

Tanta University	Accounting Studies دراسات محاسبية بلغة	End - term exam.
Faculty of Commerce	Second year students	January, 2022

يجب قراءة هذه التعليمات بدقة قبل بدء الإجابة على أسئلة هذا الإمتحان:

- 1- يجب الالتزام الكامل بالإجابة على أسئلة الأقسام الأربعة بهذا الإمتحان بنفس الترتيب الذي ورد في أوراق الأسئلة.
  - 2- تتم الإجابة على جميع أسئلة هذا الإمتحان ببطاقة التصحيح الإلكتروني بالجزء الأول من البطاقة فقط والخاص بأسئلة الاختيارات المتعددة. ولمصلحتك في المقام الأول تجنب بشكل قاطع و نهائى استخدام الجزء الثانى من بطاقة التصحيح الإلكتروني والخاص بأسئلة صحة أو خطأ العبارات.
  - 3- يتكون هذا الإمتحان من 6 صفحات (3 ورقات على الوجهين). ومدة الإمتحان 2 ساعة (ساعتين فقط)
- القسم الأول (10 أسئلة ، عشرون درجة)

#### Multiple Choice Questions:

Answer each of the following multiple choice questions by selecting the best answer:

1. A method that charges the same amount of depreciation expense to each period of the asset's useful life is called:
  - A. Accelerated method of depreciation.
  - B. Revaluation method of depreciation.
  - C. Units-of-production method of depreciation.
  - D. Straight-line method of depreciation.
2. The total cost of an asset less its accumulated depreciation is called:
  - A. Historical cost.
  - B. Present value.
  - C. Book value.
  - D. Current (market) value.
3. Mohamed Company purchased equipment on January 1, 2020 for L.E. 110,000 and decided to depreciate the equipment on the straight-line method over its useful life of five years. Assuming the equipment's salvage value is L.E. 10,000, the amount of Annual depreciation expense Mohamed should recognize is:
  - A. L.E. 22,000
  - B. L.E. 20,000
  - C. L.E. 24,000
  - D. Some other amount
4. Hassan Enterprises purchased a depreciable asset for L.E. 44,000 on January 1, 2017. The asset will be depreciated using the straight-line method over its four-year useful life. Assuming the asset's salvage value is L.E. 4,000, what will be the amount of accumulated depreciation on this asset on December 31, 2018?
  - A. L.E. 20,000
  - B. L.E. 10,000
  - C. L.E. 30,000
  - D. Some other amount

5. A depreciation method in which a plant asset's depreciation expense for a period is determined by applying a constant depreciation rate to the asset's beginning-of-period book value is called:
- A. Accelerated depreciation method.
  - B. Units-of-production depreciation.
  - C. Straight-line depreciation.
  - D. Book value depreciation method.
6. A depreciation method that produces larger depreciation expense during the early years of an asset's life and smaller expense in the later years is a (an):
- A. Straight-line depreciation method.
  - B. Accelerated depreciation method.
  - C. Book value depreciation method.
  - D. Units-of-production depreciation method.
7. Sami Enterprises purchased a depreciable asset on January 1, 2016 at a cost of L.E. 100,000. The asset is expected to have a salvage value of L.E. 32,768 at the end of its five-year useful life. If the asset is depreciated on the Accelerated method of depreciation (annual depreciation rate 20%), the asset's book value on December 31, 2017 will be:
- A. L.E. 80,000
  - B. L.E. 51,200
  - C. L.E. 64,000
  - D. Some other amount
8. Based on the information provided in the previous question (No. 7), Sami Enterprises should recognize what amount of depreciation expense on December 31, 2018?
- A. L.E. 20,000
  - B. L.E. 18,000
  - C. L.E. 16,000
  - D. Some other amount
9. The basic financial statements used to communicate the financial accounting information to the users are:
- A. The balance sheet.
  - B. The income statement.
  - C. The statement of cash flows.
  - D. All of the above answer choices (A, B and C) are correct.
10. The two primary qualities that make accounting information useful for decision making are:
- A. Relevance.
  - B. Reliability.
  - C. Both relevance and reliability.
  - D. None of the above answer choices (A, B and C) are correct.

11. A company had sales of \$695,000 and cost of goods sold of \$278,000. Its gross margin equals:

- A) \$(417,000). B) \$ 695,000. C) \$ 278,000. D) \$ 417,000. E) \$ 973,000.

12. A company uses the perpetual inventory system and recorded the following entry:

Accounts Payable .....	2,500
Merchandise Inventory .....	50
Cash .....	2,450

This entry reflects a:

- A) Purchase. B) Return. C) Sale.  
D) Payment of the account payable and recognition of a cash discount taken.  
E) Purchase and recognition of a cash discount taken.

13. Sales less sales discounts less sales returns and allowances equals:

- A) Net purchases. B) Cost of goods sold. C) Net sales. D) Gross profit. E) Net income.

14. A company records the following journal entry: debit Cash \$1,470, debit Sales Discounts \$30, and credit Accounts Receivable \$1,500. This means that a customer has taken a \_\_\_\_ cash discount for early payment.

- A) 1% B) 2% C) 5% D) 10% E) 15%

15. Benson Company had sales of \$177,725, sales returns and allowances of \$1,700, and sales discounts of \$3,475. Benson's net sales for this period equal:

- A) \$ 94,275. B) \$172,550. C) \$174,250. D) \$176,025. E) \$177,725.

16. If goods in transit are shipped FOB destination

- A) the seller has legal title to the goods until they are delivered.  
B) the buyer has legal title to the goods until they are delivered.  
C) the transportation company has legal title to the goods while the goods are in transit.  
D) no one has legal title to the goods until they are delivered.

**Use the following information to answer question 17 and 18:**

ABC Company developed the following information about its inventories in applying the lower-of-cost-or-market (LCM) basis in valuing inventories:

Product	Cost	Market
A	\$110,000	\$120,000
B	80,000	76,000
C	160,000	162,000

17. If ABC applies the LCM basis to **the whole inventory**, the value of the inventory reported on the balance sheet would be

- A) \$342,000. B) \$350,000. C) \$346,000. D) \$362,000.

18. If ABC applies the LCM basis to **individual items**, the value of the inventory reported on the balance sheet would be

- A) \$350,000. B) \$342,000. C) \$346,000. D) \$362,000.

19. Tucker Department Store utilizes the retail inventory method to estimate its inventories. It calculated its cost to retail ratio during the period at 75%. Goods available for sale at retail amounted to \$400,000 and goods were sold during the period for \$250,000. The estimated cost of the ending inventory is

- A) \$150,000. B) \$300,000. C) \$112,500. D) \$200,000.

20. Wade Company uses the gross profit method to estimate ending inventories. Historically, the company has had a 40% gross profit rate. During June, net sales amounted to \$60,000; the beginning inventory on June 1 was \$18,000; and the cost of goods purchased during June amounted to \$27,000. The estimated cost of Wade Company's inventory on June 30 is

- A) \$9,000. B) \$36,000. C) \$15,000. D) \$24,000.



Choose the correct answer:

Mazen Company completed these transactions during Dec. of 2021. (Terms of all credit sales are 2/10, n/30)

Dec	1	Owner, Mazen invested \$60,000 cash in the business.
	2	Sold inventory on credit to Maha Company for \$45,000, Invoice No. 345 (cost of this inventory \$ 30,000).
	4	Sold inventory on credit to Mohanad for \$55,000, Invoice No. 346(cost of this inventory \$ 35,200).
	10	Sold inventory on credit to Mahmoud for \$ 65,000 Invoice No. 347(cost of this inventory \$ 47,000).
	12	Received payment from Maha of the Dec. 2 sale less the discount.
	15	Cash sales for the first half of the month, \$75,000. Cost of this merchandise was \$52,500.
	18	Received a \$25,000 credit memorandum from Mahmoud for the return of merchandise for the sale of Dec. 10(Cost of this inventory \$18,800).
	20	Received payment from Mahmoud for the sale of Dec. 10 less the return and the discount.
	24	Sold inventory on credit to Mahmoud for \$45,000, Invoice No. 348 (Cost of this inventory \$31,800).
	26	Sold inventory on credit to Mohanad for \$35,000, Invoice No. 349(Cost of this inventory \$20,800).
	31	Cash sales for the last half of the month, \$55,000. Cost of this merchandise was \$32,500.

<b>In Sales Journal:</b> <b>21- Account receivable Dr. =</b> A- 254300 \$ B- 245300 \$ C- 254000 \$ D- 245000 \$	<b>In Cash Receipt Journal:</b> <b>26- Cash Cr. =</b> A- 237300 \$ B- 273300 \$ C- 233700 \$ D- 270300 \$
<b>22- Sales revenue Cr. =</b> A- 254000 \$ B- 245300 \$ C- 245000 \$ D- 254300 \$	<b>27- Sales discount Dr. =</b> A- 1500 \$ B- 800 \$ C- 900 \$ D- 1700 \$
<b>23- Cost of goods sold Dr. =</b> A- 164800 \$ B- 148600 \$ C- 146800 \$ D- 164300 \$	<b>28- Account receivable Cr. =</b> A- 59000 \$ B- 95500 \$ C- 95000 \$ D- 59900 \$
<b>24- Inventory Cr. =</b> A- 164300 \$ B- 164800 \$ C- 148600 \$ D- 146800 \$	<b>29- Sales revenue Cr. =</b> A- 120000 \$ B- 130000 \$ C- 132000 \$ D- 123000 \$
<b>In General Journal:</b> <b>25- Sales return Dr. =</b> A- 52500 \$ B- 25000 \$ C- 20000 \$ D- 52000 \$	<b>30- Inventory Cr. =</b> A- 85000 \$ B- 85300 \$ C- 58000 \$ D- 58500 \$



القسم الرابع (١٠ - ١١) - ١٠ - ١١

31- An aging of a company's accounts receivable indicates that \$21,000 are estimated to be uncollectible. If Allowance for Doubtful Accounts has a \$6,000 debit balance, the adjustment to record bad debts for the period will require a  
 a. debit to Bad Debt Expense for \$21,000. b. debit to Bad Debt Expense for \$27,000.  
 c. debit to Bad Debt Expense for \$15,000. d. credit to Allowance for Doubtful Accounts for \$6,000.

32- An aging of a company's accounts receivable indicates that \$10,000 are estimated to be uncollectible. If Allowance for Doubtful Accounts has a \$2,400 credit balance, the adjustment to record bad debts for the period will require a  
 a. debit to Bad Debt Expense for \$10,000. b. debit to Allowance for Doubtful Accounts for \$7,600.  
 c. debit to Bad Debt Expense for \$7,600. d. credit to Allowance for Doubtful Accounts for \$10,000.

33- A company has net credit sales of \$800,000 for the year and it estimates that uncollectible accounts will be 2% of sales. If Allowance for Doubtful Accounts has a credit balance of \$1,000 prior to adjustment, its balance after adjustment will be a credit of  
 a. \$16,000. b. \$17,000. c. \$15,980. d. \$15,000.

34- In reviewing the accounts receivable, the cash realizable value is \$33,000 before the write-off of a \$2,000 account. What is the cash realizable value after the write-off?  
 a. \$33,000 b. \$2,000 c. \$35,000 d. \$31,000

35- The financial statements of Omar Manufacturing Company report net sales of \$360,000 and accounts receivable of \$50,000 and \$30,000 at the beginning and end of the year, respectively. What is the average collection period for accounts receivable in days?  
 a. 81.1 b. 40.6 c. 30.4 d. 50.7

36- Assuming a 360-day year, the interest on a €20,000, 6%, 90-day note receivable is  
 a. €1,200. b. €600. c. €300. d. €900.

37- Retailers generally consider sales from the use of credit card sales as a  
 a. credit sale. b. collection of an accounts receivable.  
 c. cash sale. d. collection of a note receivable.

38- Using the following information:

	<u>12/31/2020</u>
Accounts receivable	€2,100,000
Allowance for doubtful accounts	<u>(180,000)</u>
Cash realizable value	€1,920,000

During 2021, sales on account were €580,000 and collections on account were €344,000. Also during 2021, the company wrote off €32,000 in uncollectible accounts. An analysis of outstanding receivable accounts at year end indicated that uncollectible accounts should be estimated at €236,000.

The change in the cash realizable value from the balance at 12/31/2020 to 12/31/2021 was a  
 a. €268,000 increase. b. €236,000 increase. c. €148,000 increase. d. €204,000 increase.

39- A debit balance in the Allowance for Doubtful Accounts  
 a. is the normal balance for that account.  
 b. indicates that actual bad debt write-offs have exceeded previous provisions for bad debts.  
 c. indicates that actual bad debt write-offs have been less than what was estimated.  
 d. cannot occur if the percentage of sales method of estimating bad debts is used.

40- On October 1, 2017, XYZ Company sells (factors) \$800,000 of receivables to KLM Factors, Inc. KLM assesses a service charge of 3% of the amount of receivables sold. The journal entry to record the sale by XYZ will include:  
 a. a debit of \$800,000 to Accounts Receivable. b. a credit of \$824,000 to Cash.  
 c. a debit of \$824,000 to Cash. d. a debit of \$24,000 to Service Charge Expense.