

Course Title: Accounting Principles 1
 Date:15/04/2019
 No. of Questions: (3)
 Time:1 hours
 Using Calculator (Yes)

University of Palestine

 2nd Midterm Exam.
 2nd Semester 2018 - 2019
 Total Grade: 15

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

Answer the following questions:

Q.1: True or False **4marks**

1. A worksheet is a mandatory form that must be prepared along with an income statement and balance sheet ()
2. The post-closing trial balance is entered in the first two columns of a worksheet ()
3. It is not necessary to prepare formal financial statements if a worksheet has been prepared because financial position and net income are shown on the worksheet ()
4. The adjustments on a worksheet can be posted directly to the accounts in the ledger from the worksheet ()
5. The adjusted trial balance columns of a worksheet are obtained by subtracting the adjustment columns from the trial balance columns ()
6. The owner's drawing account is a permanent account whose balance is carried forward to the next accounting period ()

Q.2: Answer the following questions **4marks**

Welch Company prepares monthly financial statements. Below are listed some selected accounts and their balances in the September 30 trial balance before adjustments.

WELCH COMPANY (Selected Accounts) September 30, 2008

	Debit	Credit
Office Supplies	\$ 2,700	
Prepaid Insurance	4,200	
Office Equipment	16,200	
Accumulated Depreciation—Office Equipment		\$1,000
Unearned Rent Revenue		1,200

An analysis of the account balances provided the following additional information:

1. A physical count of office supplies revealed \$1,000 on hand on September 30.
2. A two-year life insurance policy was purchased on June 1 for \$4,800.
3. Office equipment depreciated \$6,000 per year.
4. The amount of rent received in advance that remains unearned at September 30 is \$500.

Instructions

Using the above additional information, prepare the adjusting entries that should be made by Welch Company on September 30.

Q.3: Answer the following questions **7marks**

1. **Hanson Company has an inexperienced accountant. During the first month on the job, the accountant made the following errors in journalizing transactions. All entries were posted as made.**
 1. A \$500 withdrawal of cash for B. Hanson's personal use was debited to Salaries and Wages Expense \$900 and credited to Cash \$900.
 2. A payment on account of \$820 to a creditor was debited to supplies \$280 and credited to Cash \$280.

Required

Prepare the necessary correcting entries without reversing the incorrect one.

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2. Brown Insurance Agency reported the following items at December 31, 2017:

Sales and marketing expense	\$2,100	Cash	\$1,100
Other assets	700	Service revenue	5,500
Depreciation expense	800	Accounts payable	500
Long-term liabilities	600	Accounts receivable	900
Dividends	1500	Retained earnings	2000

Required

Journalize Brown's closing entries, as needed for these accounts.