Faculty of Commerce

Accounting Department

بنك أسئلة

دراسات تجارية بلغة انجليزية

الفرقة الأولى/2020/2021

Accounting

1. Which of the following is **not** a step in the accounting process?

(a) Identification. (c) Recording.

(b) Economic entity. (d) Communication.

2. External users of financial accounting information include all of the following except:

(a) Investors (c) Line managers

(b) Labor unions (d) General public

3. The historical cost principle states that:

(a) assets should be initially recorded at cost and adjusted when the fair value changes.

(b) activities of an entity are to be kept separate and distinct from its owner.

(c) assets should be recorded at their cost.

(d) only transaction data capable of being expressed in terms of money be included in the accounting records.

4. The three types of business entities are:

(a) proprietorships, small businesses, and partnerships.

<u>(b) proprietorships, partnerships, and corporations.</u>

(c) proprietorships, partnerships, and large businesses.

(d) financial, manufacturing, and service companies.

5. Net income will result during a time period when:

(a) assets exceed liabilities.

(b) assets exceed revenues.

(c) expenses exceed revenues.

<u>(d) revenues exceed expenses.</u>

6. As of December 31, 2017, Kent Company has assets of $3,500 and owner's equity of $2,000. What are the liabilities for Kent Company as of December 31, 2017?

<u>(a) $1,500</u>

(b) $1,000.

(c) $2,500.

(d) $2,000.

7. Performing services on account will have the following effects on the components of the basic accounting equation:

(a) increase assets and decrease owner's equity.

<u>(b) increase assets and increase owner's equity.</u>

(c) increase assets and increase liabilities.

(d) increase liabilities and increase owner's equity.

8. During 2017, Bruske Company's assets decreased $50,000 and its liabilities decreased $50,000. Its owner's equity therefore:

(a) increased $50,000.
(c) decreased $100,000.
(b) decreased $50,000
<u>(d) did not change.</u>

9. The financial statement that reports assets, liabilities, and owner's equity is the:

(a) income statement.
(b) owner's equity statement.
<u>(c) balance sheet.</u>
(d) statement of cash flows.

10. Which principle/ guideline is associated with the assumption that the company will continue as long as it can to carry out its objectives?

<u>(a) Going concern</u>
(c) Time period
(b) Conservatism
(d) Economic entity

11. The personal assets of the owner of a company will not appear on the company's balance sheet because of which principle/ guideline?

(a) Cost
<u>(c) Economic entity</u>
(b) Monetary unit
(d) Disclosure

12. Which principle/ guideline directs a company to show all the expenses related to its revenues of a specified period even if the expenses were not paid in that period?

(a) Materiality
<u>(c) Matching</u>
(b) Monetary unit
(d) Conservatism

13. Debits:

(a) increase both assets and liabilities.

(b) decrease both assets and liabilities.

<u>(c) increase assets and decrease liabilities.</u>

(d) decrease assets and increase liabilities.

14. A revenue account:

(a) is increased by debits.

(b) is decreased by credits.

(c) has a normal balance of a debit.

<u>(d) is increased by credits.</u>

15. Accounts that normally have debit balances are:

(a) assets, expenses, and revenues.

(b) assets, expenses, and owner's capital.

(c) assets, liabilities, and owner's drawings.

<u>(d) assets, owner's drawings, and expenses.</u>

16. Which of the following is not part of the recording process?

(a) Analyzing transactions.

<u>(b) Preparing a trial balance.</u>

(c) Entering transactions in a journal.

(d) Posting transactions.

17. A ledger:

(a) contains only asset and liability accounts.

(b) should show accounts in alphabetical order.

<u>(c) is a collection of the entire group of accounts maintained by a company.</u>

(d) is a book of original entry.

18. A trial balance:

<u>(a) is a list of accounts with their balances at a given time.</u>

(b) proves the journalized transactions are correct.

(c) will not balance if a correct journal entry is posted twice.

(d) proves that all transactions have been recorded.

19. Adjusting entries are made to ensure that:

(a) expenses are recognized in the period in which they are incurred.

(b) revenues are recorded in the period in which services are performed.

(c) balance sheet and income statement accounts have correct balances at the end of an accounting period.

<u>(d) All the responses above are correct.</u>

20. Adjustments for prepaid expenses:

(a) decrease assets and increase revenues.

(b) decrease expenses and increase assets.

<u>(c) decrease assets and increase expenses.</u>

(d) decrease revenues and increase assets.

21. Accumulated Depreciation is:

<u>(a) a contra asset account.</u>

(b) an expense account.

(c) an owner’s equity account.

(d) a liability account.

22. Adjustments for unearned revenues:

(a) decrease liabilities and increase revenues.

(b) have an assets-and-revenues-account relationship.

(c) increase assets and increase revenues.

(d) decrease revenues and decrease assets.

23. Adjustments for accrued revenues:

(a) have a liabilities-and-revenues-account relationship.

(b) have an assets-and-revenues-account relationship.

(c) decrease assets and revenues.

(d) decrease liabilities and increase revenues.

24. An account that will have a zero balance after closing entries have been journalized and posted is:

(a) Service Revenue.

(b) Supplies.

(c) Prepaid Insurance.

(d) Accumulated Depreciation—Equipment.

25. Which of the following measures is an evaluation of a
firm’s ability to pay current liabilities.

(a) Acid-test ratio. (c) Both (a) and (b).

(b) Current ratio. (d) None of the above.

26. A measure useful in evaluating the efficiency in managing inventories is:

(a) inventory turnover. (c) Both (a) and (b).

(b) days in inventory. (d) None of the above.

Use the following financial statement information as of the end of each year to answer Questions 27-31.

	2017	2016
Inventory	$ 54,000	$ 48,000
Current assets	81,000	106,000
Total assets	382,000	326,000
Current liabilities	27,000	36,000
Total liabilities	102,000	88,000
Preferred stock	40,000	40,000
Common stockholders' equity	240,000	198,000
Net sales	784,000	697,000
Cost of goods sold	306,000	277,000
Net income	134,000	90,000
Income tax expense	22,000	18,000
Interest expense	12,000	12,000
Dividends paid to preferred Stockholders	4,000	4,000
Dividends paid to common stockholders	15,000	10,000

27. Compute the days in inventory for 2017.

(a) 64.4 days. (c) 6 days.

(b) 60.8 days. (d) 24 days.

28. Compute the current ratio for 2017.

(a) 1.26:1. (c) 0.80:1.

(b) 3.0:1.

(d) 3.75:1.

29. Compute the profit margin for 2017.

(a) 17.1%.

(c) 37.9%.

(b) 18.1%.

(d) 5.9%.

30. Compute the return on common stockholders' equity for 2017.

(a) 47.9%.

(c) 61.2%.

(b) 51.7%.

(d) 59.4%.

31. Compute the times interest earned for 2017.

(a) 11.2 times.

(c) 14.0 times.

(b) 65.3 times.

(d) 13.0 times.