

Course No: BUS 1302  
 Course Title: Principles of Accounting 1  
 Date: 25/03/2014  
 No. of Questions: (2)  
 Time: 1hours  
 Using Calculator (Yes)

University of Palestine  
  
 Mid Term Exam  
 2<sup>nd</sup> Semester 2013/2014  
 Total Grade:

Instructor Name: Laila Aldoor  
 Student No.: \_\_\_\_\_  
 Student Name: \_\_\_\_\_  
 College Name: Business and Finance  
 Dep. / Specialist: Accounting-English  
 Using Dictionary (No)

**Question One: (5 Marks)**

- a. Compare the position of bonds when they stand on the asset and liability side of a balance sheet.  
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- b. Draw a diagram that shows accounting as an information system.
  
  
  
  
- c. List the primary and secondary qualitative characteristics of financial information supplied in the annual accounting reports. -----  
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**Question Two: (15 Marks)**

**Daniel Rental Agency on December 31 of the current year had the following unadjusted trial balance and the accompanying information:**

<i>Account name</i>	<i>Dr</i>	<i>Cr</i>
Prepaid insurance	6000	
Supplies	3000	
Equipment	20000	
Cash	8000	
Equity		25000
Loan		12000

1. An insurance policy bought in Jan 1<sup>st</sup> for \$6000 to insure the three coming years since that date.
2. Bought supplies of \$ 3000 in Jan 1<sup>st</sup>, of which only \$1000 remained in 31<sup>st</sup>, Dec.
3. Beginning balance of equipment is \$20000 which is depreciated by \$100 per month.
4. A Loan liability of \$12000 was taken out on Jan 1<sup>st</sup>, over which an interest expense of \$300 accrues by Dec, 31<sup>st</sup> every year and paid in Jan 1<sup>st</sup> of the next year.

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5. The total annual rent revenue for the year amounted to \$70000 out of which only 60000 was received in cash.
6. There are clients who paid in advance the rent bill for the next coming year of \$15000.
7. A total of \$13000 for salaries and wages expenses for the whole year was paid out in cash.
8. A bill of \$1000 was received for utilities expenses of the whole year and shall be paid later on.

**Required:**

1. Journalize the above transactions.
2. Post and balance all journal entries to ledger accounts.
3. Present a trail balance.

Date	Name	Dr	Cr

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Prepare ledger accounts and post and balance all accounts here:

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