

Course No: **BUS1306**
Course Title: **Principles of Accounting 2**
Date: **21/05/2014**
No. of Questions: **(5)**
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)**

Answer all the following questions

Q1

(10 Marks)

1	()	Fraud is an honest act by an employee that results in personal benefit to the employee at a cost to the employer
2	()	The control environment is one of the internal control main components
3	()	According to Principles of Internal Control Activities, measures vary with size and nature of the company
4	()	Control is less effective when only one person is responsible for a given task
5	()	Petty Cash Fund is used to pay small amounts
6	()	In the allowance method Companies estimate uncollectible accounts receivable
7	()	A.D.A. must deduct from A/R in the Balance Sheet
8	()	Low Price Allowance is required when the realizable value is higher than the cost value
9	()	According to the Write-Off method it is required to make an A.D.A.
10	()	Sales on account raise the possibility of accounts not being collected

Q2

(13 marks)

You have the following information about company X transactions during January 2013

1/1 Inventory balance was 700 units, \$7 per unit

3/3 Bought 1000 units, \$ 8 per unit

4/1 Sold 1500 units, \$20 per unit

6/1 From 4/1 sales, 200 units were turned back

10/1 Bought 1000 units, \$10 per unit

12/1 Sold 1300 units, \$20 per unit

16/1 From 12/1 sales, 100 units were turned back

You are required to calculate the Cost of goods Sold and the Gross Profit using FIFO Method

Q 3**(12 marks)**

You have the following information about the bank account of company X related to January 2013

- Balance Per Book \$25000
- Balance per Bank Statement \$26200
- Deposit in Transit \$ 7000
- NSF Checks \$4000
- Out Standing Checks \$ 9000
- Bank Error + 150
- Company Error – 50
- Notes collected by Bank \$ 3200
- Service Charges \$200

You are required to prepare the Reconciliation Statement starting with the Book Balance and with the Bank Statement Balance

Q 4**(20 marks)**

You have the Trial Balance of Company X at the end of December 2013

Account	Amount \$	
	Dr.	Cr.
Capital		90000
Cash	15000	
Equipment	40000	
Equipment Accumulated depreciation		8000
Furniture	10000	
Furniture Accumulated depreciation		1000
Sales		100000
Purchases	60000	
Opening Stock (Inventory)	30000	
Salaries	20000	
Utilities	6000	
Rent	3600	2000
Interest	1100	
Loan		13000
A/R	34000	
A/P		7500
Compensations	1000	3000
Allowance of Doubtful Accounts		500
Bad Debit	300	
Sales return	4000	
Total	225000	225000

Also you have the following information

- 1- Utilities of the year are of \$5000
- 2- Monthly salaries are of \$ 2000
- 3- Debit rent was paid at 1/1/2013 for tow year started from this date
- 4- Equipment is depreciated by 10% D. M.
- 5- Furniture is depreciated by 5% D.M.
- 6- Closing Stock value is \$30000 (Cost Value) and by \$28000 (Realizable Value)

- 7- \$14000 from A/R was converted to N/ R with 2% interest
- 8- New Bad Debit of \$200 was discovered
- 9- Interest is 10% of the loan
- 10- Credit rent of the year is \$1500

Required:

You are required to prepare the Income Statement and Balance Sheet of company "X" as at the end of 2013.

Q5

(5 marks)

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- Company X has established a petty cash Fund of \$1000 at 1/1
- 2/1 Pay a transportation expense of \$50
 - 3/1 Pay a communication fees of \$70
 - 4/1 Pay a hospitality expense of \$30

Required

You are required to journalize these transaction at the Petty Cash Journal

Good Luck