FINAL

BIRZEIT UNIVERSITY
FACULTY OF COMMERCE & ECONOMICS
ACCOUNTING DEPARTMENT

LECTURERS: MIRABO SHAMMAS
ALEX KUTTAB

FIRST SEM
SUNDAY 1
1:00 – 3:00

FINAL EXAM

ACCT. "130"

1. The Highland Cove Resort opened for business on June 1 with eight air-conditioned units. Its trial balance before adjustment on August 31 is as follows:

HIGHLAND COVE RESORT
Trial Balance
August 31, 1996

	Debit	Credit
Cash	$ 19,600	
Prepaid Insurance	5,400	
Supplies	3,300	
Land	25,000	
Cottages	125,000	
Furniture	26,000	
Accounts Payable		$ 6,500
Unearned Rent Revenue		6,800
Mortgage Payable		80,000
Tina Leone, Capital		100,000
Tina Leone, Drawing	5,000	
Rent Revenue		80,000
Salaries Expense	51,000	
Utilities Expense	9,400	
Repair Expense	3,600	
	$273,300	$273,300

Other data:

1. Insurance expires at the rate of $300 per month.
2. An inventory count on August 31 shows $700 of supplies on hand.
3. Annual depreciation is $4,800 on cottages and $2,400 on furniture.
4. Unearned rent of $5,000 was earned prior to August 31.
5. Salaries of $400 were unpaid at August 31.
6. Rentals of $800 were due from tenants at August 31.
7. The mortgage interest rate is 12% per year. (The mortgage was taken out on August 1.)

Instructions

Journalize the adjusting entries on August 31 for the 3-month period June 1–August 31.

2. Present journal entries to record the following transactions if (a) a periodic inventory system is used and (b) a perpetual inventory system is used. Purchases are recorded at invoice price.

1. Merchandise is purchased for $4,000, terms 2/10, n/30.
2. Goods originally costing $500 (in the preceding transaction) are returned to the seller before payment is made.
3. The remainder of the purchase in transaction 1 is paid for and the related discount is taken.
4. Goods costing $2,700 are sold on account for $4,300.
5. The proper balance in the Inventory account is established at the end of the period. A physical inventory at the end of the period shows goods costing $1,490 on hand. Assume that the beginning balance in this account was $800.

800 / 2,700
450
530

800

3. The following are July inventory data for Maki Company, which uses perpetual inventory procedures.

July 1 Beginning inventory, 30 units @ $20 per unit.
10 Purchased 70 units @ $25 per unit.
15 Sold 80 units.
26 Purchased 50 units @ $28 per unit.

Compute the cost of goods sold for July 15 using (a) first-in, first-out; (b) last-in, first-out; and (c) moving average.

4. On July 31, Murphy Company's Cash in Bank account had a balance of $5,620.75. On that date, the bank statement indicated a balance of $7,334.48. Comparison of returned checks and bank advices revealed the following:

1. Deposits in transit July 31 amounted to $2,415.97.
2. Outstanding checks July 31 totaled $1,129.20.
3. The bank erroneously charged a $250 check of the Murray Company against the Murphy bank account. X
4. A $20 bank service charge has not yet been recorded on the books.
5. Murphy neglected to record $3,000 borrowed from the bank on a 10% six-month note. The bank statement shows the $3,000 as a deposit.
6. Included with the returned checks is a memo indicating that J. Martin's check for $490 had been returned NSF. Martin, a customer, had sent the check to pay an account of $500 less a 2% discount.
7. Murphy Company recorded an $84.50 payment for repairs as $845.

REQUIRED
(a) Prepare a bank reconciliation for Murphy Company at July 31.
(b) Prepare the general journal entry or entries necessary to bring the Cash in Bank account into agreement with the adjusted balance on the bank reconciliation.

5. At the beginning of the current year, Mason Company had the following accounts on its books:

Accounts Receivable	$94,000 (debit)
Allowance for Uncollectible Accounts	6,100 (credit)

During this year, credit sales were $820,000 and collections on account were $804,000. The following transactions, among others, occurred during the year:

Feb. 17 Wrote off R. Lowell's account, $2,800.
May 28 Wrote off G. Boyd's account, $1,850.
Oct. 13 G. Boyd, who is in bankruptcy proceedings, paid $350 in final settlement of the account written off on May 28. This amount is not included in the $804,000 collections.
Dec. 15 Wrote off K. Marshall's account, $1,150.
31 In an adjusting entry, recorded the provision for uncollectible accounts at $\frac{3}{4}$% of credit sales for the year.

REQUIRED
(a) Prepare general journal entries to record the credit sales, the collections on account, and the above transactions.
(b) Show how Accounts Receivable and the Allowance for Uncollectible Accounts would appear in the December 31 balance sheet.

6. The Watson Corporation received a $6,000, 90-day, 12% note from Carla London on November 11, 1983. London had previously purchased merchandise from Watson and wished to extend the repayment date of the receivable. Prepare the journal entries required by Watson to record the following:

a The receipt of the note from London. Nov. 11
b Accrued interest on December 31, 1983, the end of Watson's accounting year.
c The payment of the note by London on February 9, 1984.

SU

BIRZEIT UNIVERSITY
FACULTY OF COMMERCE & ECONOMICS
ACCOUNTING DEPARTMENT

INSTRUCTOR: ISKANDUR KUTTAB
MIRABO SHAMMAS
SALIBA SHIHADEH
SHADI AL-HAJ

SECOND SEM. [redacted]
TUE 3/[redacted]
N625, C001
14:00 – 16:00

FINAL EXAM

ACCT. "130"

1. Phototake, Inc., a commercial photography studio, has just completed its first full year of operations on December 31 of the current year. The general ledger account balances before year-end adjustments follow. No adjusting entries have been made to the accounts at any time during the year. Assume that all balances are normal.

Cash	$ 950	Accounts Payable	$ 1,550
Accounts Receivable	2,500	Unearned Photography Fees	1,250
Prepaid Rent	7,560	Capital Stock	10,000
Prepaid Insurance	2,970	Photography Fees Earned	23,900
Supplies on Hand	3,240	Wages Expense	8,000
Equipment	9,100	Utilities Expense	2,380

An analysis of the firm's records discloses the following items:

1. Photography services of $700 have been rendered, but customers have not yet been billed.
2. The equipment, purchased January 1, has an estimated life of ten years.
3. Utilities expense for December is estimated to be $275, but the bill will not arrive until January of next year.
4. The balance in Prepaid Rent represents the amount paid on January 1 for a two-year lease on the studio.
5. In November, customers paid $1,250 in advance for pictures to be taken for the holiday season. When received, these fees were credited to Unearned Photography Fees. By December 31, all these fees are earned.
6. A three-year insurance premium paid on January 1 was debited to Prepaid Insurance.
7. Supplies on hand at December 31 are $1,120. 2120
8. At December 31, wages expense of $180 has been incurred but not paid.

REQUIRED

Record adjusting entries in general journal form.

2. Assume that Haslem Company had a $40,000 ending inventory balance at the close of the last period. The following sales and purchase transactions occurred during the current period:

1. Purchased merchandise on account, $19,000, terms 1/10, n/30.
2. Returned part of the above merchandise that had an original gross purchase price of $1,000.
3. Paid the balance of the purchase in time to receive the purchases discount.
4. Sold goods costing $32,000 for $50,000. Cash of $13,000 was received, with the balance due on account.

REQUIRED

(a) Record these transactions assuming that (1) a periodic inventory system is used

3. Singer Sales, Inc., had a beginning inventory for July comprising 1,300 units that had cost $20 per unit. A summary of purchases and sales during July follows:

	Unit Cost	Units Purchased	Units Sold
July 3			800
8	$22	1,500	
13			1,000
19	25	400	
23	28	800	
28			700

REQUIRED
(a) Assuming Singer uses a periodic inventory system, calculate the amount of ending inventory under each of the following pricing methods: first-in, first-out; last-in, first-out; and weighted average.
(b) Which inventory pricing method would you choose:
1. to reflect what is probably the physical flow of goods?
2. to minimize income tax for the period?
3. to report the largest amount of income for the period?
Justify your answers.

4. At December 31 of the current year, the Cash account in Tyler Company's general ledger had a debit balance of $18,434.27. The December 31 bank statement showed a balance of $19,726.40. In reconciling the two amounts, you discover the following:

1. Bank deposits made by Tyler on December 31 amounting to $2,145.40 do not appear on the bank statement.
2. A non-interest-bearing note receivable for $2,000, left with the bank for collection, was collected by the bank near the end of December. The bank credited the proceeds, less a $5 collection charge, on the bank statement. Tyler Company has not recorded the collection.
3. Accompanying the bank statement is a debit memorandum indicating that John Miller's check for $450 was charged against Tyler's bank account on December 30 because of insufficient funds.
4. Check No. 586, written for advertising expense of $869.10, was recorded as $896.10 in Tyler Company's cash disbursements journal.
5. A comparison of the paid checks returned by the bank with the cash disbursements journal revealed the following checks still outstanding at December 31:

No. 561	$306.63	No. 591	$190.00
No. 585	440.00	No. 592	282.50
No. 588	476.40	No. 593	243.00

6. The bank mistakenly charged Tyler Company's account for check printing costs of $30.50, which should have been charged to Taylor Company.
7. The bank charged Tyler Company's account $42.50 for rental of a safe deposit box. No entry has been made in Tyler's records for this expense.

REQUIRED
(a) Prepare a bank reconciliation at December 31.
(b) Prepare any necessary journal entries at December 31.

5. Record the following West Corporation activities in general journal form:
Apr. 1 Established a $200 petty cash fund by writing a check on the First National Bank.
17 Replenished the petty cash fund by writing a check on the First National Bank. The fund contains the following:

Currency and coins	$ 26.00
Bills and receipts:	
Delivery Expense	68.00

6. Sims Company uses the allowance method of handling credit losses. It estimates losses at 1% of credit sales, which were $800,000 during the current year. On December 31 of the current year, the Accounts Receivable balance was $150,000, and the Allowance for Uncollectible Accounts had a credit balance of $900 before adjustment.

(a) Give the adjusting entry to record credit losses for the current year.
(b) Show how Accounts Receivable and the Allowance for Uncollectible Accounts would appear in the December 31 balance sheet.

7. Gordon, Inc., analyzed its Accounts Receivable balances at December 31 and arrived at the aged balances listed below, along with the percentages of each age group that have proven uncollectible in the past.

Age	Loss (%)	Balance
Current	1	$ 90,000
30–60 days past due	2	18,000
61–120 days past due	5	10,000
121 days–six months past due	10	8,000
Over six months past due	25	6,000
		$132,000

The company handles credit losses with the allowance method. The credit balance of the Allowance for Uncollectible Accounts is $700 on December 31 before any adjustments.

(a) Prepare the adjusting entry for estimated credit losses on December 31.
(b) Give the entry to write off Jeff Tyne's account in April of the following year, $435.

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ACCOUNTING DEPARTMENT

LECTURERS: MIRABO SHAMMAS
ISKANDAR KUTTAB
INSTRUCTOR: SALIBA SHEHADEH
FINAL EXAM

SECOND SEM. [illegible]
FRIDAY [illegible]
S240, S120, Cool, N625
02:00 – 04:30

ACCT. "130"

1. Deliverit, a mailing service, has just completed its first full year of operations on December 31 of the current year. The firm's general ledger account balances before year-end adjustments are given below. No adjusting entries have been made to the accounts at any time during the year. Assume that all balances are normal.

Cash	$ 3,800	Lewis, Capital	$25,000
Accounts Receivable	4,360	Lewis, Drawing	6,600
Prepaid Advertising	1,320	Mailing Fees Earned	74,000
Supplies on Hand	4,790	Wages Expense	34,800
Equipment	36,000	Rent Expense	5,760
Accounts Payable	1,400	Utilities Expense	2,970

An analysis of the firm's records reveals the following:

1. The balance in Prepaid Advertising represents the amount paid for newspaper advertising for one year. The agreement, which calls for the same amount of space each month, covers the period from February 1 of the current year to January 31 [illegible]
2. The equipment [illegible]
3. Utilities expense does not include expense for December, estimated at $360. The bill will not arrive until January of next year.
4. At year-end, employees have earned $900 in wages that will not be paid until January.
5. Supplies on hand at year-end amounted to $1,100.
6. Mailing services amounting to $4,000 were rendered to customers who have not yet been billed for the services.
7. The firm's lease calls for rent of $480 per month payable on the first of each month, plus an amount equal to ½% of annual mailing fees earned. The rental percentage is payable within 15 days after the end of the year.

REQUIRED
(a) Prove that debits equal credits for the unadjusted account balances shown above by preparing a trial balance.
(b) Record adjusting entries in general journal form.

2. Halley's Space Scope sells state-of-the-art telescopes to individuals and organizations interested in studying the solar system. At December 31 last year, the company's inventory amounted to $90,000. During the first week of January this year, the company made only one purchase and one sale. These transactions were as follows:

Jan. 2 Sold one telescope costing $2[illegible],000 to Eastern State University for cash, $40,000.

Jan. 7 Purchased merchandise on account from Solar Optics, $18,500. Terms, net 30 days.

a Prepare journal entries to record these transactions assuming that Halley's Space Scope uses the perpetual inventory system. Use separate entries to record the sales revenue and the cost of goods sold for the sale on January 2.

b Compute the balance of the Inventory account on January 7.

c Prepare journal entries to record the two transactions assuming that Halley's Space Scope uses the periodic inventory system.

d Compute the cost of goods sold for the first week of January assuming use of a periodic inventory system. Use your answer to part b as the ending inventory.

e Which inventory system do you believe that a company such as Halley's Space Scope would probably use? Explain your reasoning.

3. ✓ Give the entries to record the following transactions engaged in by Westland Company, which uses the periodic inventory system.

July 2 Purchased merchandise on credit from Matts Company, terms 2/10, n/30, FOB destination, invoice dated July 1, $800.

6 Returned merchandise to Matts Company for full credit, $100.

11 Paid Matts Company for purchase less return and discount.

14 Purchased merchandise on credit from Matts Company, terms 2/10, n/30, FOB destination, invoice dated July 12, $900.

31 Paid amount owed to Matts Company for purchase of July 14.

✓4. Selected account balances of Certin Company for the year ended December 31, 19xx follow.

Account Name	Debit	Credit
Sales		$297,000
Sales Returns and Allowances	$ 15,200	
Cost of Goods Sold	113,000	
Freight In	5,600	
Selling Expenses	48,500	
General and Administrative Expenses	37,200	

Prepare closing entries, assuming that the owner of Certin Company, Roger Certin, withdrew $40,000 for personal expenses during the year.

On [illegible]

On that date, the bank statement indicated a balance of $7,3[illegible]. Comparison of returned checks and bank advices revealed the following:

1. Deposits in transit July 31 amounted to $2,415.97.
2. Outstanding checks July 31 totaled $1,129.20.
3. The bank erroneously charged a $250 check of the Murray Company against the Murphy bank account.
4. A $20 bank service charge has not yet been recorded on the books.
5. Murphy neglected to record $3,000 borrowed from the bank on a 10% six-month note. The bank statement shows the $3,000 as a deposit.
6. Included with the returned checks is a memo indicating that J. Martin's check for $490 had been returned NSF. Martin, a customer, had sent the check to pay an account of $500 less a 2% discount.
7. Murphy Company recorded an $84.50 payment for repairs as $845.

REQUIRED

(a) Prepare a bank reconciliation for Murphy Company at July 31.

(b) Prepare the general journal entry or entries necessary to bring the Cash in Bank account into agreement with the adjusted balance on the bank reconciliation.

6. ✓ The Schumacker Office Supply Company sells merchandise on credit. During the fiscal year ended December 31, the company had net sales of $2,300,000. At the end of the year, it had Accounts Receivable of $600,000 and a debit balance in Allowance for Uncollectible Accounts of $3,400. In the past, approximately 1.4 percent of net sales have proved uncollectible. Also, an aging analysis of accounts receivable reveals that $30,000 of the receivables appear to be uncollectible. Prepare journal entries to record uncollectible accounts expense using (a) the percentage of net sales method and (b) the accounts receivable aging method.

What is the resulting balance of Allowance for Uncollectible Accounts under each method?

7. ✓ Prepare journal entries (assuming reversing entries are not made) to record the following transactions.

Dec. 1 Received a 90-day, 12 percent note for $5,000 from a customer for the sale of merchandise.

31 Made end-of-year adjustment for interest income.

BIRZEIT UNIVERSITY
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ACCOUNTING DEPARTMENT

LECTURER: SHADI AL-HAJ
INSTRUCTOR: ZEYAD MUNAWER

عائشة رواجبه

FIRST SEM
FINAL EXAM

ACCT. "130"

1. On April 1, 1997, Pat Hamilton, an attorney, opened her own legal practice, to be known as the Law Office of Pat Hamilton. The business adjusts its accounts at the end of each month. The following trial balance was prepared at April 30, 1997, ***after one month*** of operations:

LAW OFFICE OF PAT HAMILTON
Trial Balance
April 30, 1997

Cash	*$10,060*	
Legal fees receivable	*—0—*	
Unexpired insurance	*3,000*	
Prepaid office rent	*4,800*	
Office supplies	*1,460*	
Office equipment	*26,400*	
Accumulated depreciation: office equipment		*$—0—*
Notes payable		*16,000*
Interest payable		*—0—*
Salaries payable		*—0—*
Unearned retainer fees		*16,020*
Pat Hamilton, capital		*20,000*
Pat Hamilton, drawing	*4,000*	
Legal fees earned		*1,580*
Salaries expense	*2,680*	
Miscellaneous expense	*1,200*	
Office rent expense	*—0—*	
Office supplies expense	*—0—*	
Depreciation expense: office equipment	*—0—*	
Interest expense	*—0—*	
Insurance expense	*—0—*	
	$53,600	*$53,600*

Interest expense
Interest Payable

a. No interest has yet been paid on the note payable. Accrued interest at April 30 amounts to $180.

b. Salaries earned by the office staff but not yet recorded or paid amounted to $3,470 at April 30. Salaries Expense / Salaries Payable

c. Many clients are asked to make an advance payment for the legal services to be rendered in future months. These advance payments are credited to the Unearned Retainer Fees account. During April, $7,700 of these advances were earned by the business.

d. Some clients are not billed until all services relating to their matter have been rendered. As of April 30, services priced at $4,780 had been rendered to these clients but had not yet been recorded in the accounting records.

e. A professional liability insurance policy was purchased on April 1. The premium of $3,000 for the first six months was paid and recorded as Unexpired Insurance.

f. The business rents an office at a monthly rate of $1,600. On April 1, three months' rent was paid in advance and charged to the Prepaid Office Rent account.

g. Office supplies on hand at April 30 amounted to $1,100. Supplies expense 360 / Supplies 360

h. The office equipment was purchased on April 1 and is being depreciated over an estimated useful life of 10 years. Dep. exp. 220 / Accumulated 220

7,700 legal fees recivable
7,700 Unearned Retain fees.

Acct R. 4,780
Service Revenue

Insurance Expense 500
Unexpired Insurance

Rent expense 1600
Prepaid Rent

Required:

- Prepare the adjusting entries required at April 30.

Sales = 35,000   Purchase 61,000

2. Fortune Distributing Company had the following transactions with Cornwall, Inc.:

Nov. 10 Fortune sold and shipped $3,000 worth of merchandise to Cornwall, terms 2/10, n/30, F.O.B. shipping point. The cost of merchandise is $2,000.

12 Cornwall, Inc., paid freight charges on the shipment from Fortune Company, $180.

14 Fortune issued a credit memo for $300 for merchandise returned by Cornwall. The cost of returned merchandise is $200.

19 Fortune received payment in full for the net amount due on the November 10 sale.

Assume the Fortune Distributing Company uses **perpetual inventory system,** while Cornwall Inc. uses **periodic inventory system.**

Required:

Record the above transactions as they would appear

a) On the books of Fortune Distributing Company
b) On the books of Cornwall Inc..

Begin 441000

38,000   61,000   Sales 38,000   Purchase 61,000

ending Inventory

3. In your audit of the Jose Oliva Company, you find that physical inventory on December 31,2000, showed a merchandise with a cost of $441,000 was on hand at that date. You also discover the following items were all excluded from the $441,000

1- Merchandise of $61,000 which is held by Oliva on consignment. The consignor is the Max Suzuki Company.
2- Merchandise costing $38,000 which is shipped by Oliva F.O.B destination to a customer on December 31,2000. The customer was expected to receive the merchandise on January 6, 2001.
3- Merchandise costing $51,000 shipped by a supplier F.O.B shipping point on December 31,2000 and was received by Oliva on January 5, 2001.
4- Merchandise costing $46,000 which was shipped by Oliva F.O.B shipping point to a customer on December 29,2000. The customer was scheduled to receive the merchandise on January 2, 2001
5- Merchandise costing $30,000 is held by Tom Company for Oliva.

441 441,000 Dec 31, 2000 441,000 434000

Required:

Determine the amount that should appear on Oliva's balance sheet at December 31, 2000 for inventory.

$61,000 30,000 441,000 $38,000 46,000

4. On February 3, Executive Golf Course established a petty cash fund in the amount of $150. At February 28, the fund contained $9.20 in cash. The vouchers in the fund are summarized below:

Postage due	$ 0.36
Beverage	20.60
Office supplies	82.14
Gas money for John	5.00
Mark's lunch	8.00
Flowers for Linda's birthday	12.35
Doughnuts	6.30

The company replenishes this fund at the end of each month. All types of expenditures which amount to less than $50 during the month are charged to Miscellaneous Expense in one debit entry. Any type of expenditure exceeding $50 is debited to an expense account that describes the nature of the expenditure. Any cash shortage or excess is debited or credited to a Cash Over and Short account.

Prepare all journal entries relating to the operation of this petty cash fund during the month.

(9, 10, 11, 12) 5 4

5. On September 1, a six-month, 9% note receivable is acquired from Sean Young, a customer, in settlement of his $22,000 account receivable. 445

Prepare journal entries to record: