ACCT130 Second Exam

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ACCT1/30

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Question # 3 Multiple Choice	Answer	
1	C	
2	C	
3	B	
4	B	
5	C	



Question # 1 (20 points)

The ledger accounts given below, with an identification number for each, are used by **Tune Toys Company**, which uses a **Perpetual inventory system**.

Instructions: Prepare appropriate entries in the books of Tune Toys Co., for the month of August by placing the appropriate identification number(s) in the debit and credit columns provided and the dollar amounts pertaining to each account in the adjoining columns.

- 1. Sales Discounts
- 5. Purchases
- 2. Notes Receivable

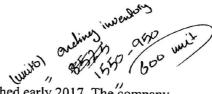
Accounts Receivable

- 6. Sales Returns and Allowances
- 3. Cash

4.

- 7. Accounts Payable
- 8. Cost of Goods Sold
- 9. Inventory
- 10. Sales Revenue
- 11. Purchase Discount
- 12. Freight-Out

			eigni-Oui	
DATE	Account(s) Entry Information	Account(s) Debited	Account(s) Credited	Amount \$
August 2	Tune Toys Co.purchased merchandise from Kiser Co. on account for \$4,000; terms 1/10, n/30. Two your 4000	9	1	4000
August 6	Tune Toys co.sold merchandise to H. Jones on account for \$1,400, terms 1/10, n/30. H. Jones will pay \$50 freight costs to the freight company. The merchandise sold cost \$700.	4	10	1400
Be the pane	Sales Rev. CGS Sweetory	8	9	700
August 8	August 8 H. Jones beturned defective merchandise to Tune Toys Co. for \$200. The returned merchandise cost Tune Toys Co. \$100.		4	200
			8/	100
s	Tune Toys Co. paid freight of \$300 on the shipment it purchased from Kiser Co. per the shipping terms.	49	3/	300
	Tune Toys Co. received payment in full from Soles 2.4 All Soles Disco	3,1	1 1 1 1 1 1 1 1 1 1	1200
	1200-12	/ /		1188
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Question # 2 (15 points)

Star Company is a merchandising company established early 2017. The company prepares financial statements every month. Given below are merchandising transactions undertaken by the company in the month of April 2017. The company uses the periodic inventory system.

			Cost per	Total
Date	Explanation	# of Units	Unit (\$)	Cost (\$)
1/4/2017	Beginning Inventory	300	5.00	1500
4/4/2017	Purchase	400	5.25	2100
15/4/2017	Purchase	600		TOWNS AND SECOND
23/4/2017			5.50	3300
2317/201/	Purchase	250	6.5	162

During the month of April, the company sold 950 units.

Instructions

To the ending inventory is (600) Answer the following independent questions and show computations supporting your

1. Cost of goods available for sale is \$ 85.25

- 2. Average cost per unit is \$ 5.5/ ... Cost of goods available for vale

 # of units available for vale
- 3. Assume that the company uses the FIFO method. The ending inventory amount is 250(6.5) + 350 (5.5) = 1625 + 1925
- 4. Assume that the company uses the LIFO method. The ending inventory amount is 300(5) + 300(5.25) = .1500 + 1575
- 5. Assume that the company uses the FIFO method. The cost of goods sold amount is Cost at goods available for tale eveling inventory \$ 4,975 8525 - 3550 =
- 6. Assume that the company uses the LIFO method. The cost of goods sold amount is \$ 5,450 8525_3075=
- 7. Assume that the company uses the Average Cost method. The value of the ending

600 (5.5) = 3300 inventory is \$_3,300 950(5.5)= 5225 8525 - 33300 5225 3 = 3300

TION # 3 - MC (5 points)

- Operation Profit operation ext.
- A positive Income from operations will always result if
 - a. the cost of goods sold exceeds operating expenses.
 - b. revenues exceed cost of goods sold.
 - c.) gross profit exceeds operating expenses.
 - d. revenues exceed operating expenses.
- Under a periodic inventory system, acquisition of merchandise is debited to the
 - a. Inventory account.
 - b. Cost of Goods Sold account.
 - (c.) Purchases account.
 - d. Accounts Payable account.
- Tebough Company reported the following balances at January 31, 2016: 3.

Sales Revenue	\$16,900
Sales Returns and Allowances	350
Sales Discounts	300
Cost of Goods Sold	9,200

- d. \$7,050.
- The Sales Returns and Allowances account is classified as a(n) 4.
 - a. asset account.
 - (b.) contra revenue account.
 - c. expense account.
 - d. contra asset account.
- Net purchases plus freight-in determines 5.
 - a. cost of goods sold.
 - b. cost of goods available for sale.
 - (c.) cost of goods purchased.
 - d. total goods available for sale.

GOOD LUCK