

Course Title: Accounting Principles 1
 Date: 2019/05/23
 No. of Questions: (3)
 Time: 2 hours
 Using Calculator (Yes)

University of Palestine

 Final Exam.
 2nd Semester 2019
 Total Grade: 50

Instructor Name: Yousef El-Mudallal
 Student Name: _____
 College Name: _____
 Dep. / Specialist: _____
 Using Dictionary (No)

Answer the following questions:

Q.2: Choose the correct answer

15marks

1. Under a periodic inventory system, acquisition of merchandise is debited to The:

- a. Merchandise Inventory account.
- b. Cost of Goods Sold account.
- c. Purchases account.
- d. Accounts Payable account.

2. Which of the following accounts has a normal credit balance?

- a. Purchases
- b. Sales Returns and Allowances
- c. Freight-in
- d. Purchase Discounts

3. The revenue recognition principle dictates that revenue should be recognized in the accounting records

a. when cash is received.	b. when it is earned.
c. at the end of the month.	d. in the period that income taxes are paid

4. In a perpetual inventory system, cost of goods sold is recorded

a. on a daily basis.	b. on a monthly basis.
c. on an annual basis.	d. with each sale.

5. A credit sale of \$750 is made on June 13, terms 2/10, net/30. A return of \$50 is granted on June 16. The amount received as payment in full on June 23 is:

a. \$700.	b. \$686.
c. \$685.	d. \$650.

6. The collection of a \$900 account after the 2 percent discount period will result in a

a. debit to Cash for \$882.	b. debit to Accounts Receivable for \$900.
c. debit to Cash for \$900.	d. debit to Sales Discounts for \$18.

7. A company spends \$10 million dollars for an office building. Over what period the cost should be written off?

a. When the \$10 million is expended in cash	b. After \$10 million in revenue is earned
c. All in the first year	d. Over the useful life of the building

8. The closing entry process consists of closing

a. all asset and liability accounts	b. all the owner's capital account.
c. all permanent accounts.	d. all temporary accounts.

9. In a service-type business, revenue is considered earned

a. at the end of the month.	b. at the end of the year.
c. when the service is performed.	d. when cash is received.

10. Gross profit will result if:

- a. operating expenses are less than net income.
- b. sales revenues are greater than operating expenses.
- c. sales revenues are greater than cost of goods sold.
- d. operating expenses are greater than cost of goods sold.



Q.2: Answer the following question

20 marks

1. Renner Hardware Store completed the following merchandising transactions in the month of May, At the beginning of May, the ledger of Renner showed Cash of \$5,000.

.May 1	Purchased merchandise on account from Braun's Wholesale Supply \$4,200, terms 2/10, n/30.
2	Sold merchandise to Kamal on account \$2,100, terms 1/10, n/30. The cost of the merchandise sold was \$1,300.
5	Received credit from Braun's Wholesale Supply for merchandise returned \$300.
9	Received collections in full, less discounts, from Kamal
10	Paid Braun's Wholesale Supply in full, less discount.
11	Purchased supplies for cash \$400.
17	Purchased merchandise from Valley Distributors \$2,700, FOB shipping point, terms 2/10, n/30.
19	Paid freight on May 17 purchase \$130.
24	Sold merchandise for cash \$3,200. The merchandise sold had a cost of \$2,000.
25	Purchased merchandise from Lumley, Inc. \$620, FOB shipping point, terms 2/10, n/30. The appropriate party paid the freight cost
27	Paid Valley Distributors in full, less discount.
31	Sold merchandise on account \$1,000 terms n/30. The cost of the merchandise sold was \$560 .

Instructions

- Journalize the transactions using a perpetual inventory system.
- (for cash account only) Enter the beginning cash balance in the ledger and post the transactions.

2. Waller Brothers Supply uses a periodic inventory system. During May, the following transactions and events occurred.

May 13	Purchased 6 motors at a cost of \$44 each from Ord Company, terms 1/10, n/30. The motors cost Ord Company \$25 each.
May 16	Returned 1 defective motor to Ord.
May 23	Paid Ord Company in full.

Instructions

Journalize the May transactions for Waller Brothers.

Q.3: Answer the following questions

15 marks

- Assume that Guardian Company uses a periodic inventory system and has these account balances: Purchases \$600,000; Purchase Returns and Allowances \$25,000; Purchase Discounts \$11,000; and Freight-in \$19,000; beginning inventory of \$45,000; ending inventory of \$55,000; and net sales of \$750,000.

Determine the cost of goods sold.

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2. ABC Publisher selected accounts as of November 30, 2016, follow:

	<u>Debit</u>	<u>Credit</u>
Cash	\$36,200	
Inventory	42,000	
Equipment	36,900	
Accumulated depreciation		\$22,800
Accounts payable		13,600
Note payable		21,800
Salary payable		1,100
ABC, capital		27,800
Sales revenue		114,300
ABC Drawings	8000	
Sales returns and allowances	2,600	
Sales discounts	1,800	
Cost of goods sold	54,000	
Supplies expense	1,000	
Rent expenses	6,000	
Depreciation expense	2,000	
Advertising expenses	10,900	
	201400	201400

Requirements

1. Prepare the multiple-step income statement, statement of owner's equity, and balance sheet for November.
 2. Prepare closing entries for November.
- 3. The steps in using a worksheet are presented in random order below. List the steps in the proper order by placing numbers 1–5 in the blank spaces.**
- a) _____ Prepare a trial balance on the worksheet.
 - b) _____ Enter adjusted balances.
 - c) _____ Extend adjusted balances to appropriate statement columns.
 - d) _____ Total the statement columns, compute net income (loss), and complete the worksheet.
 - e) _____ Enter adjustment data.