



Republic of the Philippines
DEPARTMENT OF EDUCATION
Region I
Schools Division Office Urdaneta City
LANANPIN NATIONAL HIGH SCHOOL
Urdaneta City Pangasinan



FOURTH QUARTERLY EXAMINATION
2ND Semester, S.Y. 2021-2022
FUNDAMENTALS OF ACCOUNTANCY AND BUSINESS MANAGEMENT I

Name: _____ LRN: _____ Score: _____
Grade & Section: _____ Teacher: _____

Directions: Choose the letter that corresponds to the correct answer. Write your answers on a separate sheet of paper.

1. Which of the following steps comes first in worksheet preparation?
 - a. Computing the total debits and credits of the unadjusted trial balance.
 - b. Computing the total debits and credits of the adjusted trial balance.
 - c. Entering the account balances in the unadjusted trial balance columns.**
 - d. Entering the account balances in the adjustment's columns.
2. The usefulness of the worksheet is in
 - a. Aiding the preparation of financial statements
 - b. Identifying the accounts that need to be adjusted.
 - c. Summarizing the effects of all the transactions of the period
 - d. All the above.**
3. A debit column greater than the credit-column total under the Income Statement portion of the work sheet would mean:
 - a. There were mistakes made in the preparation of adjusted trial balance.
 - b. The company's business operations resulted to a profit.
 - c. The company's business operations resulted to a loss.**
 - d. None of the above.
4. In what columns of the work sheet does net income appear?
 - a. Income statement (Dr) and Balance Sheet (Cr)**
 - b. Income Statement (Dr) and Balance Sheet (Dr)
 - c. Income Statement (Cr) and Balance Sheet (Dr)
 - d. Income Statement (Cr) and Balance Sheet (Cr)
5. Income Statement debit columns of the worksheet contains
 - a. Asset account balances
 - b. Expense account balances**
 - c. Liability account balances
 - d. Revenue account balances

6. *Statement 1:* During the closing process, expenses are transferred to the credit side of the Income Summary account.
Statement 2: During the closing process, revenues are transferred to the credit side of the Income Summary account.
- Only Statement 1 is correct
 - Only Statement 2 is correct.
 - Both statements are correct.
 - Both statements are incorrect
 - Not affect the Owner's Capital balance
7. *Statement 1:* Income Summary is closed with a debit to Income Summary and a credit to the Owner's Withdrawal account.
Statement 2: The Income summary account is used to close the expense and income accounts.
- Only Statement 1 is correct.
 - Only Statement 2 is correct.
 - Both statements are correct.
 - Both statements are incorrect.
8. *Statement 1:* Temporary accounts are also called real accounts.
Statement 2: Closing entries bring the income and expense accounts to zero at the end of the period.
- Only Statement 1 is correct.
 - Only Statement 2 is correct.
 - Both statements are correct.
 - Both statements are incorrect.
9. An important purpose of closing entries is to
- Adjust the accounts in the ledger.
 - Help in preparing the financial statement
 - Set nominal account balances to zero to be ready in the next accounting period
 - Set real account balances to zero to be ready in the next accounting period
10. Which of the following accounts is not found in closing entries?
- Allowance for Doubtful Accounts
 - Income Summary
 - Rent expense
 - Owner's Drawing
11. *Statement 1:* Only real accounts are extended to the Statement of Financial position columns of the worksheet.
Statement 2: The nominal accounts are extended to the Income Statement columns of the worksheet.
- Only statement 1 is correct.
 - Only statement 2 is correct.
 - Both statements are correct.
 - Both statements are incorrect.
12. Which of the following statements is incorrect concerning the worksheet?
- The worksheet is essentially a working tool for the accountant.
 - The worksheet is distributed to management and other interested parties.

- c. The worksheet cannot be used as a basis for posting to ledger accounts.
- d. Financial statements can be prepared directly from the worksheet before journalizing and posting the adjusting entries.
13. In a worksheet, net income is entered in the following columns:
- income statement (dr) and statement of financial position (dr)
 - income statement (cr) and statement of financial position (dr)
 - income statement (dr) and statement of financial position (cr)
 - income statement (cr) and statement of financial position (cr)
14. In a worksheet, net loss is entered in the following columns:
- income statement (dr) and statement of financial position (dr)
 - income statement (cr) and statement of financial position (dr)
 - income statement (dr) and statement of financial position (cr)
 - income statement (cr) and statement of financial position (cr)
15. When a net loss has occurred, Income Summary is?
- debited and Owner's capital is credited
 - credited and Owner's capital is debited
 - debited and Owner's Drawings is credited
 - credited and Owner's Drawings is debited
16. The entry to close the withdrawal account is
- Debit Income Summary and credit Owner's Withdrawal
 - Debit Owner's Capital and credit Owner's Withdrawal
 - Debit Owner's Withdrawal and credit Income Summary
 - Debit Owner's Withdrawal and credit Owner's Capital
17. The purpose of the closing entries is to
- Bring the temporary accounts to zero
 - Bring the permanent accounts to zero
 - Update the temporary accounts
 - Update the permanent accounts
18. A clearing account used only at the end of the accounting period to summarize revenues and expenses for the period
- Asset Summary
 - Capital Summary
 - Expense summary
 - Income Summary
19. The closing entry for Rent Expense, with a balance of P24,000 is
- | | | |
|------------------|--------|--------|
| Salaries Expense | 24,000 | |
| Income Summary | | 24,000 |
 - | | | |
|------------------|--------|--------|
| Salaries Expense | 24,000 | |
| Salaries Payable | | 24,000 |
 - | | | |
|------------------|--------|--------|
| Income Summary | 24,000 | |
| Salaries Expense | | 24,000 |
 - | | | |
|------------------|--------|--------|
| Salaries Payable | 24,000 | |
| Salaries Expense | | 24,000 |

20. The following accounts are closed except for
- Commission Income
 - Income summary
 - Owner's Capital
 - Owner's Drawing
21. The purpose of the post-closing trial balance is to
- aid the journalizing and posting of the closing entries.
 - Ensure that the ledger is in balance for completion of the worksheet.
 - Ensure that the ledger is in balance for the start of the next period.
 - Provide the account balances for the preparation of the balance sheet.
22. Post-closing trial balance differ is for the adjusted trial balance in that it does not
- Include balance sheet accounts.
 - Include income statement accounts
 - Take into account adjusting entries
 - Take into account closing entries
23. The post-closing trial balance would not include which of the following accounts?
- Accounts Payable
 - Allowance for Doubtful Accounts
 - Owner's Drawing
 - Unearned Rent Income
24. Reversing entries are
- made to record a change in the company's objective
 - optional
 - prepared before preparing a post-closing trial balance
 - required by generally accepted principles
25. The purpose of the reversing entries is to
- bring the permanent accounts to zero
 - correct the adjusting entries made
 - simplify the recording of recurring transactions of the next accounting period
 - update the temporary accounts
26. Statement 1: Not all the adjusting entries need reversal.
Statement 2: Reversing entries are done at the start of a new accounting period.
- Only Statement 1 is correct.
 - Only Statement 2 is correct.
 - Both statements are correct.
 - Both statements are incorrect.
27. Which of the following reversing entry is correct?
- | | | | |
|----|--------------------------|--------|--------|
| a. | Accumulated Depreciation | 24,000 | |
| | Depreciation Expense | | 24,000 |
| b. | Salaries Expense | 24,000 | |
| | Salaries Payable | | 24,000 |
| c. | Rent Income | 24,000 | |
| | Unearned Rent Income | | 24,000 |

d. Salaries Payable	24,000	
Salaries Expense		24,000

28. The following types of adjustments are reversed except for
- Accrued expense
 - Accrued revenue
 - Prepaid Expense (asset method)**
 - Unearned income (income method)
29. Which of the following accounts is used in merchandising but not in service?
- Depreciation expense
 - Allowance for bad debts
 - Sales return and allowances**
 - Freight-out
30. Which of the following is equal to gross profit plus the cost of sale?
- Beginning inventory
 - Goods available for sale
 - Ending inventory
 - Sale**
31. Which of the following is equal to fees earned plus operating expenses?
- Net income**
 - Cost of sales
 - Goods available for sale
 - Gross profit
32. *Statement 1:* The operations of a service business involve the purchase of merchandise for sale (purchasing activity), the sale and distribution of the products to customers (sales activity).
Statement 2: Operating cycles differ, depending upon the nature of the business and its operations.
- Only statement 1 is correct
 - Only statement 2 is correct
 - Both statements are correct**
 - Both statements are incorrect
33. *Statement 1:* The revenue activities of a merchandising business involve providing services to customers.
Statement 2: When merchandise is sold, the revenue is reported as fees earned, and its cost is recognized as an expense called the cost of merchandise sold.
- Only statement 1 is correct.
 - Only statement 2 is correct.
 - Both statements are correct.
 - Both statements are incorrect**
- 34.** Changes recorded on a worksheet to update general ledger accounts at the end of a fiscal period.

- a. Adjustments
 - b. Alignments
 - c. Balances
 - d. Expenses
35. The difference between total revenue and total expenses when total revenue is greater.
- a. Netting it all
 - b. Net loss
 - c. Net income
 - d. Revenue
36. A columnar accounting form used to summarize the general ledger information needed to prepare financial statements.
- a. Balance sheet
 - b. Income statement
 - c. Worksheet
 - d. Trial balance
37. Journal entries recorded to update general ledger accounts at the end of a fiscal period.
- a. Adjusting entries
 - b. Controlled entries
 - c. Balance sheet
 - d. Income statement
38. A proof of the quality of debits and credits in a general ledger.
- a. Net income
 - b. Trial entry
 - c. Income statement
 - d. Trial balance
39. The difference between total revenue and total expense when total expenses are greater.
- a. Income statement
 - b. Net income
 - c. Net loss
 - d. Worksheet
40. _____ are anything of value owned, such as cash and buildings.
- a. Liabilities
 - b. Assets
 - c. Income statement
 - d. None of the above
41. The accounting equation is expressed as:
- a. None of the above
 - b. Assets = Liabilities – Owner's Equity
 - c. Balance Sheet
 - d. Assets= Liabilities + Owner's Equity

42. _____ is the difference between total revenues and total expenses.
- Just revenue
 - Just profit
 - Profit or loss**
 - None of the above
43. What is the source of information for completing the closing entries?
- Unadjusted trial balance
 - Income statement
 - Adjusted trial balance**
 - Worksheet
44. After the first two closing entries are posted, the balance of the income summary account should equal the net income/loss on the
- Balance sheet
 - Statement of owner's equity
 - Worksheet
 - Income statement**
45. The accounting cycle begins by recording _____ in the form of journal entries.
- Business transaction**
 - Financial information
 - Corporate minutes
 - Business contracts
46. After a business transaction has occurred, journal entries are recorded in the
- General ledger
 - General journal**
 - Expense accounts
 - None of the above
47. Once journal entries are recorded, they can be posted to:
- General journals
 - Ledger accounts**
 - Income statements
 - Expense reports
48. The last step in the accounting cycle is to
- Record transactions in a journal
 - Prepare a work sheet
 - Journalize and post-closing entries
 - Prepare a post-closing trial balance**
49. When the total revenues are greater than the total expenses,
- The income summary account has a credit balance**
 - The income summary account has a debit balance
 - Debit equal credits
 - None of these

50. Temporary accounts begin each new fiscal period with a
- a. Debit balance
 - b. Credit balance
 - c. Zero balance
 - d. Balance equal to the net income

Prepared by:

LEANA G. RABAJA
Teacher I

Checked by:

FELY B. BALGOA, EdD
SHS Subject Group Head

Verified by:

MARLYN P. SINDAYEN
Assistant Principal II

Noted by:

GEMMA B. PRESTOZA, EdD
School Principal IV