

Choose **four** questions only

Q 1//the trail balance of Scarilait Corporation does not balance

SCARIAIT CORPRATION

Trail balance

April 30,2017

	Debit	Credit
Cash	\$5912	
Accounts receivable	5240	
Supplies	2967	
Equipment	6100	
Capital		\$ 7044
Retained earning		8000
Service revenue		5200
Office expenses		
Total	\$24539	\$22244

An examination of the ledger shows these errors:

1-Cash received from customer on account recorded (both debit and credit) as \$ 1580 instead of \$1850.

2-The purchase on account of an equipment costing \$1900 was recorded as a debit to office expense and credit to accounts payable.

3-Service were performed on account for a client \$2250 for which Accounts receivable was debited 2250 and service revenue was credited \$225.

4-A payment of \$95 for telephone charges was entered as a debit to office expense and debit to cash.

5- The service revenue account was totaled at \$5200 instead of \$5280.

Required: post to ledger accounts to correct the balances and then prepare the correct trail balance.

Q2//:William Bryant is the new owner of ACC Computer service, at the end of August 2017 his first month of ownership, Bryant trying to prepare monthly financial statement below is some information related to unrecorded expense that the business incurred during august:

1-At August 31,Bryant owed his employees \$2900 in salaries and wages that will be paid on September 1.

2-At the end of the month, he had not received the month's utility. Based on past experiences, he estimated the bill will be approximate \$600.

3-On August 1, Bryant borrowed \$60000 from a local bank on a 15-year mortgage, the annual interest rate is 8%.

4-A telephone bill in the amount of \$117 covering August charges is unpaid at August 31, (use telephone and internet expense account).

5- Annual depreciation rates are building (4%) and equipment (10%), salvage value estimated to be 10% of cost which cost of building and equipment was \$120,000, \$16,000 respectively.

6- Bryant purchased an insurance policy for \$5,400 cash for eighteen months.

Required: Prepare the adjusting entries as of August 31, 2017 suggested the information provided.

Q 3//: The following accounts balances were included in the trial balance of Twain Corporation at June 30, 2017:

Sales revenue	\$157,850	Telephone and internet exp. (administration)	\$2,820
Sales discount	3,115	Depreciation exp. (office furniture and equipment)	7,250
Cost of goods sold	89,677	Maintenance & repair exp. (administration)	16,450
Salaries & wages exp. (sales)	5,626	Bad debt exp.	4,850
Sales commission	9,760	Office expense	6,000
Travel exp. (sales persons)	2,893	Sales returns & allowance	62,300
Delivery exp.	2,140	Dividend revenue	38,000
Telephone & internet exp. (sales)	2,385	Interest exp.	18,000
Depreciation exp. (sales equipment)	4,980	Income tax exp.	102,000
Maintenance & repair exp. (sales)	6,200	Miscellaneous selling exp.	4,715
Supplies exp. (office)	3,450		

Required: Prepare a multiple-step income statement.

Q 4//: The December 31, 2015 balance sheet of Jekor Company had Accounts Receivable of \$500,000 and a credit balance in Allowance for Doubtful Accounts of \$33,000. During 2016, the following transactions occurred: sales on account \$1,600,000; sales returns and allowances, \$50,000; collections from customers, \$1,400,000; accounts written off \$35,000; previously written off accounts of \$5,000 were collected.

Instructions

(a) Journalize the 2016 transactions.

(b) If the company uses the percentage of sales basis to estimate bad debts expense and anticipates 2% of net sales to be uncollectible, what is the adjusting entry at December 31, 2016?

(c) If the company uses the percentage of receivables basis to estimate bad debts expense and determines that uncollectible accounts are expected to be 4% of accounts receivable, what is the adjusting entry at December 31, 2016?

(d) Which basis would produce a higher net income for 2016 and by how much?

Q 5//: Choose the correct answer(choose only 6):

1-If the company purchase merchandise for \$2000 with trade discount 2% and terms 5/10.N/30 On April 5, 2017, if the company paid half of amount at April 12, so the entry for payment will be :

<p>a- A/p 1960</p> <p style="padding-left: 40px;">purchase cash discount 40</p> <p style="padding-left: 40px;"><u>cash</u> 1960</p>	<p>b- A/R 980</p> <p style="padding-left: 40px;">sales cash discount 20</p> <p style="padding-left: 40px;"><u>cash</u> 1000</p>
<p>c- A/p 980</p> <p style="padding-left: 40px;">purchase cash discount 49</p> <p style="padding-left: 40px;"><u>cash</u> 931</p>	<p>d- A/P 980</p> <p style="padding-left: 40px;">sales cash discount 49</p> <p style="padding-left: 40px;"><u>cash</u> 931</p>

2- If carmine company purchases merchandise on account for \$4000 then

- a. assets and liabilities both decrease by 44000.
- b. stockholders' equity increases by \$4000.
- c. assets increase by \$4000 and liabilities decrease by \$4,000.
- d. assets and liabilities both increase by \$4,000.

3-AL Amal company received its utility bill to the current period of \$70000 and immediately paid it, its journal entry to record this transaction includes a

- a. Credit to utility expenses for \$70000
- b. Debit to utility expenses for \$70000
- c. Debit to accounts payable for \$70000
- d. debit to cash for \$70000
- e. Credit to capital for \$70000

4- Al Ali company purchased office supplies costing \$ 4,000 and debited office supplies for the full amount. at the end of accounting period, a physical count of office supplies revealed \$1,600 still on hand .The appropriate adjusting journal entry to be made at the end of the period would be .

- a. Debit office supplies Expense \$ 1,600; credit office supplies \$ 1,600.
- b. Debit office supplies, \$ 2,400 ; credit office supplies Expense, \$2,400.
- C. Debit office supplies Expense, \$2,400; credit office supplies\$2,400 .
- D. . Debit office supplies\$ 1,600; credit office supplies Expense \$ 1,600.

5-The balance of income statement close in:

- a-balance sheet
- b-income statement
- c-profit & loss account
- d- retained earnings statement

6. Under the allowance method, writing off an uncollectible account

- a. affects only balance sheet accounts.
- b. affects both balance sheet and income statement accounts.
- c. affects only income statement accounts.
- d. is not acceptable practice.

7- 60-day note receivable dated April 13 has a maturity date of

- a. June13.
- b. June12.
- c. June11.
- d. June10.

Good luck

A.P.D. Mundher J.Dager
Head of Department

A.P.Fayhaa A. Mahmood
Lecturer