ACC 101 Test #1

Name [illegible]

Teacher [illegible] Section [illegible]

1 What is the expanded accounting equation?

Assets = Liabilities + Owner's Equity

2 If Owner's equity has decreased by $15,000 and Assets have increased by $9,000 then liabilities will have Increased by what amount $24,000

3 If income was $80,000, expenses were $35,000 and the owner's withdrawals were $10,000, the amount of net income or net loss is $45,000

4 The increased [illegible] the decrease in owner's [illegible] caused by use [illegible] of [illegible] from operations of the company is Expenses

5 The Accounting Cycle is a series of steps that accountants go through during the accounting period to analyze, record, classify, summarize, and prepare financial statements.

6 Name the accounting concept that assumes that all assets will be recorded at the purchase price. Historical Cost Concept

7 What is the purpose of accounting?

To provide information for decision makers

8 Calculate the ending balance of the following T-Account:

[illegible] points

	150
	70
40	-
	180

[illegible] points

9

Identify each of the following accounts as "A" for asset, "L" for Liability or "OE" for Owner's Equity "R" for Revenue, "E" for Expense and identify the Normal Balance.

	A, L, OE		DR or CR		A, L, OE		DR or CR
1	A	Supplies	DR	7	A	Vehicle	DR
2	A	Accounts Receivable	DR	8	R	Service Income	CR
3	L	Notes Payable	CR	9	OE	Owner Capital	CR
4	E	Utilities Expense	DR	10	A	Prepaid Rent	DR
5	A	Inventory	DR	11	E	Repairs Expense	DR
6	OE	Owner Drawing	DR	12	L	Accounts Payable	CR