

York University AP/Adms 2500.03

Introduction to Financial Accounting
Midterm Examination #1 – Test Form A

Time: 3.0 hours

Fall 2012

Questions: 40

Instructions:

1. **Submit:** Only the pink mark sense sheet will be collected: you may keep this midterm examination paper. Mark your answers on it for later reference.

2. **Mark Sense Sheet:**

- Record your name and student number and answer all questions on the computer mark sense sheet provided with an HB (soft lead) pencil. Bring several pencils in case one breaks. The computer will not recognize ink or hard lead pencils
- Test Form is 'A' and Code is your Section (in the left column)
- Fill in the bubbles for your name and student number in pencil (your phone number is not required). Leave the last column of the student number BLANK
- If you change an answer, use a high quality eraser to completely remove the previous mark. If the computer senses two answers to a question, only the first scanned will be recognized.

3. **Exam Aids:**

- Only calculators without alphanumeric programmable memories are allowed. It is strongly suggested you bring a couple of cheap 4 function computers to the exam in case one fails. Be prepared to be challenged by invigilators if you bring a “fancy” calculator.
- Compact foreign language/English dictionaries may be used. However, these will be examined by invigilators. If there are any loose pages or handwriting in the dictionary, it will be seized and you will be charged with academic dishonesty.
- In 2500, invigilators answer no questions of interpretation. They will pass along questions regarding possible errors/ typos/missing data to the head invigilator. If you believe a question contains an error and do not receive a response, make a detailed note on the front of your exam and submit it with your answer sheet.

4. **Exam Strategy**

- Careful budgeting of time on an accounting exam is essential. Bring a watch and check your progress regularly. Poor time management is the most common reason for poor exam performance in accounting.

- It is always a good idea to attempt the questions you deem easiest first. In an interrupted exam that is not restarted, your exam will be scored based on questions attempted.

- It is essential to transfer your answers to the grading sheet after each question in case the exam is interrupted by fire alarm.
- The last ten minutes of an exam should be devoted to double checking your transfers. What you submit is what is graded. If you have not transferred your answers to the mark sense sheet at the end of the exam, the invigilator will not wait. Your answer sheet will be seized and it will be graded based on whatever questions have choices filled in.
- Remember there is no penalty for guessing on a multiple choice computer graded exam. Submit a choice for every question. Also note that in 2500, choice (E) *None of the above* does indeed represent a frequent correct choice to questions.

5. Exam room regulations:

- All personal belongings either on the floor or at the front of the exam room. All items on your desk will be examined by invigilators
- Bring appropriate ID as proof of registration. You will be required to sign in and show appropriate documentation. Students without ID will be allowed to write the exam, but will be photographed and asked to submit registration and photo ID to the School of Administrative Studies the next day.
- No student may leave the exam in the first hour. No student may start the exam after an hour. Students requiring restroom visits must be accompanied by an invigilator.
- The proctors will announce when there are 15 minutes remaining and any answers not transferred should be recorded at this time. No one is to leave their seat in the last 15 minutes.
- When time is called, the proctors will go down the rows collecting your answer sheets and this exam paper. They will not wait and they will not accept your sheet once they have passed. Any violation of this protocol will result in a grade of zero recorded for the exam.

6. Fire Alarms

- A frequent occurrence in York exams. In the event of a fire alarm, you are to leave your exam and answer sheet face down on your desk and immediately proceed outside with coats and all personal belongings. Print your surname on the back of the exam so you know which seat to return to. An invigilator will lead the group outside to a place of safety. There is to be no talking during the evacuation or outside. Most rooms are cleared so that exams can recommence, within 30 minutes of the alarm. You will be told after this time whether to reenter the room and recommence the exam or to go home.

7. Academic Dishonesty

- You are reminded that cheating is a serious offense which can result in expulsion from university
- Exams at York are held in regular classrooms which may involve tiered seating. Consequently, neck exercises

EXAMS at YORK are held in regular classrooms, which may involve tiered seating. Consequently, neck exercises are not allowed during exams. First instance of wandering eyes has the student relocated to the front of the room. Second instance results in seizure of paper.

8. Special Instructions

- This exam is a case, which then has a series of questions based on that case. While an attempt has been to minimize the impact of the impact of carry-forward errors in question design, some questions of necessity are related to multiple computations or previous questions, so an error potentially can have multi-mark impact.

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ONTARIO TRANSPORTATION SERVICES (OTS) Sally Driver operates and is the sole owner of a firm called OTS. Sally is not familiar with bookkeeping and accounting concepts and practices. You have been hired as an accounting consultant to help Sally understand some basic concepts in the accounting field as those concepts apply to her business. After explaining the concepts accounting including accounts, debits and credits and the accounting equation to Sally, you question Sally regarding rules for some common business transactions. These questions are as follows:

Question 1

If there is a credit to Prepaid Supplies, then the most likely debit is to:

- Cash
- Supplies Expense
- Cost of Goods Sold
- Accounts Payable
- None of the above.

Question 2

If there is a debit to Cost of Goods Sold, what is the most likely account credited?

- Cash
- Prepaid Supplies
- Inventory
- Sales
- None of the above

Question 3

If Sally purchases textbooks for her daughter who is enrolled in accounting 2500, the debit entry would be

- Prepaid Supplies
- Withdrawals

- c. Cash
- d. Inventory
- e. None of the above

Question 4

After her daughter completes her accounting 2500 and achieves an A, her father donates the textbooks to the business. The entry credit would be:

- a. Inventory
- b. Supplies
- f. Owner's Capital
- c. Cash
- d. None of the above.

Question 5

If OTS just completed work for a customer who had previously paid in advance, the debit entry is

- a. Cash
- b. Unearned Revenue
- c. Earned Revenue
- d. Accounts Receivable
- e. None of the above.

