

AL-RAYYAN UNIVERSITY  
The Final Exam in Intermediate Accounting 1  
The 2<sup>nd</sup> semester of the Academic Year 2019-2020

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**Question 1**

Alma's Payroll Services Company entered into the following transactions during May 2017.

1. Purchased computers for \$15,000 from Bytes of Data on account.
2. Paid \$3,000 cash for May rent on storage space.
3. Received \$12,000 cash from customers for contracts billed in April.
4. Performed payroll services for Magic Construction Company for \$2,500 cash.
5. Paid Northern Ohio Power Co. \$7,000 cash for energy usage in May.
6. Alma invested an additional \$25,000 in the business.
7. Paid Bytes of Data for the computers purchased in (1) above.
8. Incurred advertising expense for May of \$900 on account.

**Required:**

Prepare the journal entries.

**Question 2**

Mukalla Company prepared the unadjusted trial balance shown below at the end of its first year of operations.

Mukalla Company Unadjusted Trial Balance December 31, 2019		
Account Titles	Debit Balance	Credit Balance
Cash	16,900	
Accounts receivable	45,000	
Supplies	10,800	
Equipment	227,400	
Accounts Payable		20,500
Unearned Fees		12,000
Capital		156,000
Drawing	9,000	
Fees Earned		271,500
Wages Expense	63,000	
Prepaid Rent	48,000	
Utilities expense	34,500	
Miscellaneous Expense	5,400	
<b>Total</b>	<b>460,000</b>	<b>460,000</b>

Data needed for year-end adjustments are as follows:

- a. Fees earned but unrecorded on December 31 were \$ 1,300.
- b. Supplies on hand on December 31 were \$ 3,100.
- c. The equipment has an estimated life of 5 years with salvage value of \$12,000 (straight-line method).
- d. Unpaid wages accrued on December 31 were \$ 900.
- e. 50% of unearned fees is earned in 2019.
- f. 25% of Prepaid Rent is expired.

**Required:**

**Journalize the adjusting entries necessary on December 31, 2019**

**Question 3**

The following account balances are taken from the general ledger of Salem Co. on December 31, 2019, the end of its fiscal year after adjustments:

Cash	\$ 40,250
extraordinary loss	16,500
Accounts Receivable	63,000
Gain from discontinue operations	650
Inventory, December 31, 2008	94,700
Rental revenue	80,000
Buildings	247,600
Accumulated Depreciation—Buildings	18,000
Loss on sale of Land	15,000
Cash dividend	9,000
Accounts Payable	72,700
Common Stock	240,000
Sales	760,000
Sales Returns	17,000
Cost of Goods Sold	465,800
Utilities Expense	16,700
Property Tax Expense	10,200
Salaries and Wages Expense	89,000
Sales Commissions Expense	73,925
Insurance Expense	18,000

Interest Revenue .....	2,600
Interest Expense .....	2,400
R.E.....	50,000

Required:

1. Prepare a multiple-step income statement for the year ended December 31,2019.