

Course No: BUS 1302
Course Title: Accounting Principles (I)
Date: 20 / 08 / 2011
No. of Questions: 5
Time: 120 Minutes
Using Calculator :(Yes)



Final Exam
Third Semester
2010/2011
Total Grade: 60

Instructor Name:Mr.Tareq Y. Abu Al-Ajeen
Student No.: _____
Student Name: _____
College Name: _____
Dep. / Specialist: _____
Using Dictionary (No)

• Answer all Questions

First Question: True or false **No. of Branches (8)** (/6)
Answer (6) questions only

- 1- An entry that requires more than two accounts is a compound entry (.....)
- 2- Every adjusting entry affects one balance sheet account and one income statement account (.....)
- 3- The Owner's Drawing account is closed through the Income Summary account (.....)
- 4- Sales revenue less cost of goods sold is called net profit (.....)
- 5- When the terms of sale are FOB shipping point, ownership of the goods remains with the seller until the goods reach the buyer (.....)
- 6- Correcting entries are made any time an error is discovered even though it may not be at the end of an accounting period (.....)
- 7- Cash and office supplies are both classified as current assets (.....)
- 8- Gross profit represents the merchandising profit of a company (.....)

Second Question: Multiple Choice **No. of Branches (6)** (/12)

1-Posting:

- A. Normally occurs before journalizing.
- B. Transfers ledger transaction data to the journal.
- C. Is an optional step in the recording process.
- D. Transfers journal entries to ledger accounts.

2-Which types of accounts will appear in the post-closing trial balance?

- A. Permanent (real) accounts.
- B. Temporary (nominal) accounts.
- C. Accounts shown in the income statement columns of a worksheet.
- D. None of the above.



3-If sales revenues are \$410,000, cost of goods sold is \$310,000, and operating expenses are \$60,000, the Net income is:

- A. \$30,000.
- B. \$90,000.
- C. \$340,000.
- D. None of them.

4-Overstating beginning inventory will overstate:

- A. Assets.
- B. Cost of goods sold.
- C. Net income.
- D. Owner's equity.

5- The journal entry to record a credit sale is

- A. Cash
Sales
- B. Cash
Service Revenue
- C. Accounts Receivable
Service Revenue
- D. Accounts Receivable
Sales

6-The respective normal account balances of Purchases, Purchase Discounts, and Freight-in are

- A. Credit, credit, debit
- B. Debit, credit, credit
- C. Debit, credit, debit
- D. Debit, debit, debit

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Third Question

No. of Branches (1)

(/14)

The following transaction on Tom Company's books using Perpetual Inventory System:

- 1- On March 2, Tom Company sold \$900,000 of merchandise to Omer Company; term 2/10,n/30.The cost of merchandise sold was \$620,000.
- 2- On March 6, Omer Company returned \$120,000 of the merchandise purchased on March 2 because it was defective. The cost of the returned merchandise was \$90,000.
- 3- On March 12, Tom Company received the balance due from Omer Company.
- 4- On March 14, Tom Company purchased 1000 merchandised units at \$100 each for cash.
- 5- On March 20, Tom Company returned 150 units for credit because they not meet specification.

Instructions :

1-Prepare the journal entries to record the transactions.

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Fourth Question	No. of Branches (1)	(/20)
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WATSON ANSWERING SERVICE
 Trial Balance
 AUGUST 31,2011

	<u>Debit</u>	<u>Credit</u>
Cash	5,400	
Accounts Receivable	2,800	
Prepaid Insurance	2,400	
Supplies	1,300	
Equipment	60,000	
Notes Payable		40,000
Accounts Payable		2,400
Ray Watson, Capital		30,000
Ray Watson, Drawing	1,000	
Service Revenue		4,900
Salaries Expense	3,200	
Utilities Expense	800	
Advertising Expense	400	
	\$77,300	\$77,300

Other data consist of the following:

1. Insurance expires at the rate of \$200 per month.
2. There are \$1,000 of supplies on hand at August 31.
3. Monthly depreciation on the equipment is \$900.
4. Interest of \$500 on the notes payable has accrued during August.

Instructions :

- (a) Prepare a work sheet.
- (b) Prepare the Income Statement for the month ended 31, August 2011.
- (c) Journalize the closing entries.

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Fifth Question **No. of Branches (2)** **(/8)**

Q5 B1: **(/4)**

Assume that Enrique Company uses a periodic inventory system and has these account balances: Purchases \$450,000; Purchase Returns and Allowances \$11,000; Purchase Discounts \$8,000; and Freight-in \$16,000.

Instructions :

- 1-Determine net purchases.
- 2-Determine cost of goods purchased.

The Answer:

1-

2-

Q5 B2: **(/4)**

An examination of the accounts of Shaw Company for the month of June revealed the following errors after the transactions were journalized and posted.

- 1. A collection on account from a customer was recorded as a debit to Cash and a credit to Service Revenue for \$800.

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2. A payment for Advertising Expense costing \$620 was debited to Utilities Expense, \$260 and credited to Cash \$260.

Instruction:

1- Prepare correcting entries for each of the above assuming the error entries are not reversed.

The Answer:

1-

2-

End of Questions
Good Luck