# Name: Dhrumil Patel

# Choice Selected: Intrapersonal - MirzaBooks

# Unit 1 Project

## Required:

1. Using the Choice Board, select any 1 of the choices.

## Marking Scheme

| | Mark Possible | Mark Earned |
|---|---|---|
| **Knowledge** | | |
| Accurate info provided | | |
| Able to answer short answer questions effectively | 10 | |
| Journal entries are accurate (BB) | | |
| | | |
| **Thinking** | | |
| Research skills are evidenced | | |
| Citations provided | 10 | |
| Able to explain the accounting cycle effectively | | |
| Adjusting entries are accurate (BB) | | |
| | | |
| **Application** | | |
| Explanations are insightful | | |
| Importance of adjusting & closing entries explained | 10 | |
| Jounral, B/S, and I/S are accurate and balanced (BB) | | |
| | | |
| **Communication** | | |
| Creativity | | |
| Spelling and grammar | | |
| Professional format is used | | |
| Marking scheme is printed and handed in | 10 | |
| | | |

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| | | | | |
|---|---|---|---|---|
| | Bookkeeping Bonanza | | | |
| JOURNAL | | | | |
| | Dhrumil Patel | | Mr. Mirza | |
| | | | | |
| **#** | **A/C #** | **Accounts** | **$ Amount** | |
| | | | **DR** | **CR** |
| Jul. 1 | 1000 | 1000 (Bank) | 1000 | |
| | 3000 | 3000 (Owner's Capital) | | 1000 |
| | | | | |
| 2 | 1503 | 1503 (Computer Equipment) | 2000 | |
| | 1000 | 1000 (Bank) | | 500 |
| | 2000 | 2000 (Short term bank loans) | | 1500 |
| | | | | |
| 3 | 1504 | 1504 (Software) | 200 | |
| | 1000 | 1000 (Bank) | | 200 |
| | | | | |
| 4 | 1050 | 1050 (Supplies) | 100 | |
| | 1000 | 1000 (Bank) | | 100 |
| | | | | |
| 6 | 5100 | 5100 (Advertising Expense) | 75 | |
| | 1000 | 1000 (Bank) | | 75 |
| | | | | |
| 7 | 1000 | 1000 (Bank) | 2000 | |
| | 2000 | 2000 (Short term bank loans) | | 2000 |
| | | | | |
| 12 | 1000 | 1000 (Bank) | 60 | |
| | 4002 | 4002 (Service Revenue) | | 60 |
| | | | | |
| 15 | 1000 | 1000 (Bank) | 300 | |
| | 4002 | 4002 (Service Revenue) | | 300 |
| | | | | |
| 15 | 3002 | 3002 (Owner's Drawings) | 10 | |
| | 1000 | 1000 (Bank) | | 10 |
| | | | | |
| 16 | 1000 | 1000 (Bank) | 450 | |
| | 2100 | 2100 (Unearned Revenue) | | 420 |
| | 4002 | 4002 (Service Revenue) | | 30 |
| | | | | |
| 18 | 1020 | 1020 (Accounts Receivable) | 105 | |
| | 4002 | 4002 (Service Revenue) | | 105 |
| | | | | |
| 26 | 1000 | 1000 (Bank) | 575 | |
| | 4002 | 4002 (Service Revenue) | | 575 |
| | | | | |

| | | | | |
|---|---|---|---|---|
| 30 | 1000 | 1000 (Bank) | 105 | |
| | 1020 | 1020 (Accounts Receivable) | | 105 |
| | | | | |
| 31 | 2100 | 2100 (Unearned Revenue) | 420 | |
| | 1020 | 1020 (Accounts Receivable) | 30 | |
| | 4002 | 4002 (Service Revenue) | | 450 |
| | | | | |
| Aug. 4 | 1050 | 1050 (Supplies) | 90 | |
| | 1000 | 1000 (Bank) | | 90 |
| | | | | |
| 7 | 1000 | 1000 (Bank) | 150 | |
| | 1020 | 1020 (Accounts Receivable) | | 30 |
| | 4002 | 4002 (Service Revenue) | | 120 |
| | | | | |
| 20 | 1000 | 1000 (Bank) | 1200 | |
| | 1020 | 1020 (Accounts Receivable) | 300 | |
| | 4002 | 4002 (Service Revenue) | | 1500 |
| | | | | |
| 21 | 2000 | 2000 (Short term bank loans) | 2000 | |
| | 5450 | 5450 (Interest Expense) | 33 | |
| | 1000 | 1000 (Bank) | | 2033 |
| | | | | |
| 31 | 5152 | 5152 (Amortization expense - computer equip) | 1100 | |
| | 1603 | 1603 (Acc amortization - Computer equipment) | | 1100 |
| | | | | |
| | 5153 | 5153 (Amortization expense - software) | 200 | |
| | 1604 | 1604 (Acc amortization - Software) | | 200 |
| | | | | |
| | 5507 | 5507 (Supplies expense) | 175 | |
| | 3002 | 3002 (Owner's Drawings) | 15 | |
| | 1050 | 1050 (Supplies) | | 190 |
| | | | | |
| | 5450 | 5450 (Interest Expense) | 12.5 | |
| | 2201 | 2201 (Interest Payable) | | 12.5 |

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| | | |
|---|---|---|
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| | | |
| **Bookkeeping Bonanza** | | |
| **BALANCE SHEET** | | |
| **AS AT August 31, 2013** | | |
| | | |
| | | **2013** |
| | | **$** |
| **ASSETS** | | |
| Current | | |
| | Cash | 2,832 |
| | Accounts receivable | 300 |
| | | 3,132 |
| | | |
| Long-term | | |
| | Property, plant, and equipment | 2,200 |
| | Accumulated amortization - PPE | (1,300) |
| | | 900 |
| | | |
| | | $ 4,032 |
| | | |
| **LIABILITIES** | | |
| Current | | |
| | Short term bank loans | 1,500 |
| | Interest payable | 13 |
| | | 1,513 |
| | | |
| Long-term | | |
| | | 1,513 |
| | | |
| **OWNER'S EQUITY** | | |
| | Owner's capital | 1,000 |
| | Owner's drawings | (25) |
| | Net income | 1,545 |
| | | 2,520 |
| | | |
| | | $ 4,032 |

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|---|---|---|
| **Bookkeeping Bonanza** | | |
| **INCOME STATEMENT** | | |
| **FOR THE YEAR ENDING August 31, 2013** | | |
| | | **2013** |
| | | **$** |
| Revenue | | |
| | Revenue | 3,140 |
| | | $ 3,140 |
| | | |
| Cost of goods sold | | |
| | | |
| Gross profit | | 3,140 |
| | | |
| Operating expenses | | |
| | Advertising | 75 |
| | Amortization | 1,300 |
| | Interest | 46 |
| | Supplies expense | 175 |
| | | 1,596 |
| | | |
| Income before income taxes | | 1,545 |
| | | |
| | | |
| Net income for the year | | $ 1,545 |

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An accountant can compile, review, or audit financial statements based on client needs. Explain the difference between these services.

When an accountant compiles financial statements, he/she is gathering information from a variety of sources to present them in a format that helps the client quickly understand salient financial information about their business. Accountants combine information from sources like the journal for transaction history, the ledger for account balances, work sheets (if he/she made one), and source documents like receipts, invoices, etc. Accountants do not however, review or audit the compiled financial statements, so the accountant cannot assure the validity of the financial statements.

When an accountant reviews financial statements, he/she determines whether modifications need to be made to the financial statements for the statements to adhere to GAAP or IFRS, depending on the size and location of the business. Reviewing financial statements is more intensive than accountants compiling financial statements and obtains higher assurance than compiling financial statements. However, reviewing financial statements can only provide so much information, as it obtains limited assurance that material modifications are not needed. This is often preferred for companies whose lenders and creditors will allow them to do so as the cost of a full audit is more than that of a review.

A financial audit is an intensive examination of a business' financial statements by an objective third-party individual. This individual creates a report describing how well the business' transactions are represented on financial statements. This report adds credibility to the financial position and performance of the business but comes at a higher cost to the business. Audits have three main stages:

1. Planning and Risk Assessment: This is the stage in which auditors learn more about the business and the environment it operates in, and whether there are risks from the environment that would affect financial statements
2. Internal Controls Testing: This is the stage in which the auditor assesses how well a business handles its authorization, assets, and distributing duties. This process might involve a lot of tests that consider a sample of transactions to determine how well the business operates from those transactions.
3. Substantive Procedures: These are individual tests that the auditor performs, building on Internal Controls Testing such as: Analysis, Cash, Accounts Receivable, etc.

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Why has the government made the half-year rule on calculating amortization for new assets mandatory for tax purposes?

The half-year rule on calculating amortization treats all property acquired during the year, regardless of when it was bought, as if it was acquired in the middle of the year. This enables the business to use only half of the amortization of the year in the first year and deduct the rest in the final year of an asset's useful life or when the asset is sold. The half-year rule applies to all types of calculating amortization, whether it be straight-line or double declining. This helps the business better adhere to the matching principle, which states that a business' revenues must be matched with the expenses of the same period, as the expenses of that period were necessary to generate that revenue. For example, if a company buys a couch for $50,000 on December 20th, and the couch has a useful life of 5 years, the half-year convention states that the business must expense $5,000 the first year, $10,000 for years 2- 5, and the remaining $5,000 in the 6th year. Even though the couch was bought close to the end of the year, it's treated as if it was bought in the middle of the year and amortized accordingly.

Provide your opinion on the merger of all accounting designations into one CPA.

Prior to the merger, several regulatory bodies had more specialized roles; CAs mainly performed external auditing work, CMAs often acted as corporate accountants, focusing on internal controls, etc. The merger of all accounting designations into one CPA represented a giant step towards standardized testing, certification of an accountant's abilities, as well as enabling accountants to perform a wider variety of tasks without needing to get many different certifications. The CPA providing a standardized test for prospective professional accountants avoids the ambiguity caused by tests for the previous accounting designations and enables employers to quickly determine the level of competency that an accountant is guaranteed to have. Moreover, merging all the accounting designations into one opens many doors for accountants currently in education, as they can specialize into branches of accounting like strategy, auditing, finance, and taxation while they study accounting.