

j. Bought office supplies for PHP 10,000 on account on January 15, 2020.

k. Purchase office equipment for PHP 20,000 on January 16, 2020, Mr. Cruz paid PHP 5,000 and the balance on account.

l. On January 31, 2020, Mr. Cruz is in need of cash so he withdraw PHP 2,000 cash of the business.

Required: The total assets of the business as of January 31, 2020 is: _____.

Note: If your answer is PHP 100,000.75 it should be written as 100,001.

Answer: 128,000

11. Which of the following is considered as an asset to be presented in the statement of financial position?

a. Prepaid Insurance Expense

b. Accrued rent Expense

c. Unearned Revenue from customers

d. Advances from customers

Answer: A. PREPAID INSURANCE EXPENSE

12. Because of this book in 1494 entitled "Summa de Arithmetica, Geometria, Proportioni et Proportionalita", Friar Luca Pacioli was considered the father of Double-Entry Bookkeeping.
Answer: TRUE

13. The assets of the business at the start of the month is P 1,000,000 and the owner's equity is P800,000. Equipment worth P500,000 were purchased during the month of which only P150,000 were paid for. At the end of the month, owner's equity will become:

a. P1,000,000

b. P800,00

c. P550,000

d. 1,150,000

Answer: B. P800,000

14. Credits are used to record increases in:

- a. Assets, revenues, liabilities, and owner's equity
- b. Expenses, liabilities, and owner's equity
- c. Revenues, expenses, and assets
- d. Revenue, liabilities, owner's equity

Answer: D. REVENUE, LIABILITIES, OWNER'S EQUITY

15. Who is the primarily responsible for the financial statements?

- A. The accountant
- B. Company's Management
- C. The company's auditor
- D. The Philippine Securities and Exchange Commission

Answer: B. COMPANY'S MANAGEMENT

16. The basic accounting equation principle dictates that a business owner's personal expenses should not be recorded on the books of the business.

Answer: FALSE

17. Income and Expenses are the elements that relate to financial position.

Answer: FALSE

18. The owner of the grocery store took home a lot of bread and a bottle of milk from the grocery's shelf was not recorded by the accountant. This:

- a. Will understate the assets of the business.
- b. Will overstate assets and owner's equity.
- c. Is not a business transaction.
- d. Will understate assets and owner's equity.

Answer: B. WILL OVERSTATE ASSETS AND OWNER'S EQUITY.

(1) Exchange of assets or service for assets, services, or promises to pay between a business and one or more external parties to a business or (2) a measurable internal event such as adjustments for the use of assets in operations

Account

Standardized format that organizations use to accumulate the dollar effect of transactions on each financial statement item

Transaction Analysis

Process of studying a transaction to determine its economic effect on the fundamental accounting model

Par Value

Legal amount per share established by the board of directors; it represents the minimum amount a stockholder must contribute and has no relationship to the market price of the stock

Common Stock

Account that is equal to the number of shares issued by a corporation times the par value per share

Additional Paid-in Capital

(Paid-in Capital, Contributed Capital in Excess of Par) is the amount of capital contributed by the shareholders less the par value of stock

Accounting Cycle

Process followed by entities to analyze and record transactions, adjust the records at the end of the period, prepare financial statements, and prepare the records for the next cycle

Debit

(Dr) refers to the left side of the T-account