



THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

Q.1. Answer the following short questions.

(15x2=30)

1. What is meant by book keeping?
2. Define real account with example?
3. Write down the meaning of Chart of Accounts
4. Describe the term Accountancy?
5. Define Cost Principle?
6. Define general ledger?
7. Define Amortization?
8. Define the objects of worksheet?
9. Define the term petty cash?
10. Write down the name of financial statements?
11. Define scrap value of an asset?
12. Define window dressing?
13. Describe the term realization principle?
14. Define operating cycle?
15. Describe the term inventory shrinkage?

Answer the following questions.

Q.2 The McMillam Corporation incorporated on September 2, 2021. The company engaged in the following transaction during its first-month of operations: **(15)**

Sep. 2	Issued capital stock in exchange of \$900000 cash.
Sep. 4	Purchased land and a building for \$350000. The value of the Land was \$50000 and the value of the building was \$300000. The company paid \$200000 in cash and issued a notes payable for the balance.
Sep. 12	Purchased office supplies for \$600 on account. The supplies will last for several months.
Sep. 19	Billed clients \$75000 on account.
Sep. 29	Recorded and paid salary expense of \$24000
Sep. 30	Received \$ 30000 from clients billed on September 19

A partial list of account titles used by the company includes:

Cash	Accounts receivable	Office equipment
Land	Buildings	Notes payable
Account payable	Capital stock	Client revenue
Salary expense		

Required:

- a) Prepare journal entries
- b) Post each entry to appropriate ledger accounts
- c) Prepare trial balance dated September 30, 2021 assume accounts with zero balances are not included in the trial balance.

Q.3 Waterwise Company was organized on September 1 of the current year and had the following (15) amount in the balance at December 31, listed in the tabular form:

ASSETS					LIABILITIES + EQUITY		
Balances	Cash	Land	Building	Office Equipment	Accounts Payable	Notes Payable	Capital
	\$14,800	\$50,000	\$45,000	\$ 22,500	\$25,300	\$32,000	\$75000

Early in the January, the company carried out the following transaction.

1. The owner J Green deposited \$ 20,000 in the personal funds into the bank account of the business.
2. Purchased land and small office building for a total price of \$ 80,000 of which \$30,000 was the value of land and \$50,000 was the value of the building. Paid \$20,000 in cash and signed a note payable for the remaining \$60,000.
3. Bought a copying machine on credit for \$9,500 on 30 days open account.
4. Borrow a loan from gulf coast bank \$18,000. Signed a note payable for that amount
5. Paid the \$9,500 amount payable originating in transaction 3.

Required:

- a) List the December 31 balances of assets, liabilities and owner's equity in tabular form as shown above
- b) Record the effects of each of the above transactions in the tabular arrangement. Show the totals for all the columns after each transaction.