**DEPARTMENT OF ACCOUNTANCY**

**ACT0001 INTENSIVE ACCOUNTING**

**FINAL TEST**

**SEMESTER 2/2022 (SET B)**

Lecturers: Full-time Lecturers

Date: May 27, 2023

Time: 9:00 to 11:00 (2 hours)

**Student’s Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Adm. No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Section \_\_\_\_\_\_\_\_\_**

**Contents: Student marks:**

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| --- | --- | --- | --- | --- |
| Problem 1 | 10 marks |  | Problem 1 |  |
| Problem 2 | 40 marks | Problem 2 |  |
| Problem 3 | 50 marks | Problem 3 |  |
| TOTAL | 100 marks | TOTAL |  |

**Problem 1: Matching (10 marks)**

Match each definition with its related term by entering the appropriate **LETTER** in the answer sheet.

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|  | **TERM** |  |  | **TERM** |
| **A** | Income Statement |  | **K** | Note Payable |
| **B** | Account |  | **L** | Net loss |
| **C** | Current assets |  | **M** | Owner’s equity |
| **D** | Accounting |  | **N** | Net income |
| **E** | Debit |  | **O** | Corporation |
| **F** | Credit |  | **P** | Simple entry |
| **G** | Monetary unit assumption |  | **Q** | Compound entry |
| **H** | Journal |  | **R** | Business transaction |
| **I** | Ledger |  | **S** | Non-current assets |
| **J** | Revenue recognition principle |  | **T** | Chart of Accounts |

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|  | 1. A business organized as a separate legal entity with ownership divided into transferable shares. |
|  | 1. It is a business event occurs during the operation of the business, measurable in terms of money and affects the elements of the accounting equation. |
|  | 1. An information system that identifies, records and communicates relevant, reliable, and comparable information about an organization’s business activities. |
|  | 1. The excess of assets over liabilities. |
|  | 1. Accounting principle that states revenue is recorded only when the earning process is completed. |
|  | 1. The normal balances of assets, expenses and dividends. |
|  | 1. A numbered or coded list of all account titles that the organization uses in recording its activities. |
|  | 1. It provides a chronological record of all the events in the life of a business. It is also known as the book of original entry. |
|  | 1. An entry that has more than one debit or credit entry. |
|  | 1. Accounting assumption that states business transactions and events are express in monetary, or money units. |

**Problem II: (40 Marks)**

**UBER Car Rental Co.** started its operation on March 1, 2023 by Mr. Albert Uber. The following transactions occurred during the first month of its operation.

|  |  |
| --- | --- |
| March 1 | Mr. Albert Uber invested $70,000 cash to start the business called Uber Car Rental Co. |
| 2 | Purchased three cars for a total amount of $30,000, paying $10,000 cash and the balance signed a promissory note |
| 3 | Paid $700 for office rent for the month. |
| 6 | Provided car rental service to various customers, $12,000. Receiving $5,000 in cash and the balance on account. |
| 10 | Paid $300 for advertising appeared in Daily News. |
| 14 | Rendered car rental service to cash customers, $3,000. |
| 18 | Collected $4,000 from customers on account dated March 6. |
| 22 | Albert Uber withdrew $200 for personal use. |
| 25 | Purchased supplies on account $700. |
| 27 | Received electricity and water bills, $400, to be paid on April 3, 2023 |
| 30  31 | Paid $7,000 for the note payable signed on March 2.  Paid employees’ salaries or the month $4,000. |

***Additional accounts****: Uber Withdrawal, Service Revenue, Salaries Expense, Rent Expense, Utility Expense, Advertising Expense*

***Instructions:***

1. Analyze the above transactions for the month of March in terms of their effect on the basic accounting equation. Record each transaction by increasing (+) or decreasing (–) the dollar amount of each item affected. Identify the cause of changes in Capital account.
2. From the results of the analysis prepare (a) Income Statement of ***Uber Car Rental Co.***for the month ended March 31, 2023, and (b) Classified Statement of Financial Position at March 31, 2023.

(1)

**Accounting Equation**

|  |  |  |  |  |  |  |  |  |  |
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| **Date**  **2023** | **ASSETS = LIABILITIES + OWNER’S EQUITY** | | | | | | | | |
| **Cash** | **Accounts**  **Receivable** | **Supplies** | **Cars** | **=** | **Notes**  **Payable** | **Accounts**  **Payable** | **Uber,**  **Capital** | **Accounts affecting**  **Capital** |
| **March 1** |  |  |  |  | **=** |  |  |  |  |
| **2** |  |  |  |  | **=** |  |  |  |  |
| **3** |  |  |  |  | **=** |  |  |  |  |
| **6** |  |  |  |  | **=** |  |  |  |  |
| **10** |  |  |  |  | **=** |  |  |  |  |
| **14** |  |  |  |  | **=** |  |  |  |  |
| **18** |  |  |  |  | **=** |  |  |  |  |
| **22** |  |  |  |  | **=** |  |  |  |  |
| **25** |  |  |  |  | **=** |  |  |  |  |
| **27** |  |  |  |  | **=** |  |  |  |  |
| **30** |  |  |  |  | **=** |  |  |  |  |
| **31** |  |  |  |  | **=** |  |  |  |  |
| **Bal:** |  |  |  |  | **=** |  |  |  |  |

**(2.a)**

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| **Uber Car Rental Co.** |
| **Income Statement** |
| **For the month ended March 31, 2023** |
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**(2.b)**

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| Uber Car Rental Co. |
| Statement of Financial Position |
| March 31, 2023 |
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**Problem 3: (50 marks)**

Melvin Revel started Melvin Fresh Milk Delivery, a new business that began operations on January 1, 2023. The Melvin Fresh Milk Delivery completed the following transactions during its first month of operations.

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| --- | --- | --- |
| January 1 |  | Melvin invested $96,000 cash in the company. |
| 1 |  | The firm rented a furnished milk delivery truck and paid $8,400 cash for January’s rent. |
| 3 |  | The firm purchased $5,880 of milk conservative equipment on credit. |
| 4 |  | The firm purchased $2,000 of supplies on credit. |
| 5 |  | The firm paid $3,500 cash for this month’s delivery services. |
| 8 |  | The firm provided milk delivery services for a client and immediately collected $20,600 cash. |
| 12 |  | The firm provided $21,200 of milk delivery services for client on credit. |
| 20 |  | The firm received $10,600 cash payment for the services provided on January 12. |
| 26 |  | The firm paid $5,880 cash for the equipment purchased on January 3. |
| 28 |  | The firm paid $6,800 for an assistant’s salary. |
| 30 |  | The firm paid $1,520 cash for this month’s utilities. |
| 31 |  | Melvin withdrew $8,000 cash from the firm for personal use. |

**Required:**

1. Journalize the above transactions. Explanation is required.
2. Post the recorded transactions into the ledger. Posting reference is required.
3. Prepare the trial balance as of January 31, 2023.

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| ***Chart of Accounts*** | | | | | |
| 11 | Cash |  |  | 32 | Melvin, Withdrawal |
| 12 | Accounts Receivable |  |  | 41 | Service Revenue |
| 15 | Supplies |  |  | 51 | Rent Expense |
| 16 | Milk Conservative Equipment |  |  | 52 | Delivery Expense |
| 21 | Accounts Payable |  |  | 54 | Salaries Expense |
| 31 | Melvin, Capital |  |  | 58 | Utilities Expense |

**1.**

**Journal Page 1**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date** | **Account Titles and Explanation** | **Post Ref.** | **Debit** | **Credit** |
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**Journal Page 2**

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| **Date** | **Account Titles and Explanation** | **Post Ref.** | **Debit** | **Credit** |
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**Cash 11 Melvin, Withdrawal 32**

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|  |  |  | | **Service** | | **Revenue 41** | |
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|  |  |  | | **Rent** | | **Expense 51** | |
|  |  |  | |  | |  | |
|  |  |  | |  | |  | |
|  |  |  | | **Delivery** | | **Expense 52** | |
| **Accounts Receivable 12** | | |  | |  | |  |
|  |  |  | |  | |  | |
|  |  |  | | **Salaries** | | **Expense 54** | |
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|  | **Supplies 15** |  | |  | |  | |
|  |  |  | |  | |  | |
|  |  |  | | **Utilities** | | **Expense 58** | |
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| **Milk Conservative** | **Equipment 16** |  | |  | |  | |
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| **Accounts** | **Payable 21** |  | |  | |  | |
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| **Melvin,** | **Capital 31** |  | |  | |  | |
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**END OF EXAM**