

Course No: BUNE1303
Course Title: Accounting
Principal 1
Date: 29 / 3/ 2015
No. of Questions: 2
Time: 1 hour

University of Palestine



Midterm Exam
2^{ed} quadmester 2015
Total Grade: 20

Instructor Name: Ibrahim

Sammour

Student No.: _____

Student Name: _____

College Name: _____

Dep. / Specialist: _____

First Question

(10/20)

Chose the best alternative:

1. Net income will result during a time period when:
 - a. assets exceed liabilities.
 - b. assets exceed revenues.
 - c. expenses exceed revenues.
 - d. revenues exceed expenses.
2. As of December 31, 2012, Stoneland Company has assets of \$3,500 and owner's equity of \$2,000. What are the liabilities for Stoneland Company as of December 31, 2012?
 - a. \$1,500
 - b. \$1,000.
 - c. \$2,500.
 - d. \$2,000.
3. Performing services on account will have the following effects on the components of the basic accounting equation:
 - a. increase assets and decrease owner's equity.
 - b. increase assets and increase owner's equity.
 - c. increase assets and increase liabilities.
 - d. increase liabilities and increase owner's equity.
4. During 2012, Gibson Company's assets decreased \$50,000 and its liabilities decreased \$90,000. Its owner's equity therefore:
 - a. increased \$40,000.
 - b. decreased \$140,000.
 - c. decreased \$40,000.
 - d. increased \$140,000.
5. Which of the following statements is false?
 - a. A statement of cash flows summarizes information about cash inflows (receipts) and outflows (payments) for a specific period of time.
 - b. A balance sheet reports the assets, liabilities, and owner's equity at a specific date.
 - c. An income statement presents the revenues, expenses, changes in owner's equity, and resulting net income or net loss for a specific period of time.
 - d. An owner's equity statement summarizes the changes in owner's equity for a specific period of time.
6. Accounts that normally have debit balances are:
 - a. assets, expenses, and revenues.
 - b. assets, expenses, and owner's capital.
 - c. assets, liabilities, and owner's drawings.
 - d. assets, owner's drawings, and expenses.
7. The expanded accounting equation is:
 - a. Assets + Liabilities = Owner's Capital + Owner's Drawings + Revenues + Expenses
 - b. Assets = Liabilities + Owner's Capital + Owner's Drawings + Revenues - Expenses
 - c. Assets = Liabilities - Owner's Capital - Owner's Drawings - Revenues - Expenses
 - d. Assets = Liabilities + Owner's Capital - Owner's Drawings + Revenues - Expenses

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8. The trial balance of Clooney Company had accounts with the following normal balances: Cash \$5,000, Service Revenue \$85,000, Salaries and Wages Payable \$4,000, Salaries and Wages Expense \$40,000, Rent Expense \$10,000, Owner's Capital \$42,000; Owner's Drawings \$15,000; Equipment \$61,000. In preparing a trial balance, the total in the debit column is:

- a. \$131,000. c. \$91,000. b. \$216,000. d. \$116,000.

9. Ledger:

- a. contains only asset and liability accounts.
- b. should show accounts in alphabetical order.
- c. is a collection of the entire group of accounts maintained by a company.
- d. is a book of original entry.

10. A revenue account:

- a. is increased by debits.
- b. is decreased by credits.
- c. has a normal balance of a debit.
- d. is increased by credits.

1	2	3	4	5	6	7	8	9	10

Second Question (10/20)

M. Anderson, an interior decorator, in her first month of business, are as follows.

- Jan.
- 2 Invested \$10,000 cash in business.
- 3 Purchased used car for \$4,000 cash for use in business.
- 9 Purchased supplies on account for \$500.
- 11 Billed customers \$2,100 for services performed.
- 16 Paid \$350 cash for advertising.
- 20 Received \$700 cash from customers billed on January 11.
- 28 Withdrew \$1,000 cash for personal use by owner.

Instructions

- (a) Journalize the Jan transactions
- (b) Open ledger accounts and post the Jan transactions
- (c) Prepare a trial balance at Jan 30, 2015

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DATE	Account Titles and Explanation	Debit	Credit

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