UNITY UNIVERSITY

COLLEGE OF DISTANC EDUCATION

DEPARTMENT OF Accounting and Finance

Principles of Accounting I

35

WORKSHEET

Name: _____

ID No._____

Centre: _____ Semester _____ Academic Year _____

This is a worksheet paper you are expected to do on your own. It carries 25 points. The paper should be completed and mailed to the College of Distance Education. Do not try to complete the worksheet until you have covered all the lessons and exercises in the course material.

Any questions in the course that you have not been able to understand should be stated on a separate sheet of paper and attached to this worksheet then your tutor will clarify them for you.

After completing this paper, be certain to write your Name, Id No and Address on the first page and the answer sheet.

PART I. For the Following Statements say "True" if the Statement is correct, or "False" if the Statement is Incorrect. (5 point)

1. A trail balance gives a complete assurance over the correctness of the recording and posting activities.
2. Net lose is resulted when total expense over weights total revenue, and it has a decreasing effect on owners equity account.
3. Purchase discount and Purchase Return Allowance has the same balance side with that of Purchase account.
4. The process substituting the used portion of a Petty Cash fund of a particular period is called establishment of petty cash fund.
5. The process substituting the used portion of a Petty Cash fund of a particular period is called establishment of petty cash fund.

PART IIChoose the Best Answer among the Following Alternatives and Provide Your on the Answer Sheet (10 point)

1. The business entity principle refers to:
   A. Using company cheques instead of personal cheques.
   B. Listing assets at the price that they were obtained.
   C. Keeping ownership limited to one person.
   D. Keeping personal and business financial data separated
   E. None of the above
2. Blankenship Company pays its employees every Friday for work rendered that week. The payroll is typically $10,000 per week. Blankenship's year-end occurred on Wednesday, at which time a correct adjusting entry was recorded. On the following Friday, which of the following payroll journal entries should be recorded?

   A. Salary Expense 10,000
      Cash 10,000
   B. Salary Expense 4,000
      Salary Payable 6,000
      Cash 10,000
   C. Salary Expense 6,000
      Salary Payable 4,000
      Cash 10,000
   D. Salary Payable 10,000
      Cash 10,000
   E. None of the above
3. Which one of the following is an internal transaction

A. Purchase of goods on credit
B. Sales of goods on cash
C. Settlement of liabilities
D. Depreciation of fixed asset
E. None of the above

4. At the end of the current accounting period, Johnson Company failed to record utilities consumed during the period. Johnson will be billed for the utilities during the next accounting period. As a result, current period assets, liabilities, equity, and income, respectively, are:

A. Overstated, overstated, correct, correct
B. Correct, understated, overstated, overstated
C. Overstated, understated, overstated, overstated
D. Overstated, understated, correct, correct

5. Simmons Company received and recorded a $5,000 payment for services to be rendered in the future. If the income statement approach to adjusting entries is used, the appropriate adjusting entry at the end of the accounting period for $3,000 of revenue not yet earned would be:

A. Service Revenue 3,000
Unearned Service Revenue 3,000
B. Service Revenue 2,000
Unearned Service Revenue 2,000
C. Accounts Receivable 3,000
Unearned Service Revenue 3,000
D. No entry would be needed.

6. Which of the following accounts would not be closed at the end of an accounting period?

A. Income Summary
B. Dividends
C. Revenue
D. Capital Stock
E. None of the above

7. Which of the following statements about reversing entries is true?

A. Identical account balances are achieved in the subsequent accounting period whether reversing entries are utilized or not.

B. Reversing entries may not be used with accrued revenues.
C. Reversals are generally applied to those adjusting items that do not involve future cash flow.
D. Reversing entries would not be prepared if a company also utilized closing entries.
E. None of the above
.

8. Bergstrom accepted the return of merchandise by a customer. The merchandise had been sold on account, and payment had not been received on the date of return. The returned goods retailed for $400, but cost Bergstrom only $300. The appropriate journal entry for Bergstrom is:

A. Accounts Receivable 400
Sales Returns & Allowances 400
B. Sales Returns & Allowances 400
Accounts Receivable 400
C. Sales 400
Purchases 300
Accounts Receivable 100
D. Sales Returns & Allowances 400
Purchases 300
Accounts Receivable 100

9. ABC Company had net purchases of $50,000, ending inventory of $25,000, net sales of $100,000, and gross profit of $32,000. How much was Lux's beginning inventory?

A. $7,000
B. $43,000
C. $93,000
D. $143,000
E. None

10. Dodd Company utilizes the periodic inventory accounting system. Dodd had beginning inventory of $59,000, ending inventory of $37,000, and net purchases of $123,000. Which of the following components should be included in the year-end closing entries prepared by Dodd?

A. Purchases 123,000
Inventory 123,000
B. Income Summary 37,000
Inventory 37,000
C. Income Summary 59,000
Inventory 59,000
D. None of the above

Part III. Workout questions show your computation clearly. (10 points)

The unadjusted trail balance of ABC Company is as follows

Cash ----------13,190

Supplies ----------8,950

Prepaid Insurance----------23,250

Equipment ----------120,000

Accumulated depreciation- Equipment ---------- 53,480

Accounts payable ---------- 8,310

Noh, Capital ---------- 41,200

Noh, Drawing ----------18,600

Service revenue----------261,200

Salary Expense ----------172,300

Utilities Expenses ---------- 4,700

Taxes Expenses ---------- 1,500

Miscellaneous Expenses ----------1,700

Total ---------- 364,190364,190

The following adjustment information's are given for the month of June

1. Inventory of supplies at June 30 birr 2,550
2. Insurance premium expired during the year is birr 2,750
3. Deprecation on Equipment is birr 5,000
4. Salaries accrued but not recorded birr 5,500

Instruction (10 marks each)

a. prepare a ten column work sheet as of June, 30,2009
b. prepare a statement of Profit or Loss for the month ended June 30,2009
c. prepare a capital statement for the month ended June 30,2009
d. prepare Statement of Financial position as of June, 30,2009

Answer Sheet

Part I: True or False

1. _____
2. _____
3. _____
4. _____
5. _____

Part II: Multiple Choices

1. _____ 6. _____
2. _____ 7. _____
3. _____ 8. _____
4. _____ 9. _____
5. _____ 10. _____