



Faculty of Commerce
Accounting Department

بنك أسئلة

دراسات محاسبية بلغة انجليزية

الفرقة الثانية/2020/2021

1. The sales accounts that normally have a debit balance are:

- (a) Sales Discounts.
- (b) Sales Returns and Allowances.
- (c) Both (a) and (b).
- (d) Neither (a) nor (b).

2. A credit sale of \$750 is made on June 13, terms 2/10, net/30. A return of \$50 is granted on June 16. The amount received as payment in full on June 23 is:

- (a) \$700.
- (b) \$686.
- (c) \$685.
- (d) \$650.

3. The multiple-step income statement for a merchandising company shows each of the following features **except**:

- (a) gross profit.
- (b) cost of goods sold.
- (c) a sales section.
- (d) an investing activities section.

4. If sales revenues are \$400,000, cost of goods sold is \$310,000, and operating expenses are \$60,000, the gross profit is:

- (a) \$30,000. (c) \$340,000.
(b) \$90,000. (d) \$400,000.

5. Which of the following appears on both a single-step and a multiple-step income statement?

- (a) Inventory.
(b) Gross profit.
(c) Income from operations.
(d) Cost of goods sold.

6. In determining cost of goods sold in a periodic system:

- (a) purchase discounts are deducted from net purchases.
(b) freight-out is added to net purchases.
(c) purchase returns and allowances are deducted from net purchases.
(d) freight-in is added to net purchases.

7. If beginning inventory is \$60,000, cost of goods purchased is \$380,000, and ending inventory is \$50,000, cost of goods sold is:

- (a) \$390,000. (c) \$330,000.
(b) \$370,000. (d) \$420,000.

8. Gross profit will result if:

- (a) operating expenses are less than net income.
(b) sales revenues are greater than operating expenses.
(c) sales revenues are greater than cost of goods sold.

(d) operating expenses are greater than cost of goods sold.

9. Cost of goods available for sale consists of two elements: beginning inventory and

(a) ending inventory.

(b) cost of goods purchased.

(c) cost of goods sold.

(d) All of the answer choices are correct.

10. In periods of rising prices, LIFO will produce:

(a) higher net income than FIFO.

(b) the same net income as FIFO.

(c) lower net income than FIFO.

(d) higher net income than average-cost.

11. Factors that affect the selection of an inventory costing method do **not** include:

(a) tax effects.

(b) balance sheet effects.

(c) income statement effects.

(d) perpetual vs. periodic inventory system.

12. Poppins Company has the following:

	<u>Units</u>	<u>Unit Cost</u>
Inventory, Jan. 1	8,000	\$11
Purchase, June 19	13,000	12
Purchase, Nov. 8	5,000	13

If Poppins has 9,000 units on hand at December 31, the cost of the ending inventory under FIFO is:

- (a) \$99,000. (c) \$113,000.
(b) \$108,000. (d) \$117,000.

13. Using the data in Question 4 above, the cost of the ending inventory under LIFO is:

- (a) \$113,000. (c) \$99,000.
(b) \$108,000. (d) \$100,000.

14. Falk Company's ending inventory is understated \$4,000. The effects of this error on the current year's cost of goods sold and net income, respectively, are:

- (a) understated, overstated.
(b) overstated, understated.
(c) overstated, overstated.
(d) understated, understated.

15. Pauline Company overstated its inventory by \$15,000 at December 31, 2016. It did not correct the error in 2016 or 2017. As a result, Pauline's owner's equity was:

- (a) overstated at December 31, 2016 and understated at December 31, 2017.
(b) overstated at December 31, 2016, and properly stated at December 31, 2017.
(c) understated at December 31, 2016 and understated at December 31, 2017.
(d) overstated at December 31, 2016 and overstated at December 31, 2017.

16. Santana Company had beginning inventory of \$80,000, ending inventory of \$110,000, cost of goods sold of \$285,000, and sales of \$475,000. Santana's days in inventory is:

- (a) 73 days. (c) 102.5 days.
(b) 121.7 days. (d) 84.5 days.

17. Which of these would cause the inventory turnover to increase the most?

- (a) Increasing the amount of inventory on hand.
- (b) Keeping the amount of inventory on hand constant but increasing sales.
- (c) Keeping the amount of inventory on hand constant but decreasing sales.
- (d) Decreasing the amount of inventory on hand and increasing sales.

18. Norton Company purchased 1,000 widgets and has 200 widgets in its ending inventory at a cost of \$91 each and a current replacement cost of \$80 each. The ending inventory under lower-of-cost-or-market is:

- (a) \$91,000.
- (b) \$80,000.
- (c) \$18,200.
- (d) \$16,000.

19. Which of the following is **not** an element of the fraud triangle?

- (a) Rationalization.
- (b) Financial pressure.
- (c) Segregation of duties.
- (d) Opportunity.

20. The principles of internal control do **not** include:

- (a) establishment of responsibility.
- (b) documentation procedures.
- (c) management responsibility.
- (d) independent internal verification.

21. Permitting only designated personnel to handle cash receipts is an application of the principle of:

- (a) segregation of duties.
- (b) establishment of responsibility.
- (c) independent internal verification.

(d) human resource controls.

22. The use of prenumbered checks in disbursing cash is an application of the principle of:

(a) establishment of responsibility.

(b) segregation of duties.

(c) physical controls.

(d) documentation procedures.

23. A company writes a check to replenish a \$100 petty cash fund when the fund contains receipts of \$94 and \$4 in cash. In recording the check, the company should:

(a) debit Cash Over and Short for \$2.

(b) debit Petty Cash for \$94.

(c) credit Cash for \$94.

(d) credit Petty Cash for \$2.

24. In a bank reconciliation, deposits in transit are:

(a) deducted from the book balance.

(b) added to the book balance.

(c) added to the bank balance.

(d) deducted from the bank balance.

25. The reconciling item in a bank reconciliation that will result in an adjusting entry by the depositor is:

(a) outstanding checks.

(c) a bank error.

(b) deposit in transit.

(d) bank service charges.

26. Which of the following items in a cash drawer at November 30 is **not** cash?

- (a) Money orders.
- (b) Coins and currency.
- (c) An NSF check.
- (d) A customer check dated November 28.

27. Which of the following statements correctly describes the reporting of cash?

- (a) Cash cannot be combined with cash equivalents.
- (b) Restricted cash funds may be combined with cash.
- (c) Cash is listed first in the current assets section.
- (d) Restricted cash funds cannot be reported as a current asset.

28. Buehler Company on June 15 sells merchandise on account to Chaz Co. for \$1,000, terms 2/10, n/30. On June 20, Chaz Co. returns merchandise worth \$300 to Buehler Company. On June 24, payment is received from Chaz Co. for the balance due. What is the amount of cash received?

- (a) \$700.
- (b) \$680.
- (c) \$686.
- (d) None of the above.

29. Which of the following approaches for bad debts is best described as a balance sheet method?

- (a) Percentage-of-receivables basis.
- (b) Direct write-off method.
- (c) Percentage-of-sales basis.
- (d) Both percentage-of-receivables basis and direct write-off method.

30. Net sales for the month are \$800,000, and bad debts are expected to be 1.5% of net sales. The company uses the percentage-of-sales basis. If Allowance for Doubtful Accounts has a credit balance of \$15,000 before adjustment, what is the balance after adjustment?

- (a) \$15,000. (c) \$23,000.
(b) \$27,000. (d) \$31,000.

31. In 2017, Roso Carlson Company had net credit sales of \$750,000. On January 1, 2017, Allowance for Doubtful Accounts had a credit balance of \$18,000. During 2017, \$30,000 of uncollectible accounts receivable were written off. Past experience indicates that 3% of net credit sales become uncollectible. What should be the adjusted balance of Allowance for Doubtful Accounts at December 31, 2017?

- (a) \$10,050. (c) \$22,500.
(b) \$10,500. (d) \$40,500.

32. An analysis and aging of the accounts receivable of Prince Company at December 31 reveals the following data. Accounts receivable \$800,000 Allowance for doubtful accounts per books before adjustment 50,000 Amounts expected to become uncollectible 65,000

The cash realizable value of the accounts receivable at December 31, after adjustment, is:

- (a) \$685,000. (c) \$800,000.
(b) \$750,000. (d) \$735,000.

33. One of the following statements about promissory notes is incorrect. The **incorrect** statement is:

- (a) The party making the promise to pay is called the maker.

- (b) The party to whom payment is to be made is called the payee.
- (c) A promissory note is not a negotiable instrument.
- (d) A promissory note is often required from high risk customers.

34. Accounts and notes receivable are reported in the current assets section of the balance sheet at:

- (a) cash (net) realizable value.
- (b) net book value.
- (c) lower-of-cost-or-net realizable value.
- (d) invoice cost.

35. Oliveras Company had net credit sales during the year of \$800,000 and cost of goods sold of \$500,000. The balance in accounts receivable at the beginning of the year was \$100,000, and the end of the year it was \$150,000. What were the accounts receivable turnover and the average collection period in days?

- (a) 4.0 and 91.3 days.
- (b) 5.3 and 68.9 days.
- (c) 6.4 and 57 days.
- (d) 8.0 and 45.6 days.

36. Receivables are frequently classified as:

- (a) accounts receivable, company receivables, and other receivables.
- (b) accounts receivable, notes receivable, and employee receivables.
- (c) accounts receivable and general receivables.
- (d) accounts receivable, notes receivable, and other receivables.

37. Additions to plant assets are:

- (a) revenue expenditures.
- (b) debited to the Maintenance and Repairs Expense account.
- (c) debited to the Purchases account.
- (d) capital expenditures.

38. Depreciation is a process of:

- (a) valuation.
- (b) cost allocation.
- (c) cash accumulation.
- (d) appraisal.

39. Micah Bartlett Company purchased equipment on January 1, 2016, at a total invoice cost of \$400,000. The equipment has an estimated salvage value of \$10,000 and an estimated useful life of 5 years. The amount of accumulated depreciation at December 31, 2017, if the straight-line method of depreciation is used, is:

- (a) \$80,000.
- (b) \$160,000.
- (c) \$78,000.
- (d) \$156,000.

40. Jefferson Company purchased a piece of equipment on January 1, 2017. The equipment cost \$60,000 and has an estimated life of 8 years and a salvage value of \$8,000. What was the depreciation expense for the asset for 2018 under the double-declining-balance method?

- (a) \$6,500.
- (b) \$11,250.
- (c) \$15,000.
- (d) \$6,562.

41. When there is a change in estimated depreciation:

- (a) previous depreciation should be corrected.

(b) current and future years' depreciation should be revised.

(c) only future years' depreciation should be revised.

(d) None of the above.

42. Bennie Razor Company has decided to sell one of its old manufacturing machines on June 30, 2017. The machine was purchased for \$80,000 on January 1, 2013 and was depreciated on a straight-line basis for 10 years assuming no salvage value. If the machine was sold for \$26,000, what was the amount of the gain or loss recorded at the time of the sale?

(a) \$18,000.

(c) \$22,000.

(b) \$54,000.

(d) \$46,000.

43. Which of the following is **not** a major advantage of a corporate form of organization?

(a) Separate legal existence.

(b) Continuous life.

(c) Government regulations.

(d) Transferable ownership rights.

44. Costs incurred in the formation of a corporation:

(a) do not include legal fees.

(b) are expensed as incurred.

(c) are recorded as an asset.

(d) provide future benefits whose amounts and timing are easily determined.

45. Total stockholders' equity (in the absence of treasury stock) equals:

(a) Total paid-in capital + Retained earnings.

- (b) Paid-in capital + Capital stock + Retained earnings.
- (c) Capital stock + Additional paid-in capital – Retained earnings.
- (d) Common stock + Retained earnings.

46. The account Retained Earnings is:

- (a) a subdivision of paid-in capital.
- (b) net income retained in the corporation.
- (c) reported as an expense in the income statement.
- (d) closed to capital stock.

47. A-Team Corporation issued 1,000 shares of \$5 par value stock for land. The stock is actively traded at \$9 per share. The land was advertised for sale at \$10,500. The land should be recorded at:

- (a) \$4,000.
- (c) \$9,000.
- (b) \$5,000.
- (d) \$10,500.

48. ABC Corporation issues 1,000 shares of \$10 par value common stock at \$13 per share. In recording the transaction, credits are made to:

- (a) Common Stock \$10,000 and Paid-in Capital in Excess of Stated Value \$3,000.
- (b) Common Stock \$13,000.
- (c) Common Stock \$10,000 and Paid-in Capital in Excess of Par \$3,000.
- (d) Common Stock \$10,000 and Retained Earnings \$3,000.

49. Treasury stock may be repurchased:

- (a) to reissue the shares to officers and employees under bonus and stock compensation plans.
- (b) to signal to the stock market that management believes the stock is underpriced.

- (c) to have additional shares available for use in the acquisition of other companies.
- (d) More than one of the above.

50. In the stockholders' equity section, the cost of treasury stock is deducted from:

- (a) total paid-in capital and retained earnings.
- (b) retained earnings.
- (c) total stockholders' equity.
- (d) common stock in paid-in capital.

51. Which of the following is **not** reported under additional paid-in capital?

- (a) Paid-in capital in excess of par.
- (b) Common stock.
- (c) Paid-in capital in excess of stated value.
- (d) Paid-in capital from treasury stock.

52. In the stockholders' equity section of the balance sheet, common stock:

- (a) is listed before preferred stock.
- (b) is added to total capital stock.
- (c) is part of paid-in capital.
- (d) is part of additional paid-in capital.

