

Course No: BSNE1302
Course Title: Principles of
Accounting 2
Date: 2015/05/23
No. of Questions:
Time: 2hours

University of Palestine



Final Exam
2014/2015
Total Grade: 60

Instructor : _____
Student No.: _____
Student Name: _____
College Name: _____
Calculator (Yes)

Answer all the following questions

Q1 (10 Marks)

1	()	N/R are mounts that result from the sale of goods and services
2	()	A/R Are Claims for which formal instruments of credit are issued as proof of debt
3	()	Under the direct write-off method, when a company determines a particular account to be uncollectible, it charges the loss to Bad Debts Expense
4	()	Fixed Assets normally recorded by the Historical Cost
5	()	Depreciation is the process of allocating the cost of tangible assets to expense in a systematic and rational manner to those periods expected to benefit from the use of the asset.
6	()	N/P are written promissory notes
7	()	Bonds are a form of interest-bearing notes receivable
8	()	Cash Flow Statement shows us the financial position of the company
9	()	Natural resources assets can be depreciated by Decline Method
10	()	Intangible assets are rights, privileges, and competitive advantages that do not possess physical substance

Q2 (2 marks)

Current liability is debt with two key features:

- 1-
-
- 2-
-

Q3 (4 marks)

Equipment appears at the Financial Position Statement of Sunset Company as following:

Equipment	50000
Equipment Accumulated Depreciation	<u>39000</u>
	11000

The Company Exchange this equipment by new one it's cost \$80000 and paid \$13000.

You are required to record this transaction at Sunset Journal

Q4 (14 marks)

You have the Financial Position Statement for Ancelotti Company for the years 2013 and 2014

Assets	2013	2014	Liabilities	2013	2014
<u>Fixed Assets</u>			<u>Owners Equity</u>		
Equipment	50000	60000	Capital	62000	60000
- Accum. Dep.	<u>5000</u>	<u>11000</u>	Retained Earnings	<u>8000</u>	<u>12000</u>
	45000	49000		70000	72000
Furniture	10000	10000	<u>Non Current Liabilities</u>		
- Accum. Dep.	<u>500</u>	<u>1000</u>	Loan	<u>15000</u>	<u>9000</u>
	<u>9500</u>	<u>9000</u>			
	54500	58000		15000	9000
<u>Current Assets</u>			<u>Current Liabilities</u>		
Cash	16500	22000	A/P	12000	5000
Inventory	9000	7000	N/P	1000	3000
A/R	11000	8000	Accrued Salaries	2000	6000
N/R	3000	2000	Unearned Interest	<u>000</u>	<u>2000</u>
Pre Paid Rent	<u>6000</u>	<u>0 00</u>			
	45500	39000		15000	16000
	100000	97000		100000	97000

Other Information for the year 2014

1- Net Profit is \$12000

2- Total Depreciation is \$6500

Required

You are required to calculate the **OPERATIONAL CASH FLOW ONLY** for the year 2014 using **INDIRECT METHOD**

Q5 (20 marks)

Company McLaren have the following Trial Balance at the end of 2014

Account Title	Dr.	Cr.
Capital		75000
Cash	50000	
Equipment	35000	
Equipment Accumulated Depreciation		6000
Furniture	20000	
Furniture Accumulated Depreciation		2000
Sales		102000
Sales Return	4000	
Purchases	61000	
Purchases Return		5000
Salaries	15000	
Utilities	7000	
Loan		20000
A/P		13000
A/R	38000	
Compensations		3000
Allowance of Doubtful Accounts		2000
Low Price Allowance		2000
Total	230000	230000

Added Information

- 1- Equipment is depreciated by 20% S.L.M. (Equipment Residual Value is \$5000)
- 2- Closing Stock Value is \$25000 (cost price) and \$27000 (Market Price)
- 3- Furniture is depreciated by 10% D.M. (Furniture Residual Value is \$3000)
- 4- Monthly salaries are \$1500
- 5- Utilities of the year \$6000
- 6- 80% of the loan is for 3 years
- 7- New Debit of 1500 was rote off
- 8- Allowance of Doubtful Accounts is 10% of A/R
- 9- A/R of \$8000 was converted to N/R for 6 months with 1% interest per month

Required

You are required to prepare:

- 1- Adjustment entries at the end of the year 2014
- 2- Income statement and Financial Position Statement as at the end of the year 2014

******* GOOD LUCK*******