



FIRST: FINANCIAL ACCOUNTING and ACCOUNTING THEORY :

Q1. The ledger of Chips Rental Agency on December 31 of the current year includes the following selected accounts before adjusting entries have been prepared.

Detail	Debit	Credit
Prepaid Insurance	\$ 3,800	
Stationery	2,800	
Equipment	25,000	
Accumulated Depreciation—Equipment		\$ 8,400
Notes Payable		20,000
Unearned Rent Revenue		6,300
Rent Revenue		60,000
Interest Expense	-0-	
Salaries and Wages Expense	14,000	

An analysis of the accounts shows the following.

1. The equipment depreciates \$250 per month.
2. One-third of the unearned rent was earned during the quarter.
3. Interest of \$500 is accrued on the notes payable.
4. Stationery on hand total \$650.
5. Insurance expires at the rate of \$300 per month.

Required: Prepare the adjusting entries at Dec 31.

Q2. Presented below are selected accounts of Aramis Company at December 31, 2012.

Finished Goods \$ 52,000	Cost of Goods Sold \$2,100,000
Unearned Revenue 90,000	Notes Receivable 40,000
Equipment 253,000	Accounts Receivable 161,000
Work in Process 34,000	Raw Materials 187,000
Cash 42,000	Supplies Expense 60,000
Equity Investments (short-term) 31,000	Allowance for Doubtful Accounts 12,000
Customer Advances 36,000	Licenses 18,000
Cash Restricted for Plant Expansion 50,000	Additional Paid-in Capital 88,000
	Treasury Stock 22,000

The following additional information is available.

1. Inventories are valued at lower-of-cost-or-market using LIFO.
2. Equipment is record at cost. Accumulated depreciation, computed on a straight-line basis, is \$50,600.
3. The short-term investments have a fair value of \$29,000. (Assume they are trading securities.)
4. The notes receivable are due April 30, 2014, with interest receivable every April 30. The notes bear interest at 6%. (*Hint: Accrue interest due on December 31, 2012.*)
5. The allowance for doubtful accounts applies to the accounts receivable. Accounts receivable of \$50,000 are pledge as collateral on a bank loan.
6. Licenses are recorded net of accumulated amortization of \$14,000.
7. Treasury stock is record at cost.

Required: Prepare the current assets section of Aramis Company's December 31, 2012, balance sheet.

Q3. Presented below are the assumptions, principles, and constraints.

- | | | |
|-------------------------------|----------------------------------|--------------------|
| 1. Economic entity assumption | 5. Historical cost principle | 9. Cost constraint |
| 2. Going concern assumption | 6. Fair value principle | 10. |
| 3. Monetary unit assumption | 7. Expense recognition principle | |
| 4. Periodicity assumption | 8. Full disclosure principle | |

Required:

Identify by number the accounting assumption, principle, or constraint that describes each situation on the next page. Do not use a number more than once.

- (a) Allocates expenses to revenues in the proper period.
- (b) Indicates that fair value changes subsequent to purchase are not record in the accounts. (Do not use revenue recognition principle.)
- (c) Ensures that all relevant financial information is report.
- (d) Rationale why plant assets are not report at liquidation value. (Do not use historical cost principle.)
- (e) Indicates that personal and business record keeping should be separately maintain.
- (f) Separates financial information into times periods for reporting purposes.
- (g) Permits the use of fair value valuation in certain industries. (Do not use fair value principle.)
- (h) Assumes that the dollar is the "measuring stick" used to report on financial performance.

SECOND: COST and MANAGEMENT ACCOUNTING :

Q4. Select the best answer to each question

1- Inventoriable (i.e., product) costs that have become expenses can be found in:

- a) Period costs.
- b) Selling expenses.
- c) Cost of goods sold.
- d) Administrative expenses.

2- Malcolm Company uses a weighted-average process costing system. All materials at Malcolm are add at the beginning of the production process. The equivalent units for materials at Malcolm would be

the sum of:

- a) Units in ending work in process and the units started.
- b) Units in beginning work in process and the units started.
- c) Units in ending work in process and the units started and completed.
- d) Units in beginning work in process and the units started and completed.

3- Under which of the following conditions will the FIFO method of process costing result in the same amount of cost being transfer to the next department as the weighted-average method?

- a) When the beginning and ending inventories are each fifty percent complete.
- b) When there is no beginning inventory.
- c) When there is no ending inventory.
- d) When units in the beginning inventory are all completed and transferred at the same time.

4- In a job-order costing system, the application of manufacturing overhead would be recorded as a debit to:

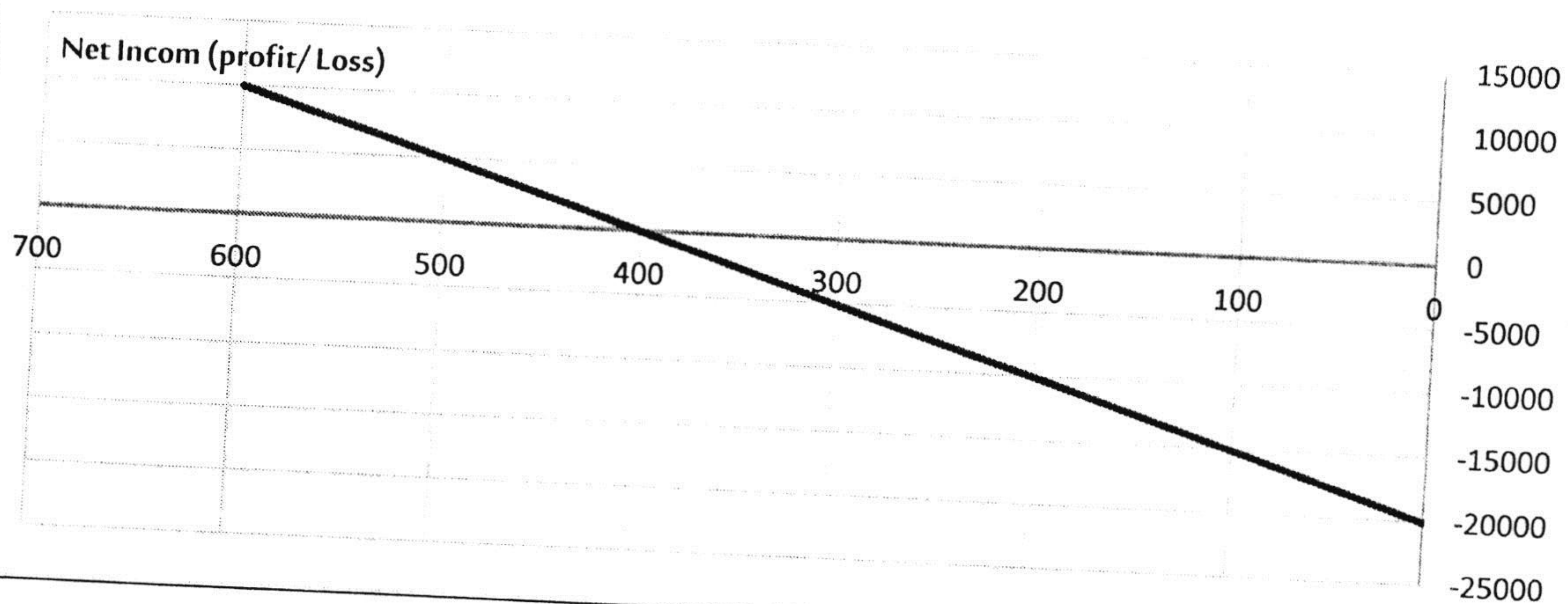
- a) Raw Materials inventory.
- b) Finished Goods inventory.
- c) Work in Process inventory.
- d) Cost of Goods Sold.

5- Over applied overhead would result if:

- a) The plant was operate at less than normal capacity.
- b) Overhead costs incurred were less than estimated overhead costs.
- c) Overhead costs incurred were less than overhead costs charged to production.
- d) D) Overhead costs incurred were greater than overhead charge to production.

Q5. From the graph below explain:

1. Breakeven Point.
2. If fixed costs are 20000\$, what contribution margin are?
3. What are units required to target profit after taxes 20000\$.



Q6. Bradshaw Manufacturing Company is reviewing the profitability of the company's four products and the potential of several proposals for improving the profitability of the product mix. An income statement and other data follow:

	Total	Product W	Product X	Product Y	Product Z
Revenues -----	\$62,600	\$10,000	\$18,000	\$12,600	\$22,000
Cost of goods sold-----	44,274	4,750	7,056	13,968	18,500
Gross margin-----	18,326	5,250	10,944	(1,368)	3,500
Operating costs -----	12,012	1,990	2,976	2,826	4,220
Operating income-----	\$ 6,314	\$ 3,260	\$ 7,968	\$ (4,194)	\$ (720)
Units sold-----		1,000	1,200	1,800	2,000
Selling price-----		\$ 10.00	\$ 15.00	\$ 7.00	\$ 11.00
Variable cost of goods sold per unit		\$ 2.50	\$ 3.00	\$ 6.50	\$ 6.00
Variable operating cost per unit		\$ 1.17	\$ 1.25	\$ 1.00	\$ 1.20

Each of the following proposals is to be consider independently. Consider only the product changes stated in each proposal; the production and sales levels of the other products remain the same.

Required:

- Compute the effect on operating income if Y is drop.
- Compute the total effect on operating income if Y is drop and a resulting loss of customers causes a decrease of 200 units in the production and sales of X.
- Assume the area of the plant in which W is manufacture can easily be adapted to the production of Z, but changes in quantities produced necessitate changes in selling prices. Compute the total effect on operating income if production of W is reduce to 500 units (to be sold at \$12 each) and production of Z is increased to 2,500 units (to be sold at \$10.50 each).

THIRD :ACCOUNTING INFORMATION SYSTEM and ACCOUNTING SYSTEMS

- Q7. فيما يلي بعض العمليات التي قام بها قسم الاعتمادات المستندية لمصرف الرافدين في شهر نيسان 2015:
1. 4/21 قام المصرف بفتح اعتماد مستندي للاستيراد بناءً على طلب زبونه (شركة البحر) بقيمة 10,000,000 دينار صالح لمدة 3 شهور مقابل تأمين قدره 40% خصم من الحساب الجاري للزبون وكانت العمولة 1% والمصروفات 10,000 دينار وفرق العملة (1%) وتم الخصم من الحساب الجاري للزبون.
 2. 4/22 وصلت البضاعة كاملة وقام الزبون بسحب المستندات مقابل قيامه بتسديد قيمة الاعتماد خصما من حسابه الجاري.
 3. تسلم المصرف اعتمادا مستنديا من مراسله في تركيا (Turkish Bank) بقيمة 1,500,000 دولار وتم تبليغ الاعتماد إلى المصدر شركة الشروق للمواد الغذائية.
 4. تسلم المصرف من زبونه (شركة الشروق للمواد الغذائية) مستندات الشحن، وقام المصرف بإرسالها إلى المصرف الخارجي (فاتح الاعتماد) بالقيمة كاملة، وبناءً على ذلك قام المصرف ب قيد القيمة لحساب الزبون مقابل عمولة بقيمة 2,000 دينار ومصروفات 1,000 دينار (سعر الصرف، 1 دولار = 1200 دينار).
- المطلوب: إجراء القيود المحاسبية اللازمة

Q8. Make matching between the list in the right column and the left column?

- | | |
|--------------------------------------|---------------|
| 1. external user of AIS | A- Avoid |
| 2. useful information | B- innovation |
| 3. Way to respond risk | C- planning |
| 4. balanced scorecard dimension goal | D- reliable |
| 5. DBMS Language | E- defining |
| 6. activity of Accountants | F- secure |
| 7. AIS objective | G- customer |

Q9. Choose the correct answer:

- For good internal control, who should approve credit memos?
a- Sales manager b- Billing manager c- Controller d- Credit manager
- Which document is use to establish a contract for the purchase of goods from supplier?
a- Vendor invoice b- Purchase order c- Purchase requisition d- Disbursement voucher
- For good internal control, who should sign checks?
a- Account payable b- Controller c- Purchasing agent d- Cashier
- Which activity is part of the sales order process?
a- Setting customer credit limits b- Approving sales returns c- Checking customer credit d- Preparing a bill of lading
- What report expresses goals in financial terms?
a- performance report b- financial statement c- budget d- chart of accounts

FORTH :AUDITING and INTERNAL CONTROL

Q10. Select the correct answer for the questions:

- An auditor is testing internal control procedures that are evidence on an entity's vouchers by matching random numbers with voucher numbers. If a random number matches the number of avoided voucher, that voucher ordinarily should be replaced by another voucher in the random sample if the voucher:
 - Constitutes an exception.
 - Has been properly avoid.
 - Cannot be located.
 - Represents an immaterial dollar amount.
- In evaluating the reasonableness of an accounting estimate, an auditor most likely would concentrate on key factors and assumptions that are:
 - Consistent with prior periods.
 - Similar to industry guidelines.
 - Objective and not susceptible to bias.
 - Deviations from historical patterns.

3. Which of the following computer-assisted auditing techniques allows fictitious and real transactions to be processed together without client-operating personnel being aware of the testing process?

- a. Integrated test facility.
- b. Input controls matrix.
- c. Parallel simulation.
- d. Data entry monitor.

4. An auditor should design the written audit plan so that

- a. All material transactions will be selected for substantive testing.
- b. Substantive tests prior to the balance sheet date will be minimized.
- c. Each account balance will be tested under either tests of controls or tests of transactions.
- d. The audit procedures selected will achieve specific audit objectives.

5. A successor auditor most likely would make specific inquiries of the predecessor auditor regarding

- a. The competency of the client's internal audit staff.
- b. Specialized accounting principles of the client's industry.
- c. Disagreements with management as to auditing procedures.
- d. The uncertainty inherent in applying sampling procedures.

Q11. Explain scientific and practical stages to evaluate internal control system and showing its effect in the opinion and procedures of external auditor.

Q12. Auditing objectives are many and developed through many years, Discuss the effects of these developments in the assumption of auditing and professional behavioral bases and auditing standards and how are these reflected in these objectives?