BAF3M
Final Exam
June, 2012

Mr. Alexander

You may use a calculator for this exam. Ipods, phones, and other electronic devices are not allowed.

You may have a 8-1/2 x 13-1/2 'cheat sheet' for this exam.
No other papers, books, or notes are allowed.

There are eleven pages, including the cover page.
(Please reattach any sheets you remove.)

Put your name on each page.

This exam is two hours long.

Name: _____

Question:	K/U	T/I	A	C
1,2,3	/28			
4,5		/17		
6				/8
7			/31	
8		/6		/8
9		/10		
10				/12
11	/2			3
	/30	/33	/31	/31

Total: / 125

1   Put a checkmark beside <u>**ALL**</u> answers that are correct.

i) The **fundamental accounting equation** can be written as:

_____ ASSETS + LIABILITIES = OWNER'S EQUITY

_____ ASSETS - LIABILITIES = OWNER'S EQUITY

_____ ASSETS = LIABILTIES + OWNER'S EQUITY

_____ ASSETS - LIABILITIES + DRAWINGS = OWNER'S EQUITY

ii) The types of **business ownership** available in Canada are:

_____ Service   _____ Merchandising

_____ Sole Propritorship   _____ Manufacturing

_____ Partnership   _____ Corporation

iii) **Current Assets** include:

_____ Bank   _____ Accumulated Depreciation-Truck

_____ Accounts Receivable   _____ Accounts Payable

_____ Truck   _____ Bank Loan

iv) Accounting **designations** in Canada include:

_____ CPA   _____ CA

_____ CMA   _____ CRA

_____ CGA   _____ CAA

2   i) Fill in the following chart with **DR** (Debit) or **CR** (Credit)

	Asset	Liability	Capital	Revenue	Expense	Drawings
Increase						
Decrease						

ii) If Expenses exceed Revenues for the year, it is known as a **Net** _____ .

3   The acronym GAAP stands for: _____ _____ _____ _____

For each of the statements below, choose the GAAP from the list that best fits that statement.

Materiality	Full Disclosure	Consistency	Cost
Objectivity	Matching	Time Period	Revenue Recognition
Conservatism	Going Concern	Business Entity	

_____ a. A business is expected to continue its operations, unless otherwise indicated.

_____ b. A business' finances are to be kept seperate from those of its owner(s).

_____ c. A business' finances should be accounted for in evenly spaced fiscal periods.

_____ d. Values should be recorded based on invoices, receipts, and other source documents.

_____ e. Values should be recorded at the more conservative of two estimates.

_____ f. Revenue should be accounted for when it is earned, rather than when cash exchanges hands.

_____ g. Expenses should be accounted for in the period in which they helped to earn revenues.

_____ h. A transaction only needs to be recorded if it will have a real effect on a business' finances.

_____ i. All information relevant to given financial documents must be disclosed.

_____ j. If straight line depreciation is used one year, it should be used used again the following year.

4

The Basic Accounting Cycle

*Start here.
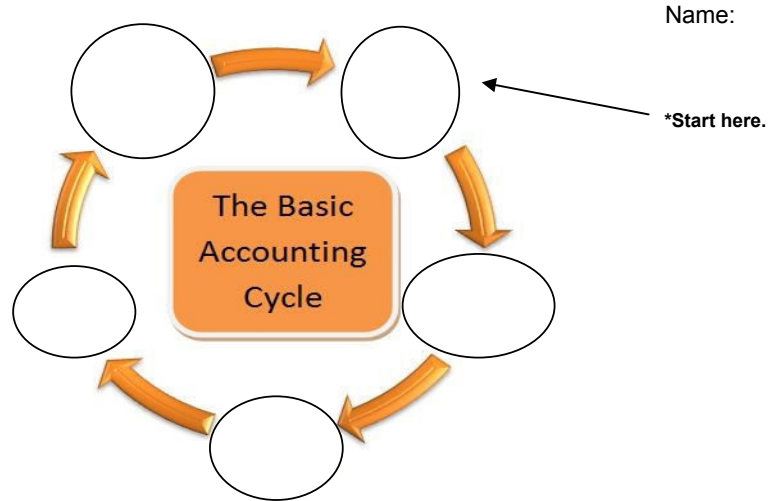
Please put the following numbers in the appropriate locations on the 'accounting cycle' diagram above.

1 Adjusted Trial Balance & Income Statement
2 Adjusting Entries
3 Closing Entries & Balance Sheet
4 Daily Transactions
5 Opening Balance Entries

5   Complete the depreciation schedules below for the two listed assets.
The years are 2010 and 2011. The **equipment** was purchased in 2010 for $100,000 with no salvage value.
The **truck** was purchased in 2008 for $48,000 with an $6,000 salvage value.

Equipment
Useful Life: 10 years.

Year	Beg. Book Value	Depreciation	Ending Accumulated Depreciation

Truck
Useful Life: 6 years.

Year	Beg. Book Value	Depreciation	Ending Accumulated Depreciation

6 The following transactions are from page 44 of a General Journal on January 1, 2010.
Please post each of them to the standard ledger accounts below.

Bank	**29,000**	
A/R	**17,000**	
Bank Loan		**22,000**
Capital		**24,000**

Bank	**7,000**	
A/R		**7,000**

Bank Loan	**12,000**	
Bank		**12,000**

Account: Bank   No: 1

DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR/CR	BALANCE

Account: A/R   No: 2

DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR/CR	BALANCE

Account: Bank Loan   No: 3

DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR/CR	BALANCE

Account: Capital   No: 4

DATE		PARTICULARS	P.R.	DEBIT	CREDIT	DR/CR	BALANCE

7 **Please journalize the following daily transactions on the journal paper provided:**
(There is no HST unless indicated.)

Jan-01 The opening balance sheet of the business contained only one asset, 'Bank', with a balance of $88,000.

Feb-01 Bananas (for resale) were purchased, on account, for $35,000 plus HST.

Freight-In was an extra $5,000 (no HST). It was also on account.

Mar-01 Sales for the year were $180,000 plus HST. Half were in cash, half were on account.

Apr-01 $10,000 was taken out of the business by the owner, M. Bluth.

May-01 $10,000 in supplies were purchased for cash.

Jun-01 The bank loan was paid down by $15,000

Jul-01 Accounts Payable were paid down by $35,000.

Aug-01 A large Banana Stand was purchased for the price of $22,000 cash. It was amazing!

Sep-01 Installation of the stand came to $2260. HST was included in this price.

It was on account, and charged to Misc. Expenses.

Sep-01 Insurance for the banana stand was pre-paid for the next three years. It was $15,000 cash.

Sep-02 A new coat of fireproof paint was put on the banana stand. It was considered to add to the value

of the banana stand. It came to $1700 cash.

Oct-01 $388 in Miscellaneous expenses were paid for in cash.

Nov-01 HST, pertaining to the previous transactions, was remitted to the government.

Dec-01 A party was thrown. There were banana peels everywhere. The cost of cleanup was $760, on account.

It was charged to Misc. Expenses.

8   **Please journalize the following adjustments to the journal paper provided:**

Dec-31 Depreciation on the new banana stand needed to be calculated. It has a $2,000 salvage value, and

a five year useful life.

Dec-31 There had been $10,000 worth of supplies, but now only $1100 were left.

Dec-31 It was determined that $3,000 of the prepaid insurance was used up by year end.

9   On the journal paper provided, please journalize the closing entries for a merchandising
business, **using only the information below.**

Sales	120,000	Inventory, Jan 1	5,000
Purchases	29,000	Misc. Expenses	28,000
Freight-In	4,000	Wages Expense	14,000
Inventory, Dec. 31	3,000	M. Bluth, Drawings	3,000

10 Using the **same** information, show the **Income Statement** for this business for the year ended 2012.
The name of the company is Bluth Bananas. *Please use the final page of the exam.*

11 Please find and circle the five mistakes on the classified balance sheet below.

Morley's Monkey Shop
Balance Sheet
For the year ended Dec 31, 2012

Current Assets		
Inventory of Monkeys		3,000
Other Assets		
Monkey Enclosure	122,000	
Less: Accum. Dep. - Monkey Enclosure	-55,000	55,000
Bank		112,000
Total Assets		182,000
Current Liabilities		
Accounts Payable		11,000
Long Term Liabilities		
Bank Loan		56,500
Total Liabilities		67,500
Owner's Equity		
M. Monkey, Capital		114,500
Total Liabilities & Owner's Equity		182,000

Name:

DATE		PARTICULARS	P.R.	DEBIT	CREDIT

Name:

DATE		PARTICULARS	P.R.	DEBIT	CREDIT

Name:

DATE		PARTICULARS	P.R.	DEBIT	CREDIT

Bluth Bananas

Income Statement

Name: