

Course No:BSNE1304
Course Title: Principles of Accounting 2
Date: 29/03/2015
No. of Questions: (4)
Time: 1hour
Using Calculator (Yes)

University of Palestine



Midterm Exam
2014/2015
Total Grade: 50

Instructor Name: _____
Student No.: _____
Student Name: _____
College Name: _____
Dep. / Specialist: _____
Using Dictionary (No)

Answer all the following questions

Q1 (5 Marks)

1	()	FIFO method is the best one to evaluate inventory
2	()	A.D.A. must be deducted from A/R in the Financial Position Statement
3	()	The control environment is one of the internal control main components
4	()	Physical count of inventory is normally done when the business is closed or when business is slow.
5	()	Control is less effective when only one person is responsible for a given task
6	()	Petty Cash Fund is used to pay small amounts
7	()	In the allowance method Companies estimate uncollectible debits as a percentage of accounts receivable or sales
8	()	According to prudence principle, we don't take in consideration the expected loss
9	()	According to the Write-Off method it is required to make an A.D.A.
10	()	When the sales term is FOB. D. goods in Transit are recognized in the seller books

Q2 (7 marks)

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

1/1 Inventory balance was 2000 units, \$8 per unit

3/1 Bought 2000 units, \$ 9 per unit and paid \$1000 freight expense (FOB. D.)

4/1 Sold 2500 units, \$20 per unit

6/1 From 4/1 sales, 600 units were turned back

12/1 Sold 2100 units, \$25 per unit

16/1 From 12/1 sales, 300 units were turned back

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

Q 3 (5 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

Q 4 (4 marks)

You have the following information about Accounts Receivable at the end of 2014

1- Trial Balance

	Dr	Cr.
A/R	20000	
A.D.A		1500

2- Added information

- New debit of 1000 was wrote off
- A.D.A is 10% of A/R

You are required to;

- Make adjustment entries
- Show the effect of adjustment on Financial Position Statement

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