

• First Question

Choose the right answer for each question below :

1	2	3	4	5	6	7	8	9

1- The type of account and normal balance of Unearned Rent is

- A- revenue, credit
- B- expense, debit
- C- liability, credit ✓
- D- liability, debit

2- Which account would normally not require an adjusting entry?

- A - Wages expense
- B - Prepaid insurance
- C - Accumulated depreciation
- D - Cash ✓

3- The balance in the office supplies account on June 1 was \$6,300, supplies purchased during June were \$3,100, and the supplies used were \$2,500. The amount for the appropriate adjusting entry is

- A - \$9,400
- B - \$11,900
- C - \$2,500
- D - \$6,900 ✓

4- Normal balances for Depreciation Expense and Accumulated Depreciation are, respectively, as

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

The adjusting entry to record the depreciation of equipment for the ending period is

- A - debit Depreciation Expense; credit Equipment
- B - debit Depreciation Expense; credit Accumulated Depreciation ✓
- C - debit Accumulated Depreciation; credit Depreciation Expense
- D - debit Equipment; credit Depreciation Expense

Prepaid insurance is reported on the balance sheet as a

- A-current asset ✓
- B -fixed asset
- C -current liability
- D -long-term liability

- The income statement should be prepared

- A) before the statement of owner's equity and balance sheet
- B -after the statement of owner's equity and before the balance sheet
- C -after the statement of owner's equity and balance sheet
- D -after the balance sheet and before the statement of owner's equity

Income
owner
balance sheet

8- The income summary account is also called

- A -the imprest account
- B -the clearing account ✓
- C -the adjustments account
- D -the helpful account

9- There are four closing entries. The first one is to close ____, the second one is to close ____, the third one is to close ____, and the last one is to close ____.

- A -Revenues, expenses, income summary, drawing account ✓
- B-Expenses, assets, income summary, capital account
- C-Capital account, drawing account, income summary, assets
- D-Drawing account, income summary, expenses, revenues

Second Question : (10 marks) (الإجابة في ورقة التصحيح الألى)

True or false (True A / False B)

21. The matching concept requires expenses to be recorded in the same period that the related revenue is recorded. ✓
22. All fixed assets, such as Land, need to depreciate. ✗
23. Adjusting entries affect only expense and asset accounts. ✗
24. Manufacturing Business Sells products they purchase from other business to customers. ✓
25. Used supplies are classified as an expense. ✓
26. Proprietorship is owned by one owner and corporation is owned by two or more individuals. ✗
27. According to double entry accounting system every business transaction must have two accounts at least. ✓
28. Selling goods or provide service will increase the revenue , and paying expenses will increase owner equity . ✗
29. If the company paid all liabilities then the assets will equal owners' equity . ✗
30. The process of transferring the journal entries to the accounts known as posting ✓

Third Question : (10 marks)

The following selected transactions were completed during July by Belton Co.:

- July 1 Sold merchandise on account to Terra Co. list price \$80,000 , trade discount 20%, terms 2/15, n/30. The cost of merchandise sold was \$15,000.
- 2 Purchased merchandise on account from Jones Company for \$20,000, terms FOB destination, 1/10, n/15.
- 3 Received merchandise returned by Terra Co. from sale on July 1 , \$5,000 The cost of the merchandise returned was \$900 .
- 4 Received cash on account from sale of July 1 to Terra Co , less discount and less return of July 3
- 6 Returned \$6,200 of merchandises purchased on account on July 2.
- 15 Paid Jones Co. on account for purchase of July 2.
- 20 Sold merchandise for cash \$2,500 . The cost of merchandise sold was \$1,000

Instructions : Journalize the transactions

7. are the advance payment of future expenses and are recorded as assets when cash is paid

- a. Prepaid expenses
- b. Accrued revenues
- c. Unearned revenues
- d. Accrued expenses

8. are unrecorded revenues that have been earned and for which cash has yet to be received.

- a. Prepaid expenses
- b. Accrued revenue
- c. Unearned revenues
- d. Accrued expenses

9- The example of Long-Term Liabilities is :

- a. Unearned fees
- b. Accounts payable
- c. Wages payable
- d. Short-term notes payable

10- Accounts that report amounts for only one period are called:

- a. permanent account
- b. nominal account
- c. a+b right
- d. none of above

11- Income Summary is sometimes called a:

- a. debit account
- b. clearing account.
- c. credit account
- d. none of above

12- revenues and expenses are reported on the income statement in the period in which cash is received or paid.

- A. Under the accrual basis of accounting
- B. Under the cash basis of accounting
- C. A+B
- D. none of above

1	2	3	4	5	6	7	8
				9	10	11	12

First Question : (20 marks) (الإجابة في ورقة التصحيح الألي)

Choose the right answer for each question below:

1- The following are examples of external users of accounting information except:

- A. Government
- B. Customers
- C. Creditors
- D. Employees

$$185\ 000 - 20\ 000 =$$

2- The assets of the company \$185,000 and liabilities \$20,000 as of December 31, 2012. Assets increase by \$45,000 and liabilities decrease by \$18,000 during 2013. What is owner's equity at the end of 2012 & 2013, respectively?

- A. \$205,000 , 232,000
- B. \$165,000 , 228,000
- C. \$185,000 , 27,000
- D. \$ 20,000 , 63,000

$$45 = (-18000) + OE$$

$$\text{Assets} = \text{Liabilities} + \text{OE}$$

$$\text{OE} = \text{Assets} - \text{Liabilities}$$

3- How does the purchase of building for cash affect the accounting equation?

- A. assets increase; assets decrease
- B. assets increase; liabilities decrease
- C. assets increase; liabilities increase
- D. assets increase; owner's equity increase



4- which of the following concepts separate the activities of a business from the activities of its owners, creditors, or others

- A. Cost Concept
- B. Unit of Measure Concept
- C. Business Entity Concept
- D. Objectivity Concept

5- If a company paid the rent for the month, \$6,000 . the journal entry will be :

- A. debit cash \$6,000 , credit rent expenses \$6,000
- B. debit rent expenses \$ 6,000 , credit cash \$ 6,000
- C. debit cash\$ 6,000 , credit rent revenue \$6,000
- D. debit rent revenue \$ 6,000 , credit cash \$ 6,000

6- If the owner withdrew \$4,600 cash for personal use, the journal entries will be

- A. debit cash \$ 4,600 , credit capital \$ 4,600
- B. debit capital \$ 4,600 , credit cash \$ 4,600
- C. debit cash\$ 4,600 , credit drawing \$ 4,600
- D. debit drawing\$ 4,600 , credit cash \$ 4,600

16- The Capital at the end of the period will be

- A. \$300,000
- B. \$114,000
- C. \$144,000
- D. \$141,000

Capital
investment 300,000
Net loss 120,000
drawing 60,000
decrease 60,000
Capital 114,000

17- Total Current Assets and total Fixed Assets will be

- A. \$96,000 and 40,000
- B. \$69,000 and 40,000
- C. \$60,000 and 40,000
- D. \$40,000 and 96,000

18- Total liabilities and Owner's Equity should equal....

- A. \$163,000
- B. \$361,000
- C. \$136,000
- D. \$636,000

19- A financial statement user would determine if a company was profitable or not during a specific period of time by reviewing

- A. The Income Statement.
- B. The Balance Sheet.
- C. The Statement of Cash Flow.
- D. Cannot be determined.

20- The Discount that is granted by the seller to government agencies or business that order large quantities is

- A. Fright .
- B. Purchases discount.
- C. Sales discount.
- D. Trade discount.

- 12- Which of the following is an example of accrued revenue ?
- A. Swimming pool cleaning service that has been paid for three months in advance
 - B. Swimming pool cleaning service that has been provided but has not been billed or paid.
 - C. An agreement has been signed for swimming pool service cleaning for the next three months.
 - D. Swimming pool cleaning service that has been provided and paid on the same day .

- 13- The entry to adjust the accounts for accrued wages at the end of the accounting period is
- A. debit Wages Payable; credit Wages Income
 - B. debit Wages Income; credit Wages Payable
 - C. debit Wages Payable; credit Wages Expense
 - D. debit Wages Expense; credit Wages Payable

- 14- The closing entry for expenses is:
- A. debit Income summary ; credit expenses
 - B. debit expenses; credit Income summary
 - C. debit Income summary ; credit prepaid expenses
 - D. debit capital ; credit expenses

Provided below, financial information of Walton Co. Each account should have a normal balance. Use the following information to answer question 15 to 18

Cash	8,000	Unearned revenue	2,000
Accounts receivable	82,000	Wages payable	2,000
Supplies	4,000	Walton, Capital	300,000
Prepaid insurance	2,000	Walton, Drawing	6,000
Land	20,000	Revenues	160,000
Equipment	78,000	Supplies expenses	16,000
Accumulated depreciation	58,000	Wages expenses	320,000
Accounts payable	18,000	Insurance expenses	4,000

- 15- The Income Statement for Walton Co. will show
- A. \$180,000 Net Income.
 - B. \$180,000 Net Loss.
 - C. \$\$500,000 Net Loss.
 - D. \$500,000 Net Income.