
Using Calculator (Yes)

University of Palestine



Midterm Exam.
First Semester 2014
Total Grade: 20

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

Answer the following five questions:

Q.1: Choose the correct answer

6 marks

1- Tinker Bell Company has the following:

	<u>Units</u>	<u>Unit Cost</u>
Inventory, Jan. 1	8,000	\$11
Purchase, June 19	13,000	12
Purchase, Nov. 8	5,000	13

If Tinker Bell has 9,000 units on hand at December 31, the cost of the ending inventory under FIFO is:

- a. \$99,000.
 - b. \$108,000.
 - c. \$113,000.
 - d. \$117,000.
- 2- Using the data above, the cost of the ending inventory under LIFO is:
- a. \$113,000.
 - b. \$108,000.
 - c. \$99,000.
 - d. \$100,000.
- 3- Which of the following is incorrect concerning subsidiary ledgers?
- a. The purchases ledger is a common subsidiary ledger for creditor accounts.
 - b. The accounts receivable ledger is a subsidiary ledger.
 - c. A subsidiary ledger is a group of accounts with a common characteristic.
 - d. An advantage of the subsidiary ledger is that it permits a division of labor in posting.
- 4- A company writes a check to replenish a \$100 petty cash fund when the fund contains receipts of \$94 and \$3 in cash. In recording the check, the company should:
- a. debit Cash Over and Short for \$3.
 - b. debit Petty Cash for \$94.
 - c. credit Cash for \$94.
 - d. credit Petty Cash for \$3.

Q.2: Answer one of the following question

7 marks

Grider Company's chart of accounts includes the following selected accounts.

101 Cash	401 Sales
112 Accounts Receivable	414 Sales Discounts
120 Merchandise Inventory 5	05 Cost of Goods Sold
301 O. Grider, Capital	

On April 1 the accounts receivable ledger of Grider Company showed the following balances:

Ogden \$1,550, Chelsea \$1,200, Eggleston Co. \$2,900, and Baez \$1,800. The April transactions involving the receipt of cash were as follows.

- Apr. 1 The owner, O. Grider, invested additional cash in the business \$7,200.
- 4 Received check for payment of account from Baez less 2% cash discount.
- 5 Received check for \$920 in payment of invoice no. 307 from Eggleston Co.
- 8 Made cash sales of merchandise totaling \$7,245. The cost of the merchandise sold

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was \$4,347.

- 10 Received check for \$600 in payment of invoice no. 309 from Ogden.
- 11 Received cash refund from a supplier for damaged merchandise \$740.
- 23 Received check for \$1,500 in payment of invoice no. 310 from Eggleston Co.
- 29 Received check for payment of account from Chelsea.

Instructions

- a. Journalize the transactions above in a six-column cash receipts journal with columns for Cash Dr., Sales Discounts Dr., Accounts Receivable Cr., Sales Cr., Other Accounts Cr., and Cost of Goods Sold Dr./Merchandise Inventory Cr. Foot and crossfoot the journal.
- b. Insert the beginning balances in the Accounts Receivable control and subsidiary accounts, and post the April transactions to these accounts.

Q.3: Answer one of the following question

7 marks

1. **Prepare a bank reconciliation for Jamboree Enterprises** for the month ended November 30, 2014. The following information is available to reconcile Jamboree Enterprises' book balance of cash with its bank statement balance as of November 30, 2014:
- a. The company's book balance of Cash has a \$16,380 balance, but its bank statement shows a \$38,520 balance.
 - b. Checks No. 2024 for \$4,810 and No. 2026 for \$5,000 are outstanding.
 - c. The November 30 deposit of \$17,150 was placed in the night depository after banking hours on that date, and this amount does not appear on the bank statement (deposit in transit).
 - d. In comparing the canceled checks on the bank statement with the entries in the accounting records, it is found that Check No. 2025 in payment of rent is correctly drawn for \$1,000 but is erroneously entered in the accounting records as \$880.
 - e. In reviewing the bank statement, a check written by Jumbo Enterprises in the amount of \$160 was erroneously drawn against Jamboree's account (bank error).
 - f. The bank collected a \$30,000 note and \$900 of related interest on Jamboree's behalf. This transaction was not recorded by Jamboree prior to receiving the statement.
 - g. The bank statement showed an NSF charge of \$1,100 for a check issued by Sandy, Marilyn Welch. Jamboree had not recorded the return of this check before receiving the statement.
 - a. Bank service charges for November total \$40.

Good Luck