


Course No: BUS1306 Course Title: Principles of Accounting 2 Date: 17/09/2014 No. of Questions: (3) Time: 2.00Hour	University of Palestine  Final Exam Summer Semester 2013/2014 Total Grade:	Instructor Name: ----- Student No.: ----- Student Name:----- College Name:----- Dep. / Specialist:-----
--	---	--

Answer all the following questions

Q1

(12 Marks)

- 1 () Prepaid Expenses are expenses related to this year and will be paid next year
- 2 () Depreciation results from time and usage
- 3 () S.L. M is the best method to calculate depreciation
- 4 () Unearned revenue is a revenue related to this year and will be collected next year
- 5 () Accrued revenue appears at the current assets
- 6 () According to FIFO method the sales return are calculated from the last units
- 7 () According to prudence principle, we don't take in consideration the expected loss
- 8 () Goods in transit are the responsibility of the seller in the case of F.O.B. D.
- 9 () Contingency goods value forms part of closing stock value
- 10 () Amortization is the same as depreciation, but it is related to intangible assets
- 11 () Fraud is an honest act by an employee that results in personal benefit to the employee at a cost to the employer
- 12 () D.D.A. must be deducted from A/R in the Balance Sheet

Q 2

(20 marks)

You have the Trial Balance of Company X at the end of December 2014

Account	Amount \$	
	Dr.	Cr.
Capital		50000
Cash	12500	
Equipment	25000	
Equipment Accumulated depreciation		4000
Furniture	5000	
Furniture Accumulated depreciation		500
Sales		55000
Purchases	35000	
Opening Stock (Inventory)	10000	
Salaries	9000	
Utilities	4000	
Rent	1800	1000
Interest	550	
Loan		7000
A/R	17000	
A/P		3250
Compensations	650	1750
Sales return	2000	
Total	112500	122500

Also you have the following information

- 1- Utilities of the year are of \$5000
- 2- Monthly salaries are of \$ 1200
- 3- Debit rent was paid at 1/1/2013 for one year started from this date
- 4- Equipment is depreciated by 10% S. L. M.
- 5- Furniture is depreciated by 5% D.M.
- 6- Closing Stock value is \$20000
- 7- Interest is 10% of the loan
- 8- Credit rent of the year is \$1000
- 9- Debit compensations of the year is 700
- 10- Credit compensations of the year is 2000

Required:

You are required to prepare the Income Statement and Balance Sheet of company "X" as at the end of 2014.

Q 3

(18 Marks)

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

- 1/1 Inventory balance was 700 units, \$7 per unit
- 3/3 Bought 1000 units, \$ 8 per unit
- 4/1 Sold 1500 units, \$20 per unit
- 6/1 From 4/1 sales, 200 units were turned back
- 10/1 Bought 1000 units, \$10 per unit
- 12/1 Sold 1300 units, \$20 per unit
- 16/1 From 12/1 sales, 100 units were turned back
- 18/1 Bought 1300 units, \$11 per unit
- 19/1 From 18/1 purchases, 200 units were turned back
- 22/1 Sold 1000 units, \$20 per unit
- 24/1 From 22/1 sales, 100 units were turned back

You are required to:

- 1- Register these transaction at the inventory ledger**
- 2- Calculate the Cost of goods Sold and the Gross Profit using LIFO Method**

Q 3

(10 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

Good Luck