

Q1: Circle the correct answer

- Honday co. purchased land for £90,000 in 2022. At December 31, 2022, an appraisal determined the fair value of the land is £130,000. If Honday follows the historical cost principle, in the 2022 financial statements, the land will be reported at**
 - £90,000 on the statement of financial position.**
 - £130,000 on the statement of financial position.
 - £90,000 on the income statement.
 - £130,000 on the income statement.
- When assets are distributed to the shareholders of a corporation, these distributions are termed**
 - depletions.
 - consumptions.
 - dividends.**
 - a credit line.
- Freirs Company paid the monthly rent of €6,000. This transaction will**
 - increase Cash and decrease Rent Expense by €6,000.
 - decrease Cash and decrease Rent Expense by €6,000.
 - decrease Cash and increase Rent Expense by €6,000.**
 - have no effect on the accounting equation.
- If total liabilities increased by \$6,000, then**
 - assets must have decreased by \$6,000.
 - equity must have increased by \$6,000.
 - assets must have increased by \$6,000, or equity must have decreased by \$6,000.**
 - assets and equity each increased by \$3,000.
- Net Loss results when**
 - Assets > Liabilities.
 - Revenues = Expenses.
 - Revenues > Expenses.
 - Revenues < Expenses.**

Q2: Find the following as required

	Assets =	Liabilities +	Owners' equity
2021 (ABC co.)	\$400,000	\$150,000	A
2022 (Paltel co.)	B	C	\$230,000
2023 (Pioneer co.)	D	E	F

Required:

- Find the A dependence Assets and liabilities for the year **2021** for ABC co.
- Find the B, C dependence Owners' equity, if you know the Notes Payable \$20,000, Accounts Payable \$30,000, Unearned Service Revenue \$10,000, Salaries and wages Payable \$15,000, and Interest Payable \$25,000 for the year **2022**
- Find D, E, F, if you know the Cash \$100,000, the Accounts Receivable \$60,000, Supplies \$40,000, Equipment \$50,000, and Inventory 60,000, **The** Owners Capital \$120,000 and the Owners Drawing \$20,000, the Service Revenue 180,000, the Supplies Expense \$10,000, Depreciation Expense \$15,000, Insurance Expense \$5,000, Salaries and Wages Expense \$15,000, Rent Expense \$10,000, Utilities Expense \$5,000, and Interest Expense \$10,000 For **2023**

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Answers:

- A = Assets – Liabilities = \$400,000 – 150,000 = \$250,000**
- C = Notes Payable+ Accounts Payable+ Unearned Service Revenue + Salaries and wages Payable + Interest Payable = \$20,000 + \$30,000 + \$10,000 + \$15,000 + \$25,000 = \$100,000**
B = C + Owners Equity = \$100,000 + \$230,000 = \$330,000
- D = Cash + Accounts Receivable + Supplies + Equipment + Inventory = \$100,000 + \$60,000 + \$40,000 + \$50,000 + \$60,000 = \$310,000**
F = Owners Capital – Owners Drawing + Net income + Additional investment
F = Owners Capital – Owners Drawing + (Revenue – Expense) + Additional investment
F = Owners Capital – Owners Drawing + (Service Revenue – (Supplies Expense + Depreciation Expense + Insurance Expense + Salaries and Wages Expense + Rent Expense + Utilities Expense + Interest Expense) + Additional investment
F = \$120,000 – \$20,000 + (\$180,000 – (\$10,000 + \$15,000 + \$5,000 + \$15,000 + \$10,000 + \$5,000 + \$10,000)) + 0
F = \$100,000 + (\$180,000 – (\$70,000) + 0
F = \$100,000 + \$110,000
F = \$210,000
E = D – F = \$310,000 – \$210,000 = \$100,000

تشابتر 2

Q1: Circle the correct answer

- Recording revenue**
 - increases assets and liabilities.
 - increases assets and shareholders' equity.**
 - increases assets and decreases shareholders' equity.
 - has no effect on total assets.
- Which of the following statements is true?**
 - Debits increase assets and increase liabilities.
 - Credits decrease assets and decrease liabilities.
 - Credits decrease assets and increase liabilities.**
 - Debits increase liabilities and decrease assets.
- If total liabilities increased by \$22,500, then**
 - assets must have increased by \$22,500.
 - only shareholders' equity must have increased by \$22,500.
 - assets must have increased by \$22,500, or shareholders' equity must have decreased by \$22,500.**
 - assets and shareholders' equity must have both decreased by \$22,500.

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4. When a corporation pays a dividend, the
- (a) Cash account will be increased with a debit.
 - (b) Dividends Declared account will be increased with a credit.
 - (c) Retained Earnings account will be directly increased with a debit.
 - (d) Dividends Declared account will be increased with a debit.**
5. A trial balance proves
- (a) the mathematical equality of debits and credits in the ledger.**
 - (b) the ledger is posted correctly.
 - (c) that all transactions have been recorded correctly.
 - (d) that all transactions have been posted.

Q2: Journalize the following business transactions in general journal form. Identify each transaction by number. You may omit explanations.

- 1. Invested \$25,000 in exchange for common shares of the corporation
- 2. Hired an employee to be paid \$400 per week, starting tomorrow.
- 3. Paid six months' rent in advance, \$6,000.
- 4. Paid the worker's weekly salary.
- 5. Recorded service revenue earned and received for the week, \$1,750.

Solution

1. Cash.....	25,000	
Common Shares.....		25,000
2. <u>No entry</u>		
3. Prepaid Rent.....	6,000	
Cash.....		6,000
4. Salaries Expense.....	400	
Cash.....		400
5. Cash.....	1,750	
Service Revenue.....		1,750

تشابتر 3 :

Q1: Circle the correct answer

1. An adjusting entry
- a. affects two balance sheet accounts.
 - b. affects two income statement accounts.
 - c. affects a balance sheet account and an income statement account.**
 - d. is always a compound entry.
2. Accrued revenues are
- a. received and recorded as liabilities before they are earned.
 - b. earned and recorded as liabilities before they are received.
 - c. earned but not yet received or recorded.**
 - d. earned and already received and recorded

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3. Paltel Company purchased office supplies costing \$6,000 and debited Office Supplies for the full amount. At the end of the accounting period, a physical count of office supplies revealed \$2,400 still on hand. The appropriate adjusting journal entry to be made at the end of the period would be
- Debit Office Supplies Expense, \$2,400; Credit Office Supplies, \$2,400.
 - Debit Office Supplies, \$3,600; Credit Office Supplies Expense, \$3,600.
 - Debit Office Supplies Expense, \$3,600; Credit Office Supplies, \$3,600.**
 - Debit Office Supplies, \$2,400; Credit Office Supplies Expense, \$2,400.
4. Unearned revenue is classified as
- an asset account.
 - a revenue account.
 - a contra-revenue account.
 - a liability.**
5. Padico purchased a five-year insurance policy for its ships on April 1, 2022 for \$100,000. Assuming that April 1 is the effective date of the policy, the adjusting entry on December 31, 2022 is
- Prepaid Insurance 15,000
Insurance Expense 15,000
 - Insurance Expense..... 15,000**
Prepaid Insurance..... 15,000
 - Insurance Expense..... 20,000
Prepaid Insurance..... 20,000
 - Insurance Expense..... 5,000
Prepaid Insurance..... 5,000

Question #2: The ledger accounts given below, with an identification number for each, are used by Dettol Cleaning.

Instructions: Prepare appropriate adjusting entries for the year ended December 31, 2022, by replacing the appropriate identification number(s) in the debit and credit columns provided and the dollar amount in the adjoining column. Item 0 is given as an example.

- | | |
|---------------------------------------|------------------------------------|
| 1. Service Revenue | 10. Cash |
| 2. Accounts Receivable | 11. Notes Payable |
| 3. Interest Receivable | 12. Interest Revenue |
| 4. Supplies Expense | 13. Unearned Service Revenue |
| 5. Insurance Expense | 14. Salaries and Wages Expense |
| 6. Equipment | 15. Depreciation Expense-Equipment |
| 7. Accumulated Depreciation-Equipment | 16. Interest Payable |
| 8. Salaries and Wages Payable | 17. Prepaid Insurance |
| 9. Interest Expense | 18. Supplies |

ENTRY NO.	Account(s) Entry Information	Account(s) Debited	Account(s) Credited	Amount \$
0	Interest of \$300 is accrued on a note receivable at December 31, 2022.	3	12	300
1	A customer paid Dettol Cleaning \$16,000 on December 1, 2022, for services to be performed in the coming 2 months. The receipt was credited to a liability account. On Dec.31, 2022, half these services were performed	13	1	8,000

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2	Dettol has two employees who each earn \$110 per day. At December 31, 2022, four days' salaries have been earned but not paid.	14	8	880
3	Dettol purchased equipment costing \$28,000 on January 1, 2021. Monthly depreciation is \$400.	15	7	4,800
4	Dettol borrowed \$8,000 by signing a three- month, 6% interest, note payable on November 1, 2022.	9	16	80
5	Dettol started the year with no supplies on hand. Dettol purchased \$4,000 in supplies during the year and has \$1,800 on hand at December 31. Supplies were debited to an asset account when purchased	4	18	2,200

تشابتر 4 :

Q1: Circle the correct answer

1. Closing entries

- a. are prepared before the financial statements.
- b. reduce the number of permanent accounts.
- c. cause the revenue and expense accounts to have zero balances.**
- d. summarize the activity in every account.

2. The final closing entry to be journalized is typically the entry that closes the

- a. revenue accounts.
- b. owner's drawings account.**
- c. owner's capital account.
- d. expense accounts.

3. The first required step in the accounting cycle is

- a. reversing entries.
- b. journalizing transactions in the book of original entry.
- c. analyzing transactions.**
- d. posting transactions.

4. Paltel paid the weekly payroll on January 2 by debiting Salaries and Wages Expense for \$47,000. The accountant preparing the payroll entry overlooked the fact that Salaries and Wages Expense of \$30,000 had been accrued at year end on December 31. The correcting entry is

- a. Salaries and Wages Payable 30,000
Cash..... 30,000
- b. Cash 17,000
Salaries and Wages Expense..... 17,000
- c. Salaries and Wages Payable 30,000
Salaries and Wages Expense..... 30,000**
- d. Cash 30,000
Salaries and Wages Expense..... 30,000

5. Equipment is classified in the balance sheet as

- a. a current asset.
- b. property, plant, and equipment.**
- c. an intangible asset.
- d. a long-term investment.

Question 2: The adjusted trial balance of Hamouda's laundry

Hamouda's laundry Adjusted Trial Balance December 31,2022		
Cash	\$ 1,170	
Laundry supplies	1,930	
Prepaid Insurance	600	
Laundry equipment	20,600	
Accumulated Depreciation, Laundry equipment		\$5,400
Accounts Payable		325
Hamouda's, Capital		11,125
Hamouda's, Withdrawals	4,800	
Laundry Service revenue		21,720
Salaries expenses	6,920	
Depreciation expense, laundry equipment	1,200	
Utilities expense	950	
Insurance expense	400	
Totals	\$38,570	\$38,570

1. Prepare the necessary closing entries at December 31.
2. What is the balance of Sara's capital account (ending balance), after the bookkeeper posts the closing entries?

Solution:

1.

Dr. Income Summary 9,470
 Cr. Salaries expenses 6,920
 Cr. Depreciation expense 1,200
 Cr. Utilities expense 950
 Cr. Insurance expense 400
 Dr. Laundry Service revenue 21,720
 Cr. Income Summary 21,720
 Dr. Income Summary 12,250
 Cr. Owners Capital 12,250
 Dr. Owners Capital 4,800
 Cr. Owners Withdrawals 4,800

**** Credited Owners Capital = Income Summary with Credit– Income Summary with Debit
 = 21,720 – 9,470 = \$ 12,250 (Credit)**

2.

**Ending Balance = Owners Capital + Income Summary - Owners Withdrawals
 = 11,125 + 12,250 – 4,800 = \$ 18,575**

Q1: Circle the correct answer

1. Al-Qasrawi Company purchased merchandise inventory with an invoice price of \$9,000 and credit terms of 2/10, n/30. What is the net cost of the goods if Al-Qasrawi Company pays within the discount period?
 - a. \$8,100
 - b. \$8,280
 - c. **\$8,820**
 - d. \$9,000
2. The collection of a \$1,500 account after the 2 percent discount period will result in a
 - a. debit to Cash for \$1,470.
 - b. debit to Accounts Receivable for \$1,500.
 - c. **debit to Cash for \$1,500.**
 - d. debit to Sales Discounts for \$30.
3. If a customer agrees to retain merchandise that is defective because the seller is willing to reduce the selling price, this transaction is known as a sales
 - a. discount.
 - b. return.
 - c. contra asset.
 - d. **allowance.**
4. The operating expense section of an income statement for a wholesaler would not include
 - a. freight-out.
 - b. utilities expense.
 - c. **cost of goods sold.**
 - d. insurance expense.
5. Which of the following accounts is not closed to Income Summary?
 - a. Cost of Goods Sold
 - b. **Inventory**
 - c. Sales Revenue
 - d. Sales Discounts

Q2: A. On October 1, Ahmad's Bicycle Store had an inventory of 20 ten speed bicycles at a cost of \$200 each. During the month of October, the following transactions occurred.

Oct. 4 Purchased 40 bicycles at a cost of \$200 each from Saeed Bicycle Company, terms 1/10, n/30.

Oct. 6 Sold 25 bicycles to Team BZU for \$330 each, terms 2/10, n/30.

Oct. 7 Received credit from Saeed Bicycle Company for the return of 2 defective bicycles.

Oct. 13 Issued a credit memo to Team BZU for the return of a defective bicycle.

Oct. 14 Paid Saeed Bicycle Company in full, less discount.

Required: Prepare the journal entries to record the transactions assuming the company uses a perpetual inventory system.

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Solution

Oct. 4	Inventory.....	8,000	
	Accounts Payable		8,000
Oct. 6	Accounts Receivable	8,250	
	Sales Revenue.....		8,250
	Cost of Goods Sold.....	5,000	
	Inventory.....		5,000
Oct.7	Accounts Payable.....	400	
	Inventory.....		400
Oct.13	Sales Returns and Allowances.....	330	
	Accounts Receivable.....		330
	Inventory.....	200	
	Cost of Goods Sold		200
Oct.14	Accounts Payable (\$8,000 – \$400)	7,600	
	Cash (\$7,600 × .99)		7,524
	Inventory (\$7,600 × .01)		76

نهاية المراجعة (مع كل التوفيق)