 GUST Gulf University for Science and Technology جامعة العلوم والتكنولوجيا	Spring 2011/2012	Midterm Exam 1 17 March 2012
	ACCT 201 Fundamentals of Financial Accounting	

Student Name: *Abdul Kareem Al Awadhi*
Gust ID: *0015171*
Instructor Name: *Rabha Alusi*
Section Number:

Instructions:

- 1- Make sure you have 10 pages in total including this one.
- 2- NO MOBILE phones are permitted in the exam. Any student using a mobile phone during the exam will receive a ZERO mark.
- 3- Cheating will automatically result in an F mark.
- 4- Show all your calculations. No answer will be considered without supporting calculations, if needed.

GOOD LUCK ☺

59

68
 = *90%*

May I assure you that your responses will be kept confidential. Since all the responses will be aggregated, you will not be identified by individual or organisation.

Should you have any question, please do not hesitate to contact the following:

1) Dr Hassmik Tortian at H.Tortian@unesco.org

Or

2) Dr Susanna Karakhanyan at President@inqaahe.org

I thank you in advance for your contributions to the enhancement of higher education and QA in the region in the future.

The UNESCO/INQAAHE/ANQAHE team

@GUSTKWT - MYGUST

Q1: Multiple Choice Questions: (20 points)

1- Which of the following accounts increases with a debit?

- A) Unearned revenue.
 B) Interest payable
 C) Prepaid insurance
 D) Both A and B

2- A business purchases equipment for cash in the amount of \$8,000. Which of the following occurs?

- A) Cash is credited for \$8,000. ✓
 B) Cash is debited for \$8,000. ✗
 C) Equipment is debited for \$8,000. ✓
 D) Both A and C occur.

Equipment ↑ A	8000
Cash ↓ A	8000

3- Owner's equity is \$150,000 and total liabilities are \$90,000. Total assets would be:

- A) \$300,000.
 B) \$180,000.
 C) \$ 60,000.
 D) \$240,000.

$$A = L + E$$

$$240,000 = 90,000 + 150,000 \quad \checkmark$$

4- A business pays \$500 cash for supplies. Which of the following occurs?

- A) Cash is debited for \$500. ✓
 B) Accounts payable is credited for \$500. ✗
 C) Supplies is debited for \$500. ✓
 D) Both B and C occur.

Supplies ↑ A	500
Cash ↓ A	500

5- An accrued expense is an expense that:

- UNR ✗ A) the business has paid, but not yet incurred.
 B) will be incurred and paid in the future.
 C) the business has incurred, but not yet paid.
 D) has been paid and incurred

6- A promise from customers to pay for goods and services that they received from a company represents:

- A) accounts receivable.
 B) accounts payable.
 C) revenues.
 D) expenses.

7- Which of the following concepts (or principles) would most likely require that data be verifiable?

- ✗ A) Cost principle
 B) Reliability concept
 C) Entity concept
 ✗ D) Going-concern concept

Professor Nouria will fill the survey from her side also to end up with one version.

please do not hesitate to contact me for any help you may need
regards,
Eiman

----- Forwarded message -----

From: **Secretariat INQAAHE** <secretariat@inqaahe.org>

Date: 16 January 2017 at 20:06

Subject: INQAAHE/UNESCO: Survey of EQAAs in the Arab Region in preparation for the regional event in Bahrain

To:

Dear Colleagues,

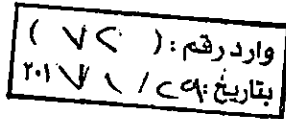
I am pleased to inform you that the International Network for Quality Assurance Agencies in Higher Education (INQAAHE) is delivering a regional event on Quality Assurance in the Arab region under the auspices of UNESCO. This event is held back-to-back with the INQAAHE Biennial Conference. The regional event, hosted by the Education and Training Quality Authority of Bahrain, will take place in the Kingdom of Bahrain on 2 March 2017.

The event will be enriched with a Scoping Study conducted by INQAAHE with the invaluable support of the Arab Network for Quality Assurance in Higher Education (ANQAHE) and will be complimented by case studies from different countries. The resulting outcomes from the survey and case studies will be compiled into a synthesis report for the region. The survey is carried out both for external quality assurance agencies and for higher education institutions. The recommendations made in the report will be used to develop and support strategies for quality assurance (QA) enhancement in the Arab region.

May I kindly ask you for your support in preparation of the report by completing the survey which can be found from the following URL:
<https://es.surveymonkey.com/r/GK63JVQ> .It should take you about 20 minutes to complete the questionnaire.

Your contribution is vital to the success of the event, preparation of the regional report and **relevant recommendations** for prospective investments in the region. Hence, we would appreciate very much if you could complete the questionnaire by **1 February 2017**. This is to allow us to make final preparations of the report.

- 8- A business completes services for \$16,000 on account. Which of the following occurs?
 A) Cash is debited for \$16,000.
 (B) Accounts receivable is debited for \$16,000. ✓
 C) Service revenue is credited for \$16,000.
 (D) Both B and C occur.
- 9- The Supplies account is an example of a(n):
 A) accrued revenue.
 (B) accrued expense. X
 (C) prepaid expense.
 D) unearned revenue.
- 10- Which of the following reports a company's results of operations?
 (A) Balance sheet
 B) Statement of owner's equity in a proprietorship
 C) Adjusted trial balance
 (D) Income statement ✓
- 13 - Which of the following would be considered a contra-account?
 A) Depreciation expense
 (B) Accumulated depreciation ✓
 C) Unearned revenue
 D) Earned revenue
- 14- Listed here are five steps in the accounting cycle: (1) balancing the general ledger, (2) preparing an unadjusted trial balance, (3) analyzing transactions and source documents, (4) recording original transactions in the general journal, and (5) posting to ledger. Using the numbers shown above, place these steps in the correct accounting cycle order. ✓
 A) 1, 2, 3, 4, 5
 B) 2, 3, 1, 4, 5
 (C) 3, 4, 5, 1, 2
 D) 4, 1, 3, 5, 2
- 15- An automobile's price is \$20,000. The company owner is a good negotiator and only pays \$18,000 for the automobile. Which accounting principle requires the automobile be recorded at \$18,000 in the accounting records of the business? ✓
 A) Business entity principle
 B) Monetary-unit principle
 (C) Historic Cost principle
 D) Going-concern principle
- 16- Which of the following accounts will be closed by crediting the Income Summary?
 A) Service revenue
 B) Depreciation expense
 C) Accounts payable
 D) Accumulated depreciation



NBAQ Kw <nbaq.kw@gmail.com>

The INQAAHE Survey can not be printed

1 message

Zahra Ali <drzahraali@hotmail.com>

27 January 2017 at 04:33

To: "nbaq@nbaq.edu.kw" <nbaq@nbaq.edu.kw>

Cc: "Dr.Nouriya AlAwadi" <na.nabaq.kw@gmail.com>

Dear Dr. Nouria:

I hope this email finds you well and in good health.

All is well at my end and the wedding of my son AbdulAziz and his bride Ayesha was a most delightful event.

With regard to the INQAAHE survey, indicated in the email below, the survey cannot be printed. It is a survey monkey that is filled in and submitted immediately. So there can only be one version of it. I am not sure I know all the correct answers to all the questions. The deadline for it is February 1st.

Please advise me as how I should do concerning the survey.

Kind regards,

Zahra

From: NBAQ Kw <nbaq@nbaq.edu.kw>

Sent: Sunday, January 22, 2017 6:45 AM

To: drzahraali@hotmail.com

Cc: Dr.Nouriya AlAwadi

Subject: Fwd: INQAAHE/UNESCO: Survey of EQAAs in the Arab Region in preparation for the regional event in Bahrain

Dear Dr. Zahraa,

Good Day,

Professor Nouria wishes that you're enjoying your holiday, I'm forwarding the email below at her request

please print out the survey and try to fill it

17-Posting is the process of transferring items entered in a general journal to the

- A) Worksheet.
- B) Trial Balance.
- C) General ledger
- D) Financial statements.

X

18- To what account is the balance in the Income summary closed?

- A) The Income summary is closed to the withdrawals account.
- B) The Income summary is closed to the net income account.
- C) The Income summary is closed to the capital account.
- D) None of the above is correct.

19- An adjusting entry would never include a:

- A) An asset account and a credit to a revenue account.
- B) A liability account and a credit to a revenue account.
- C) An expense account and a credit to a revenue account
- D) An Expense account and a credit to a contra asset account.

20- An adjusting entry that debits Accounts receivable is an example of a(n):

- A) prepaid expense.
- B) accrued revenue.
- C) accrued expense.
- D) unearned revenue

X

Multiple
Choice

16
20

to requirement that the university reviews and modifies such policies is limited.

2.6 Internal Policies and Regulations

The institution must have a comprehensive and widely accessible set of policies and regulations establishing the terms of reference and operating procedures for major committees, administrative units and positions within the institution.

The level of compliance with this standard is judged by the extent to which the following good practices are followed.

2.6.1 A policy and procedures manual has been prepared setting out internal regulations and procedures for dealing with major areas of activity within the institution.

YES



2.6.2 Terms of reference or statements of responsibility have been specified for major committees and administrative and academic positions and included in the policy and procedures manual.

YES



2.6.3 Policies and regulations are accessible to teaching and other staff and students including new members of staff, and members of committees, and effective strategies used to ensure they are understood and complied with.

YES



2.6.4 Student responsibilities, codes of conduct, and regulations affecting their behaviour are defined and made known to students when they begin studies at the institution.

Chapter 2

Q2: Leonard Matson completed these transactions during December of the current year: (30 points)

- Dec. 1 Began a financial services practice by investing \$15,000 cash and office equipment having a \$5,000 value.
 2 Purchased \$1,200 of office equipment on account.
 3 Purchased \$300 of office supplies on account.
 4 Completed work for a client and immediately received a Payment of \$900 cash.
 8 Completed work for ABC Co. on account, \$1,700.
 10 Paid for the supplies purchased on account on December 3.
 14 Paid for the annual \$960 premium on an insurance policy.
 18 Received payment in full from ABC Co. for the work Completed on December 8.
 27 Leonard withdrew \$650 cash from the practice to pay personal expenses.
 30 Paid \$175 cash for the December utility bills.
 30 Received \$2,000 from a client for financial services to be rendered next year.

Required 1- Prepare Journal entries

2- Prepare the T- account to cash account only.

Date	Account Title	Debit	Credit
1	Cash ↑ A ✓ Capital ↑ E of office equipment ↑ A	15000 5000	15000
2	of office equipment ↑ A ✓ account payable ↑ L	1200	1200
3	office supplies ↑ A ✓ account payable ↑ L	300	300
4	Cash ↑ A ✓ Service Revenue ↑ R	900	900

2.5.5 Hiring, disciplinary and dismissal practices are clearly documented and administered in a way that ensures fair treatment for all Saudi Arabian and expatriate teaching and other staff, whether appointed on a full time or part time basis.

YES



Overall Assessment : 3.8

Comment

KSU has adopted a set of policy, procedures, codes of conduct, regulations which has been put into practice in daily work. However, the University policies should be Periodically reviewed. The University is in urgent need to establish a mechanism for periodically revision and modification of this policies

Priorities For Improvement

Periodic revision and modification of policies and regulations is necessary to ensure continuing high standards of ethical conduct and to reflect the University values and mission.

Independent Opinion :



Comment

Comments from reviewer 1

The analysis is sound and the priority identified is an important one.

Comments from Reviewer 3

The University has adopted a set of policies, procedures, codes of conduct and regulations and has a commitment to follow strict ethical conduct. In practice, however, it appears that issues relating

8	accounts receivable ↑ A ✓ Service Revenue ↑ E	1700	1700
10	accounts payable ↓ L ✓ Cash ↓ A	300	300
14	Pre-paid insurance ↑ A ✓ Cash ↓ A	960	960
18	Cash ↑ A ✓ accounts receivable ↓ A	1700	1700
27	Withdrawal ↓ E ✓ Cash ↓ A	650	650
30	Utility expense ↓ E ✓ Cash ↓ A	175	175

including both government and non-government organizations.

The level of compliance with this standard is judged by the extent to which the following good practices are followed.

2.5.1 Codes of practice for ethical and responsible behaviour have been developed that require that teaching and other staff and students, and all committees and organizations, act consistently with high standards of ethical conduct and avoidance of plagiarism in the conduct and reporting of research, in teaching, performance evaluation and assessment, and in the conduct of administrative and service activities.

YES



2.5.2 The institution regularly reviews and modifies its policies and procedures as necessary to ensure continuing high standards of ethical conduct.

YES



2.5.3 Administrators and others speaking on behalf of the institution represent it honestly and accurately to both internal and external agencies. (Advertising and promotional material is always be truthful, avoids any actual or implied misrepresentations or exaggerated claims, or negative comments about other institutions.)

YES



2.5.4 Regulations are established and are consistently followed dealing with declarations of pecuniary interest or conflict of interest for faculty and staff at all levels of the institution . (The regulations apply to all staff, the governing board and to all committees and other decision making bodies in the institution.)

YES



30	Cash ↑ A ✓ Unearned Revenue ↑ L	Zero	Zero

Cash	
2000	175
1700	650
900	960
15000	300
total: 19600	total: 2085

Chapter 2
S-A
30
30

Balance: 17515

✓

Independent Opinion :



Comment

Comments from reviewer 1

Good progress has been made in this area, although some of the female faculty data record slightly lower scores on female participation in committees than some other areas of "Authorities and Management", so efforts should continue to increase satisfaction.

Comments from Reviewer 3

The current practice shows effective and efficient coordination among the two sectors of male and female students. The administrative structure of the female sector is composed of two units; one academic and the other administrative. Evidence is presented to show that the academic unit is fully integrated with the corresponding unit in the male sector whereas the administrative unit is run by a dean of the female sector who directly reports to the president. This arrangement seems adequate and appropriate. While the composition and involvement of the female and male sections are commendable, there is lack of indicators and supporting performance metrics to point out similarities and differences of the male and female sections.

2.5 Integrity

The institution must meet high ethical standards of honesty and integrity including avoidance of conflicts of interest and avoidance of plagiarism in its teaching, research and service functions and take action to ensure that these standards are met by staff and students. These standards must be maintained in all of the institutions dealings with its students and teaching and other staff, and its relationships with external agencies

Chapter 3

Q3: Prepare Adjusting entry for the following transactions: (15 points)

- 1- On August 1, Al-Raya Company paid \$24,000 in advance for a two-year insurance policy. Prepare the adjusting entry on December 31.

$$24000 \cdot \frac{5}{24} = 5000$$

Date	Account Title	Dr.	Cr.
Aug 1	⑧ Pre-paid insurance ↑ A Cash ↓ A	24000	24000
	Insurance Exp ↓ E ✓ Pre-paid insurance ↓ A	5000	5000

- 2- Al-Yasmina Company has a calendar-year end and provides internet services. . On September 1, a check for \$448 was received from a customer for eight months' services in advance. Prepare the adjusting entry the company should make on December 31.

$$448 \cdot \frac{4}{8} = 224$$

Date	Account Title	Dr.	Cr.
Sept 1	⑩ Cash ↑ A Unearned revenue ↑ L	448	448
Dec 31	Unearned revenue ↓ L ✓ Service Revenue ↑ E	224	224

- 3- Al-Salwa Company has a calendar year-end accounting period. On September 1, the company purchased office equipment for \$30,000. It is estimated that the office equipment will depreciate \$300 each month. The adjusting entry is:

Date	Account Title	Dr.	Cr.
Sept 1	⑪ Cash ↓ A Office Equipment ↑ A		
Dec 31	Dep exp ↓ E - equip ✓ accumulated Dep - equip ↓ A ✓	3000	3000

$$300 \cdot 4 = 1200$$

2.4.2 There is effective communication between members of committees and councils and between individuals in the different sections carrying out related activities.

YES



2.4.3 Programs, facilities and services are planned and resources provided that ensure comparable standards are achieved in each section, while taking account of variations appropriate for different needs.

YES



2.4.4 Quality indicators, evaluations and reports show results for both sections indicating similarities and differences as well as overall performance.

YES



Overall Assessment : 4.75

Comment

Male and female sections are adequately represented in the membership of relevant committees and councils. There is effective communication between members of relevant committees and councils and between individuals carrying out related activities. In KSU, programs, facilities and services are planned and provide resources that ensure achieving comparable standards male and female section.

Priorities For Improvement

There is a need for the programs/colleges to present the results of Quality indicators, evaluations and reports for both sections and to indicate similarities and differences as well as overall performance.

$$300 \cdot \frac{3}{5} = 180 \quad 350 \cdot \frac{3}{5} = 210$$

4- Ahmad Company has two employees earning \$300 per week and \$350 per week, respectively. They are paid each Friday for five-day workweek that begins on Monday. This year, December 31 fell on Wednesday. The next payment day will be on January 2. The adjusting entry is:

Date	Account title	Dr.	Cr.
Dec 31st	Salaries exp ↓ E	390	
	Salaries payable ↑ L		390.

5- AL-Amal Company began the year with a \$ 3,000 balance in the Office Supplies account. During the year, \$8,500 additional office supplies were purchased. A physical count revealed that office supplies on hand at year-end totaled \$1,500. The adjusting entry is:

Date	Account title	Dr.	Cr.
Dec 31st	Supplies exp ↓ E	10,000	
	Supplies ↓ A		10,000

Beg: 3000
 Purch: 8500
 On hand: 1500

 Using: 1000

$$\frac{13}{10}$$

Comments from reviewer 1

The strategic planning processes are well developed. The strengthening of risk management in strategic planning is a key need.

Comments from Reviewer 3

There is substantial evidence that supports the existence of good planning in all university levels of activities. Having of a risk management in strategic planning is a key need. Some improvement in the involvement of the various constituents in the planning and evaluation are needed and should be encouraged.

2.4 Relationship Between Sections for Male and Female Students

In sections for male and female students the leaders of both sections must participate in institutional governance and be fully involved in strategic planning, decision making, and senior management with effective and continuing communication between sections. Strategic planning should ensure equitable distribution of resources and facilities to meet the requirements of program delivery, research, and associated services in each section as well as for the institution as a whole.

The level of compliance with this standard is judged by the extent to which the following good practices are followed.

2.4.1 Male and female sections are adequately represented in the membership of relevant committees and councils through processes that are consistent with bylaws and regulations of the Higher Council of Education.

YES

