

**Course No:**  
**Course Title: Accounting Principle 1**  
**Date: 12 January 2019**  
**No. of Questions: (5)**  
**Time: 2 hours**  
**Using Calculator (Yes)**

**University of Palestine**  
  
**Final Exam**  
**First Semester 2018/2019**

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

**Answer all the following questions**

**Question One: (5 Marks)**

Choose what are True and what are False from the following

1	( )	Liabilities = Equity - Assets
2	( )	Adjusting entries do not make it possible to report correct amounts on the financial position statement and on the income statement
3	( )	Accrued revenues are earned revenues but not yet received
4	( )	Time Period Principle requires to divide the business life to periods
5	( )	Freight expense is paid by the seller when the term is FOB Sales Point
6	( )	Prepaid expense is an expense that was paid at the current period and related to the last period
7	( )	Liabilities are the resources owned by the business
8	( )	Accumulated depreciation is a contra asset account
9	( )	Making adjustments is a result of a Going Concern Assumption
10	( )	According to Accrual-Basis Accounting, transactions recorded in the periods in which the events occur

**Question Two: 5 Marks)**

A—Explain the main differences between Periodic System and Perpetual System

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C- Historical cost Principle means:

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### **Question Three: (3 Marks)**

**At January 2017, Ramos business discovered the following errors**

Jan. 1 Sales on account of \$129000 was recorded as sales on account of \$192000

Jan. 5 Dr. Interest of \$2000 was recorded as Cr. Interest of \$2000

Jan. 18 Purchases on account of \$317000 was recorded as cash Purchases of \$317000

**You are required to correct these errors using Short Way Method**

### **Question Four: (17 Marks)**

**Company "X" have the following transactions at January 2015**

- Jan. 1 The owner presented an equipment of \$30000, \$18000 Furniture and cash of \$12000 as capital for his new business
- Jan. 2 Bought Goods 5500 units, \$8 per unit (2/10, net/30) and paid \$200 Freight expense (F.O.B. D.)
- Jan 3. From J. 2 purchases, 500 units were turned back
- Jan. 5 Paid the net value of Jan.2 Purchases
- Jan. 7 Sold goods of 4200units, \$20 per unit (2/10, net/30) and paid \$200 Freight expense (F.O.B. S.P.)
- Jan. 10 From Jan. 7 sales,200 units were turned back
- Jan. 12 Collected the net value of Jan. 7 sales
- Jan. 15 Bought Goods 5700 units, \$10 per unit (3/10, net/30) and paid \$300 Freight expense (F.O.B. D.)
- Jan. 20 Paid the net value of Jan.15 Purchases
- Jan. 30 Sold Goods of 8000 units, \$25 per unit(2/10, net/30) and paid \$250 Freight expense (F.O.B. D.)

**Required**

**You are required to:**

- 1- Journalize transactions according to the PERPETUAL SYSTEM
- 2- Prepare The ledger page of CASH ACCOUNT ONLY using the Standard Form

## Question Five: (20Marks)

You have the Trial Balance of Company X at the end of December 2017

Account	Amount \$	
	Dr.	Cr.
Capital		110000
Cash	20000	
Equipment	50000	
Furniture	10000	
Sales		100000
Sales return	4000	
Purchases	62000	
Purchases return		4000
Opening Stock (Inventory)	23000	
Freight Expense	8000	
Sales Discount	2000	
Purchases Discount		4000
Salaries	23000	
Utilities	5000	
Rent expense	3000	
Rent Revenue		1000
Insurance	8000	
Interest expense	2000	
Interest Revenue		2000
Loan		15000
Accounts Receivable	30000	
Accounts Payable		14000
<b>Total</b>	<b>250000</b>	<b>250000</b>

Also you have the following information

- 1- Utilities of the year are of \$4000
- 2- Monthly salaries are of \$ 2500
- 3- Dr. Rent was paid at 1/10/2017 for one year started from this date
- 4- Closing Stock value is of \$28000
- 5- Dr. Interest of the year is 10% of the loan and
- 6- Cr. Interest of the year is \$800
- 7- 60% of Freight Expense is for Sales
- 8- Tax Rate is 20%
- 9- Cr. Rent is 100 per month

**Required:** You are required to prepare Income Statement and Work Sheet for the year 2017

\*\*\*\*\* Good Luck\*\*\*\*\*