

**BASIC ACCOUNTING
FINAL EXAM
2ND SEMESTER 2022-2023**

NAME: Elarcosa, Christian Jay B. DATE: 05/26/23

SCHEDULE: MWF 5:00 -6:00 PM

MULTIPLE CHOICE

1. When an entity receives cash for services performed.
 - a. The owner's equity is increased
 - b. An asset is decreased.
 - c. The owner's equity decreased.
 - d. Total assets remain unchanged.

2. A revenue
 - a. leaves total assets unchanged.
 - b. Increases assets and liabilities.
 - c. Increases assets and owner's equity
 - d. Increase assets and decreased owner's equity.

3. The acquisition of an asset on credit
 - a. Decreases assets and increases liabilities.
 - b. Increases assets and liabilities
 - c. Increases assets and owner's equity
 - d. Decreases assets and increases liabilities

4. All of the following affect the owner's equity account except
 - a. Original investment
 - b. Additional investment
 - c. Withdrawal by the owner.
 - d. Payment of a liability.

5. Expenses can be defined as
 - a. Increase in owner's equity.
 - b. Decrease in owner's equity.
 - c. Decreases in assets or increases in liabilities, that result in decreases in equity, other than those relating to distributions to holder of equity claim.
 - d. Inflows of assets from delivering or producing goods or rendering service.

6. Each of the following companies is a merchandising entity except a
- Car wash
 - Furniture store
 - Candy store
 - Bookstore
7. The accounts that appears in the chart of accounts for merchandising entity but not for a service entity.
- sales returns and allowances
 - Accumulated depreciation
 - Accounts Receivable
 - Advertising expense
8. The excess of net sales over the cost of goods sold is called
- Profit
 - Gross profit
 - Operating profit
 - Net loss
9. Merchandise inventory becomes part of cost of goods sold.
- Sells the inventory
 - Pays for inventory
 - Purchases the inventory
 - All of the above
10. An owner's withdrawal
- Decrease asset and owner's equity.
 - Increases assets and owner's equity
 - Increase assets and decrease owner's equity.
 - Decrease assets and increases owner's equity.
11. Another way stating the accounting equation is
- $\text{Assets} - \text{Liabilities} = \text{Owner's Equity}$
 - $\text{Assets} = \text{Liabilities} + \text{Owner's Equity}$
 - $\text{Assets} + \text{Liabilities} = \text{Owner's Equity}$
 - $\text{Assets} = \text{Liabilities} - \text{Owners' Equity}$

12. Withdrawal by the proprietor has all of the following effects except
- Reduction of profit for the period.
 - Reduction of total assets
 - Reduction of cash balance.
 - Reduction of owner's equity
13. Which of the following is an asset of the firm?
- The capital of the firm.
 - An overdrawn balance on the firm's bank account.
 - Computer equipment owned by the firm.
 - Money owed by the firm to one of its suppliers in respect of goods purchased on credit.
14. The accounting equation
- Is used to determine the amount of liabilities owed.
 - Is used to determine the amount of profit earned during the period.
 - Shows the claims on owner's equity by the creditors.
 - Shows the claims on the entity's assets by both the creditors and owner.
15. Revenues should be recorded when
- They are earned.
 - Work has begun on a job.
 - Cash is received from the customer.
 - A contract is signed.
16. Amount owed by a business are referred to as
- Capital
 - Equities
 - Expenses
 - Liabilities
17. Which of the following equation is correct.
- $\text{Assets} = \text{Liabilities} + \text{Owner's equity}$
 - $\text{Liabilities} - \text{Capital} = \text{Assets}$
 - $\text{Assets} + \text{Liabilities} = \text{Capital}$
 - $\text{Assets} + \text{Capital} = \text{Liabilities}$
18. This is a formal statement that shows the results of business operations.
- Balance sheet
 - Income statement
 - Statement of changes in Equity
 - All of the choices.

19. An investment by the owner in a business increase
- a. Assets only
 - b. Assets and liabilities
 - c. Liabilities and owner's equity
 - d. Assets and owners' equity

ANSWERS:

- 1. A
- 2. C
- 3. B
- 4. D
- 5. C
- 6. A
- 7. A
- 8. B
- 9. A
- 10. A
- 11. A
- 12. A
- 13. C
- 14. D
- 15. A
- 16. D
- 17. A
- 18. B
- 19. D

"Life is Beautiful!
Blessings in Disguise!"