Strengthened Senior High School

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Learning Activity Sheets for Business 1 (Basic Accounting)

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Learning Activity Sheets for Business 1

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Table of Contents

Introduction to Accounting: Nature, Development, Branches, and Users of Accounting Information **1**

Basic Accounting Concepts and Financial Accounting Framework **3**

The five major accounts: Assets, Liabilities, Owner's Equity, Income and Expenses **5**

The Accounting Equation and Rules of Debits and Credits Using T-Accounts **16**

Books of Accounts Used in Recording Business Transactions **18**

Discuss Balance Sheet as a Financial Statement **20**

Accounting Cycle of a Service Business **22**

Nature of Merchandising Business and Source Documents for Merchandising Business **35**

Shipping and Payment Terms **39**

Accounting Cycle of a Merchandising Business **41**

Accounting Practice Set **69**

LEARNING ACTIVITY SHEET (LAS)

Lesson Exemplar	**1**	**Date**	
Lesson Title/Topic:	**Introduction to Accounting: Nature, Development, Branches, and Users of Accounting Information**		
Name		**Grade & Section**	

Part I. Multiple Choice Test

Directions: Read each situation carefully. Write the letter of the best answer on your answer sheet.

1. What is accounting?
   A. The preparation of sales receipts
   B. The recording of employee attendance
   C. The process of counting money in a business
   D. The process of identifying, recording, and communicating financial information

2. Why is accounting best described as the "language of business" in decision-making contexts?
   A. Because it focuses mainly on preparing tax reports
   B. Because it determines product pricing strategies
   C. Because it translates all transactions into written English
   D. Because it summarizes financial data to help users make informed decisions

3. Which accounting process involves selecting economic events relevant to a business?
   A. Communicating
   B. Identifying
   C. Recording
   D. Reporting

4. Which accounting process involves keeping a chronological record of financial transactions?
   A. Communicating
   B. Identifying
   C. Recording
   D. Summarizing

5. Early accounting practices developed mainly because merchants needed to:
   A. analyze business profits
   B. prepare financial statements
   C. calculating employee salaries
   D. record their trade transactions

6. Who is known for documenting the double-entry bookkeeping system in 1494?
   A. Adam Smith
   B. Karl Marx
   C. Luca Pacioli
   D. John Keynes

7. What accounting system introduced by Luca Pacioli is still used today?
   A. Cash accounting system
   B. Single-entry bookkeeping
   C. Double-entry bookkeeping
   D. Government accounting system

8. Which branch of accounting prepares financial reports for external users?
   A. Cost Accounting
   B. Financial Accounting
   C. Management Accounting
   D. Tax Accounting

9. Which branch of accounting provides information to help managers make decisions?
   A. Auditing
   B. Financial Accounting
   C. Management Accounting
   D. Tax Accounting

10. Which branch of accounting focuses on determining the cost of producing goods or services?
    A. Cost Accounting
    B. Financial Accounting
    C. Management Accounting
    D. Tax Accounting

11. Which branch of accounting examines financial records to ensure accuracy and reliability?
    A. Auditing
    B. Cost Accounting
    C. Financial Accounting
    D. Management Accounting

Part II. Classification

Directions: Read each item carefully. Determine whether the user of accounting information is an Internal User or an External User. Write **I** if the user is an **Internal User** and **E** if the user is an **External User**.

User of Accounting Information	Answer (I or E)
12. Business Owner	
13. Bank	
14. Manager	
15. Government Agency	

LEARNING ACTIVITY SHEET (LAS)

Lesson Exemplar	**2**	**Date**	
Lesson Title/Topic:	**Basic Accounting Concepts and Financial Accounting Framework**		
Name		**Grade & Section**	

Part I. Accounting Principles Word Hunt

Directions: Read the statements and guess the principles of accounting in each item.

Source: https://canva.com/app

1. An accounting principle where a business enterprise is separate and distinct from its owner or investor.

2. An accounting principle where amount is stated into a single monetary unit.

3. An accounting principle where accounts should be recorded initially at cost.

4. An accounting principle where financial statements are to be divided into specific time intervals.

5. An accounting principle where revenue should be recognized when earned regardless of collection and expenses should be recognized when incurred regardless of payment.

6. An accounting principle where revenue must be recorded in the period when the product or service was delivered whether or not cash was collected from the customer.

7. An accounting principle where cost should be matched with the revenue generated.

Part II. Multiple Choice Test

Directions: Read each question carefully. Encircle the letter of the correct answer. Write your answers on your answer sheet.

1. Which accounting concept states that the business and the owner are treated as separate entities?
A. Business Concept C. Going Concern Concept
B. Cost Concept D. Periodicity Concept

2. Which principle states that the only transactions that can be expressed in money are recorded in the accounting records?
A. Accrual Accounting Principle C. Matching Principle
B. Cost Principle D. Monetary Unit Principle

3. Which accounting principle requires assets to be recorded at their original purchase price?
A. Accrual Accounting Principle C. Cost Principle
B. Business Principle D. Matching Principle

4. Which principle requires revenues to be recorded when they are earned and expenses when they are incurred, regardless of when cash is received or paid?
A. Accrual Accounting Principle C. Cost Principle
B. Business Principle D. Matching Principle

5. Which accounting principle states that expenses should be recorded in the same period as the revenues they helped generate?
A. Accrual Accounting Principle C. Cost Principle
B. Business Principle D. Matching Principle

LEARNING ACTIVITY SHEET (LAS)

Lesson Exemplar	**3**	**Date**	
Lesson Title/Topic:	**The five major accounts: Assets, Liabilities, Owner's Equity, Income and Expenses**		
Name		**Grade & Section**	

General Directions

1. Read each part of the activity sheet carefully before answering.
2. Recall the examples and explanations presented in **Learning Exemplar 3** regarding the nature and function of each major account.
3. Analyze each situation, item, or example given in the activities before deciding on your answer.
4. Write your answers clearly and completely in the space provided.
5. Work independently unless your teacher instructs you to collaborate with your classmates.
6. Use critical thinking in identifying and classifying accounts correctly.

Guide for Completing the Activities

As you accomplish the tasks in this Learning Activity Sheet, remember the following key ideas from **Learning Exemplar 3**:

- **Assets** represent the resources owned or controlled by a business that provide future economic benefits.
- **Liabilities** are the obligations or debts the business must settle in the future.
- **Owner's Equity** refers to the owner's claim or interest in the business after liabilities are deducted from assets.
- **Income (Revenue)** refers to the earnings generated by the business from providing goods or services.
- **Expenses** are the costs incurred in operating the business and generating income.

Name: _____ **Section:** _____

Teacher: _____ **Date:** _____

PART I – ASSETS

Activity 1: Identify the Asset

Read each item carefully. Write **ASSET** if the item represents something owned or controlled by the business.

Item	Answer
Cash in the business cash box	_____
Delivery motorcycle used for deliveries	_____
Office computer used for recording transactions	_____
Store building owned by the business	_____
Inventory of goods for sale	_____

Guide Questions:

1. What common characteristic do these items share? _____
   _____
2. Why are they considered assets of the business? _____
   _____

Activity 2: Asset Sorting

Below are several business items. Encircle only the **assets**.

1. Cash
2. Office Supplies
3. Bank Loan
4. Delivery Van
5. Equipment
6. Accounts Payable
7. Merchandise Inventory

Guide Question:
Why must businesses record their assets properly?
_____
_____
_____
_____

Activity 3: Asset in a Business Scenario

Read the situation below.

Maria started a small sari-sari store. She purchased shelves, a refrigerator for drinks, and initial inventory of snacks and beverages.

List **three assets** of Maria's business.

1. _____
2. _____
3. _____

PART II – LIABILITIES

Activity 1: Identify the Liability

Write **LIABILITY** if the item represents an obligation or debt of the business.

Item	Answer
Loan from the bank	_____
Amount owed to suppliers	_____
Unpaid electricity bill	_____
Owner's personal savings invested	_____
Credit purchase of inventory	_____

Activity 2: True or False

Write **TRUE** if the statement describes a liability. Write **FALSE** if not.

1. Liabilities are obligations that the business must pay in the future. _____
2. Cash owned by the business is a liability. _____
3. Accounts payable represents money owed to suppliers. _____
4. Borrowed money from a bank is considered a liability. _____
5. Furniture bought on credit basis is a liability. _____

Activity 3: Business Situation

Rene borrowed ₱50,000 from a bank to expand his small printing shop.

Answer the following:

1. What type of account is the bank loan? _____
2. Why is it classified under this account type? _____

PART III – OWNER'S EQUITY

Activity 1: Identify Owner's Equity

Choose the correct answer.

Owner's equity refers to:

A. Money owed to suppliers
B. The owner's claim or interest in the business
C. Business expenses
D. Cash collected from customers

Answer: _____

Activity 2: Complete the Statement

Fill in the blanks.

Owner's Equity represents the **owner's** _____ **in the business** after deducting _____ **from assets**.

Activity 3: Scenario Analysis

May invested ₱100,000 from her personal savings to start a small online clothing shop.

1. What account category does Ana's investment belong to?
   _____
   _____
2. Why is this considered owner's equity?
   _____
   _____

PART IV – INCOME

Activity 1: Recognizing Income

Write **INCOME** if the transaction represents money earned by the business.

Transaction	Answer
Sale of school supplies	_____
Payment received for printing services	_____
Loan received from the bank	_____
Fees collected for tutorial services	_____

Activity 2: Matching Type of Income

Match the business with the type of income it earns.

Business	Income Earned
1. Printing shop	A. Service Income
2. Tutorial center	B. Sales Income
3. Retail store	C. Printing Income

Write your answers:

1. _____
2. _____
3. _____

Activity 3: Application

Aries operates a small computer repair shop. Today he repaired three computers and received ₱3,000 from customers.

1. What type of account does ₱3,000 represent? _____
2. Why is it considered income? _____

PART V – EXPENSES

Activity 1: Identify the Expense

Write **EXPENSE** if the item represents a cost incurred in running the business.

Item	Answer
Electricity bill for the store	_____
Salary of employees	_____
Payment for internet subscription	_____
Owner's capital investment	_____

Activity 2: Expense or Not?

Write **YES** if the item is an expense and **NO** if it is not.

Item	Answer
Rent of the store space	_____
Office supplies used	_____
Purchase of a delivery van	_____
Payment for advertising	_____

Activity 3: Real-Life Application

Liza owns a small milk tea shop. Every month she pays rent, electricity, employee wages, and ingredients for making drinks.

List **three examples of expenses** in her business.

1. _____
2. _____
3. _____

Classifying Accounts
(targets LO c)

Classify each account under the correct major account category.

Account Title	Major Account Category
Cash	
Store Equipment	
Accounts Payable	
Owner's Capital	
Sales Revenue	
Rent Expense	

	INDIVIDUAL APPLICATION TASK
Activity Title:	**Identifying Accounts in ReneMae's Store**
Description:	*Learners analyze business situations and determine the major account and classification of account involved.*

Procedure:

1. Present the same situations related to ReneMae's sari-sari store.
2. Ask learners to individually complete the following table.

Business Activity	**Major Account**	**Real or Nominal**
Bought additional goods		
Earned sales		
Paid transportation		
Borrowed money		
Added capital		

3. After completing the activity, ask several learners to share their answers.
4. Clarify any misconceptions and review the correct classifications with the class.

Reflection Question

Answer briefly.

Why is it important for businesses to correctly identify **assets, liabilities, owner's equity, income, and expenses**?

Part I

Directions: Read each situation carefully. Choose the letter of the best answer.

1. Rene and May started a small sari-sari store. She invested ₱25,000 cash from her personal savings into the business. Which account will increase because of this transaction?
   A. Asset and Expense
   B. Asset and Owner's Equity
   C. Liability and Income
   D. Expense and Liability
2. A business purchased a delivery motorcycle worth ₱60,000 on credit. Which accounts are affected?
   A. Asset increases and Liability increases
   B. Asset increases and Expense increases
   C. Liability increases and Expense increases
   D. Owner's Equity increases and Asset increases
3. The business received ₱8,000 cash from selling products to customers. What type of account does this transaction primarily increase?
   A. Asset and Expense
   B. Asset and Income
   C. Liability and Owner's Equity
   D. Expense and Liability
4. A company paid its monthly electricity bill of ₱3,500. Which account classification best represents this transaction?
   A. Asset B. Liability C. Expense D. Owner's Equity
5. Juan's Printing Services borrowed ₱50,000 from a bank to expand operations. Which major account does this represent?
   A. Asset B. Liability C. Income D. Expense
6. Which of the following situations shows a **decrease in owner's equity**?
   A. The owner invested additional capital in the business.
   B. The business earned income from selling products.
   C. The business paid salaries to employees.
   D. The business received payment from customers.
7. A business mistakenly recorded a computer purchased for office use as an **expense** instead of an **asset**. What could be the possible effect of this mistake?
   A. The assets of the business will appear higher than they should be.
   B. The expenses will appear lower than they should be.
   C. The assets will be understated and expenses overstated.
   D. The liabilities of the business will increase.
8. Which of the following best explains why **income and expenses are different from assets and liabilities**?
   A. Income and expenses only occur in large businesses.
   B. Income and expenses measure business performance over time.
   C. Assets and liabilities do not affect business operations.
   D. Income and expenses cannot be measured in money.
9. A bakery purchased flour worth ₱5,000 in cash for daily production. How should this be classified?
   A. Asset because it is used in business operations
   B. Liability because it must be paid later
   C. Income because it helps generate sales
   D. Owner's equity because it belongs to the owne**10.**
10. A business owner withdrew ₱3,000 from the business cash for personal use. Which account is most directly affected?

A. Asset only
B. Liability only
C. Owner's Equity and Asset
D. Income and Expense

11. Which of the following accounts best represents a **resource controlled by the business that provides future benefits**?
    A. Loan payable B. Equipment
    C. Utility expense D. Service income
12. If a business earns more **income than expenses**, what is the likely effect on the owner's equity?
    A. Owner's equity decreases B. Owner's equity increases
    C. Liabilities increase D. Assets decrease
13. A business has the following accounts: Cash, Accounts Payable, Rent Expense, and Service Income. Which pair belongs to the **same major account category**?
    A. Cash and Accounts Payable
    B. Rent Expense and Service Income
    C. Cash and Service Income
    D. Accounts Payable and Rent Expense
14. A student entrepreneur recorded a **loan from a friend as income** instead of a liability. What is the most likely consequence?
    A. The business will appear less profitable.
    B. The business will appear more profitable than it really is.
    C. The assets of the business will decrease.
    D. The expenses of the business will increase.
15. Which situation best demonstrates the relationship between **assets and expenses**?
    A. Buying equipment to be used for many years
    B. Paying advertising costs to promote the business
    C. Borrowing money from the bank
    D. Investing personal savings in the business

Part II: Business Case Scenario

Case Title: The Start-Up Journey of GreeneMay's Vegetable Supply

May Marchan, a Grade 12 graduate who studied entrepreneurship, decided to start a small vegetable supply business called **GreeneMay's Vegetable Supply**. Her goal is to provide fresh vegetables to nearby sari-sari stores and small restaurants in her community.

To start the business, May invested **₱40,000 from her personal savings**. She used part of the money to buy **vegetable crates, weighing scales, and plastic containers worth ₱12,000**. She also kept **₱15,000 in cash** for daily operations.

After a few days, May realized she needed additional funds to buy more vegetables from farmers. She borrowed **₱10,000 from a cooperative**, promising to pay it back within two months.

During the first week of operation, GreeneMay's Vegetable Supply sold vegetables to different customers and earned **₱8,500 in cash sales**. However, Maria also needed to spend **₱2,000 for transportation and delivery costs** and **₱1,500 for packaging materials**.

May wants to understand how these transactions affect the **financial position and performance of her business**, so she decided to classify each transaction according to the **five major accounts in accounting**.

Guide Questions

1. Identify the **assets** mentioned in the scenario. Explain why they are considered assets.
2. Which transaction represents a **liability** of the business? Why is it classified as such?
3. How does Maria's initial investment affect the **owner's equity** of the business?
4. Which transactions represent **income** and **expenses** in the scenario? Explain your reasoning.
5. If Maria continues earning income but also increases her expenses, how might this affect her **owner's equity** in the long run?
6. Why is it important for Maria to correctly classify these accounts in managing her business?

Application Task

Create a **table to classify the transactions** from the case scenario.

Transaction	Major Account Affected	Explanation
May invested ₱40,000	_____	_____
Purchase of equipment	_____	_____
Borrowed ₱10,000 from cooperative	_____	_____
Cash sales of vegetables	_____	_____
Transportation cost	_____	_____
Packaging materials	_____	_____

LEARNING ACTIVITY SHEET (LAS)

Lesson Exemplar	4	**Date**	
Lesson Title/Topic:	**The Accounting Equation and Rules of Debits and Credits Using T-Accounts**		
Name		**Grade & Section**	

Part I. Multiple Choice Test

Directions: Read each situation carefully. Encircle the letter of the best answer.

1. What is the basic accounting equation?
   A. Assets = Liabilities - Owner's Equity
   B. Assets = Revenues - Expenses
   C. Assets = Liabilities + Owner's Equity
   D. Assets = Liabilities + Revenues
2. Which of the following is a characteristic of Liabilities?
   A. Represents amounts owed to creditors
   B. Represents revenues earned
   C. Represents amounts owned by the business
   D. Represents expenses incurred
3. What is the purpose of the accounting equation?
   A. To calculate net income
   B. To show the relationship between assets, liabilities, and owner's equity
   C. To calculate owner's equity
   D. To calculate cash flow
4. Which of the following is an example of an asset?
   A. Accounts Payable
   B. Cash
   C. Rent Expense
   D. Salaries Payable
5. If a business has assets of ₱100,000 and liabilities of ₱40,000, what is the owner's equity?
   A. ₱ 40,000
   B. ₱ 60,000
   C. ₱ 100,000
   D. ₱ 140,000
6. What is the expanded accounting equation?
   A. Assets = Liabilities + Capital + Revenues – Expenses
   B. Assets = Liabilities - Capital + Revenues - Expenses
   C. Assets = Liabilities + Capital + Revenues - Expenses - Drawings
   D. Assets = Liabilities + Capital - Revenues + Expenses
7. Which of the following is an example of a revenue?
   A. Accounts Payable
   B. Rent Expense
   C. Salaries Expense
   D. Sales
8. What is the effect of an increase in Expenses on Owner's Equity?
   A. Cannot be determined
   B. Decrease
   C. Increase
   D. No effect
9. What is the effect of a withdrawal on Owner's Equity?
   A. Cannot be determined
   B. Decrease
   C. Increase
   D. No effect
10. Which of the following transactions would increase Owner's Equity?
    A. Incurring rent expense
    B. Earning revenue from sales
    C. Purchasing equipment on credit
    D. Withdrawing cash for personal use

Part II.a. Table Completion
Directions: Write the correct debit and credit rules for the specific account titles.

	ACCOUNT TITLE	DEBIT	CREDIT
1	CASH		
2	ACCOUNTS PAYABLE		
3	OWNER'S CAPITAL		
4	SALARIES EXPENSE		
5	SALES REVENUE		

Part II.b. Table Completion
Directions: Record the following transaction using the rules of debit and credit.

	ACCOUNT TITLE	DEBIT	CREDIT
1	Initial cash investment by owner		
2	Purchased equipment for cash		
3	Earned revenue from sales on credit		
4	Paid utility bill		
5	Received payment from customer		

LEARNING ACTIVITY SHEET (LAS)

Lesson Exemplar	**5**	**Date**	
Lesson Title/Topic:	**Books of Accounts Used in Recording Business Transactions**		
Name		**Grade & Section**	

Part I. Multiple Choice Quiz
Directions: Read each question carefully. Write the letter of the correct answer on a separate sheet of paper.

1. Which of the following is formally known in accounting as the "Book of Original Entry"?
   A. General Ledger
   B. Subsidiary Ledger
   C. General Journal
   D. Trial Balance
2. Which book is referred to as the "Book of Final Entry"?
   A. General Journal
   B. Cash Receipts Journal
   C. Special Journal
   D. General Ledger
3. If a business needs a specialized book to record all cash coming into the company, which book should they identify?
   A. Cash Disbursements Journal
   B. Cash Receipts Journal
   C. Sales Journal
   D. Purchases Journal
4. What specific book acts as a "magnifying glass" to identify the individual customers who owe the business money?
   A. Accounts Receivable Subsidiary Ledger
   B. Accounts Payable Subsidiary Ledger
   C. General Ledger
   D. General Journal
5. Which of the following best describes the primary purpose of the General Ledger?
   A. To record all transactions in strict chronological order by date.
   B. To classify and summarize transactions by specific account titles to find their running balances.
   C. To keep track of the daily attendance of the employees.
   D. To record only transactions where cash is paid out.
6. How does a Special Journal differ in feature from a General Journal?
   A. A Special Journal is used for unique, rare transactions, while the General Journal is for repetitive ones.
   B. A Special Journal does not use columns, while the General Journal uses T-accounts.
   C. A Special Journal organizes by account title, while the General Journal organizes by date.
   D. A Special Journal groups highly repetitive transactions of a similar type to save time, while the General Journal catches everything else.
7. Which of the following is a basic feature of a standard General Journal entry?
   A. It only requires a Debit amount.
   B. It includes the Date, Account Titles, Debit and Credit amounts, and a brief explanation.
   C. It groups all the Cash accounts on one single page.
   D. It lists the names of specific suppliers.
8. What is the specific purpose of the Accounts Payable Subsidiary Ledger?
   A. To track the individual amounts the business owes to its specific suppliers.
   B. To track the total revenue of the business.
   C. To track the individual amounts customers owe to the business.
   D. To replace the need for a Cash Disbursements Journal.
9. Why is the "Posting Reference" (P.R.) column a vital feature in both the Journals and the Ledgers?
   A. It proves that the business made a profit.

B. It calculates the exact amount of tax owed to the government.
C. It provides a cross-reference trail, showing exactly where a transaction came from and where it was transferred to.
D. It provides space for the owner's signature.

10. A business bought a new delivery van and paid exactly ₱500,000 in cash. Distinguish which journal this transaction should initially be recorded in.
A. Sales Journal
B. General Journal
C. Cash Receipts Journal
D. Cash Disbursements Journal

11. A business sold ₱5,000 worth of merchandise to Mr. Cruz on account (credit). Distinguish which specific books will be used to record and organize this transaction.
A. Sales Journal, General Ledger, and Accounts Receivable Subsidiary Ledger
B. Cash Receipts Journal and General Ledger
C. Purchases Journal, General Ledger, and Accounts Payable Subsidiary Ledger
D. General Journal and General Ledger only

12. The owner looks at the General Ledger and sees an Accounts Receivable total balance of ₱100,000. However, the owner does not know who exactly owes this money. Which specific book functions to solve this problem?
A. General Journal
B. Cash Disbursements Journal
C. Accounts Receivable Subsidiary Ledger
D. Accounts Payable Subsidiary Ledger

13. If a bookkeeper completely skipped the Journal phase and recorded a transaction straight into the Ledger, what is the most likely consequence?
A. The business will immediately go bankrupt.
B. There will be no chronological record or explanation of when and why the event happened.
C. The Ledger balances will automatically delete themselves.
D. The subsidiary ledgers will convert the data into cash.

14. A business owner wants to know their total "Utilities Expense" for the entire year to see if they are overspending on electricity. Distinguish which book functions to give this specific total balance the fastest.
A. General Ledger
B. General Journal
C. Cash Receipts Journal
D. Sales Journal

15. The business owner invested a personal computer into the business. No cash was involved, and it is not a purchase of inventory. Distinguish the correct book to record this transaction.
A. Cash Receipts Journal
B. Purchases Journal
C. Cash Disbursements Journal
D. General Journal

LEARNING ACTIVITY SHEET (LAS)

Lesson Exemplar	**6**	**Date**	
Lesson Title/Topic:	**Accounting Worksheets for the Preparation of Financial Statements**		
Name		**Grade & Section**	

Part I. 15-Item Multiple Choice Quiz

Instructions: Read each question carefully. Write the letter of the correct answer on a separate sheet of paper.

1. Which of the following best describes the primary purpose of the Income Statement?
   A. To list everything the business owns as of a specific date.
   B. To show the net income or net loss of a business over a specific period.
   C. To track the physical cash moving in and out of the business bank account.
   D. To show the personal investments and withdrawals made by the business owner.
2. What are the two main account classifications found on an Income Statement?
   A. Assets and Liabilities
   B. Capital and Drawings
   C. Revenues and Expenses
   D. Cash Inflows and Cash Outflows
3. The Statement of Changes in Owner's Equity connects the Income Statement to the Balance Sheet by updating which specific account?
   A. Owner's Capital
   B. Cash
   C. Accounts Payable
   D. Service Revenue
4. If a business owner withdraws ₱5,000 for personal use, how will this transaction be reflected in the Statement of Changes in Owner's Equity? It will be _____.
   A. added to the Beginning Capital
   B. deducted from the Net Income
   C. recorded as a business expense
   D. deducted to compute the Ending Capital
5. Why is the Balance Sheet often referred to as a "snapshot" of the business? It is because it _____.
   A. shows profitability for the entire year
   B. reports the financial position at one specific point in time (e.g., as of December 31)
   C. visually graphs the cash flow of the business
   D. only shows the temporary accounts of the business
6. Which of the following sets of elements represents the major components of the Balance Sheet?
   A. Assets, Liabilities, and Owner's Equity
   B. Revenues, Expenses, and Net Income
   C. Operating, Investing, and Financing Activities
   D. Beginning Capital, Drawings, and Ending Capital
7. Rene May's Sari-Sari Store has an unsold inventory of canned goods worth ₱15,000. Under which Balance Sheet component should this be classified?
   A. Liability
   B. Owner's Equity
   C. Asset
   D. Expense
8. The basic accounting equation must always remain balanced. If a business has total assets of ₱500,000 and total liabilities of ₱200,000, what is the value of the Owner's Equity?
   A. ₱700,000
   B. ₱300,000
   C. ₱200,000
   D. ₱500,000

9. A business purchased a delivery van for ₱400,000, paying completely in cash. How does this specific transaction affect the total Balance Sheet?
   A. Total Assets increase by ₱400,000.
   B. Total Liabilities increase by ₱400,000.
   C. Total Assets remain unchanged because one asset (Van) increased while another asset (Cash) decreased.
   D. Owner's Equity decreases by ₱400,000 due to the expense.
10. Which financial statement would a manager look at to determine exactly why the business bank account balance decreased, even though the business reported a high net profit?
   A. Income Statement
   B. Statement of Changes in Owner's Equity
   C. Balance Sheet
   D. Statement of Cash Flows
11. The Statement of Cash Flows categorizes cash movements into three activities. Which of the following represents a "cash outflow"?
   A. Paying monthly rent in cash.
   B. Collecting cash from a customer for services rendered.
   C. Receiving a cash loan from a bank.
   D. The owner invests additional cash in the business.
12. What is the primary role of the 10-column accounting worksheet?
   A. It serves as the official financial report submitted to the BIR (Bureau of Internal Revenue).
   B. It is a permanent ledger where daily transactions are initially recorded.
   C. It is an internal organizing tool used to sort adjusted balances before preparing formal statements.
   D. It replaces the need to create an Income Statement and Balance Sheet.
13. On a 10-column worksheet, the balances in the "Adjusted Trial Balance" columns are sorted into the final four columns. Where do the Revenue and Expense account balances go?
   A. Statement of Financial Position (Balance Sheet) columns
   B. Income Statement columns
   C. Adjustments columns
   D. Unadjusted Trial Balance columns
14. When looking at the Income Statement columns on a completed worksheet, the total Debits equal ₱50,000 and the total Credits equal ₱80,000. What does the ₱30,000 difference represent, and where does it go next on the worksheet?
   A. Net Loss; it moves to the Balance Sheet Debit column.
   B. Total Expenses; it moves to the Adjustments column.
   C. Total Assets; it moves to the Balance Sheet Debit column.
   D. Net Income; it moves to the Balance Sheet Credit column.
15. Why do accountants prefer using a worksheet instead of drafting financial statements directly from the general ledger?
   A. The worksheet mathematically proves that debits equal credits after adjustments, preventing unbalancing errors in the final reports.
   B. The worksheet is a legal requirement for all businesses in the Philippines.
   C. The worksheet automatically calculates cash flows without needing a separate statement.
   D. The worksheet allows the accountant to skip journalizing adjusting entries.

LEARNING ACTIVITY SHEET (LAS)

Lesson Exemplar	**7**	**Date**	
Lesson Title/Topic:	**Accounting Cycle of a Service Business**		
Name		**Grade & Section**	

Instruction:

1. Read each business transaction carefully.
2. Classify if the transaction involved is financial or non-financial transaction of the service business.
3. Place a check (✓) in the appropriate column.
4. Be ready to explain your answer during the class discussion.

Business Transaction	FINANCIAL	NON-FINANCIAL
1.On Jan 2, 2020, received PHP20,000 from a customer in payment for services rendered.		
2.The payment to X Supplier amounts to PHP4,000 for office supplies purchased on Jan 3, 2020.		
3.Maria invested PHP60,000 on Jan 18, 2020 to start a barbershop in Baguio City.		
4.Owner hires three secretaries with a monthly salary of P 12,000.		
5.Purchased office supplies on account. Supplies were received from the supplier.		
6.On Jan 5, 2020 paid PHP10,000 rental amount for the month of Jan 2025.		
7. On Jan 5, 2025 paid PHP10,000 rental amount for the month of Jan 2025. .		
8. The owner ordered PHP500 worth of supplies from Pandayan on January 17, 2025, but the supplies were not yet received.		

Activity 2: PRACTICE SET/ Accounting Cycle of a Service Business

Company Profile: *Omni Flow AI Consulting*
On April 1, 2026, Ang-ang Kha registered his business under the name Omni Flow AI Consulting as a sole-proprietorship type of business. As a service entity, Omni flow does not sell physical goods. Revenue is generated purely through expertise and labor.

Accounting Transactions and Events (April 2026)

Week 1: Set Up and Acquisition

Date		**Transactions**
Apr	1	Ang-Ang Kha invested P 50,000 in cash and P 150,000 worth of computer equipment to start the business.
	2	Paid P 3,000 in cash for three-month rent in advance for a dedicated suite at a local tech-co working hub.
	4	Purchased specialized AI software licenses and cloud storage subscriptions P1,200 cash (recorded as Prepaid Software Subscription)
	5	Purchased office supplies (whiteboards, notebooks, ergonomic accessories) for P 650
	7	Purchased high- performance local server from Tech Genix on account (on credit) for P 8,500

Week 2: Initial Operations and Revenue

Date		Transactions
Apr	10	Completed a comprehensive AI workflow audit for a local firm and immediately received P 4,200 in cash
	12	Paid P 500 cash for a targeted social media advertising campaign
	14	Successfully deployed a customer service chatbot for a commerce brand. Billed the client P 6,800 on account.

Week 3: Debt Management and Cash Flow

Date		Transactions
Apr	18	Paid P 4,000 to Tech Genix Inc. as a partial settlement of the debt incurred on April 7.
	20	Conducted a virtual "Prompt Engineering Workshop" for a marketing agency. Billed them P2,500 on account.
	22	Received P 3,000 in cash from the e-commerce brand billed on Apr 14 as a partial payment on their account.

Week 4: Month-End adjustment and Payroll

Date		Transactions
Apr	25	Paid the monthly high-speed internet and cloud server utility bill, totaling P 350 in cash.
	28	Paid salaries to two part -timer automation developers, totaling P3,200 in cash.
	30	Ang-ang Kha withdrew P 2,000 in cash from the business for personal use.

Additional Information:

(a) Computer equipment is expected to have a useful life of 10 years and has a residual value amounting to P10,000.
(b) Looking back at the April 2 transaction, the bookkeeper correctly recorded the P 3,000 cash leaving the bank. However, instead of recording it as an asset (Prepaid Rent) since it covered three future months and accidentally input the entire amount immediately as rent expense.
(c) Adjust prepaid software subscription dated April 4.
(d) On April 30, a physical count on the supplies reveals only P 500 worth of supplies left in the closet.

Required:

Activity 2.1 Prepare the Journal Entries in the General Journal

Date 2025	Account Title and Explanation	Ref	Debit	Credit
April 1				
2				
4				
5				
7				
10				
12				
14				
18				
20				
22				
25				
28				
30				

Activity 2.2: POSTING TO THE LEDGER/T- ACCOUNT
Building the Ledger – Classifying Accounts and Determining Balances

Instruction:

1. Prepare a two-columnar pad and copy the general ledger format provided for each account.
2. Refer to the journalized transactions from activity 2.1.
3. Identify the accounts affected in each journal entry.
4. Post the debit and credit amounts to the appropriate general ledger.

5. Record the date, description, reference, debit or credit amount, and compute the running balance after each posting.
6. Ensure that the balances of each account are updated correctly.

Activity 2.3: PREPARATION OF UNADJUSTED TRIAL BALANCE

Prepare the unadjusted trial balances of Omni Flow AI Consulting

1. Prepare 10 to 12 column columnar worksheet. Prepare the unadjusted trial balance format provided.
2. Refer to the balances of each account from the general journal.
3. List all the account titles using the chart of accounts in the correct order.
4. Write the account balance in the appropriate debit or credit column.
5. Compute the total of the debit column and credit column.
6. Verify that the total debits equal total credits.

Activity 2.4: ADJUSTING ENTRIES /END- PERIOD OF ADJUSTMENT

Prepare the correct adjusting entries in the following transactions that happened during the month.

Instruction:

1. Using the 10–12 column worksheet from Activity 2.3
2. Refer to the unadjusted trial balance prepared in Activity 2.3.
3. Read the adjustment information provided by the teacher carefully.
4. Determine which accounts need to be adjusted.
5. Record the adjusting entries by writing the correct debit and credit amounts in the adjustment's columns of the worksheet.
6. Check that each adjusting entry follows the rules of debit and credit and that the total debits equal the total credits.

ACTIVITY 2.5: PREPARE ADJUSTED TRIAL BALANCE IN THE WORKSHEET

Instruction:

1. Using the 10–12 column worksheet from the previous activity, copy the adjusted trial balance format provided.
2. Refer to the unadjusted trial balance and the adjustments recorded in Activity 2.4.
3. For each account, combine the unadjusted trial balance amount and the adjustment amount.
4. Write the updated balance in the appropriate debit or credit column under the adjusted trial balance.
5. Ensure that each account balance is placed in the correct column based on its normal balance.
6. Compute the total of the debit and credit columns and verify that total debits equal total credits.

ACTIVITY 2.6: SUMMARIZING FINANCIAL INFORMATION: PREPARING AN ACCOUNTING WORKSHEET

Instruction:

1. Prepare your two-columnar pad and copy the 10–12 column accounting worksheet format provided.
2. Transfer the balances from the adjusted trial balance (Activity 2.5) to the adjusted trial balance column of the worksheet.
3. Classify each account and place the amounts in the correct columns:
    - Income Statement columns for revenue and expense accounts
    - Balance Sheet columns for asset, liability, and owner's equity accounts
4. Compute the totals of each column.
5. Determine the net income or net loss and complete the worksheet by balancing the Income Statement and Balance Sheet columns.

ACTIVITY 2.7: PREPARATION OF FINANCIAL STATEMENT

Reporting Business Performance: Preparation of Financial Statements
(a)Statement of Changes in Owner's Equity
(b) Income Statement
(c)Balance Sheet

Instructions:

1. Refer to the completed accounting worksheet from Activity 2.6.
2. Using the information from the worksheet, prepare the following financial statements of Omni Flow AI:
    - Income Statement
    - Statement of Changes in Owner's Equity
    - Balance Sheet
3. You may choose one of the following output formats:

Option 1: Digital Output (Google Sheets)

1.Use Google Sheets to prepare the financial statements.
2.Create four sheets in one file:
    - Sheet 1: Income Statement
    - Sheet 2: Statement of Changes in Owner's Equity
    - Sheet 3: Balance Sheet
3.Format the reports properly and print each sheet on A4 size bond paper.

Option 2: Handwritten Output

1.Write each financial statement neatly on A4 size bond paper or one whole sheet of paper
2.Use one sheet for each report.
3.Ensure that proper headings, account titles, and amounts are clearly written and aligned.
4.Make sure that the financial statements are complete, properly formatted, and consistent with the balances in the accounting worksheet.

(a)Income Statement

(b)Statement of Changes in Owner's Equity

(c)Balance Sheet

Activity 2.8: *Resetting the Books: A* Preparation of closing entries for nominal accounts

Instruction:

1. Using your 10–12 column worksheet, copy the closing entries worksheet format provided, starting with the columns for adjusted Trial balance, Income Statement, Balance Sheet, and Closing Entries.
2. Refer to the Adjusted Trial Balance and Income Statement columns prepared in the previous activity.
3. Identify the nominal accounts that need to be closed, such as revenue, expenses, and drawing accounts.
4. Transfer the balances of these accounts and prepare the closing entries in the Closing Entries columns.
5. Ensure that revenue and expense accounts are closed to the Income Summary account, and that Income Summary and Drawing accounts are closed to the Capital account.
6. Verify that each closing entry follows the rules of debit and credit and that total debit equals total credit.

Activity 2.9 Preparation of Post-Closing Trial Balance

1. Using your 10–12 column worksheet, copy the Post-Closing Trial Balance format provided.
2. Refer to the ledger balances after posting the closing entries from Activity 2.8.
3. List only the permanent accounts in the description column, such as: Assets, Liabilities and Owner's Capital
4. Transfer the balances of these accounts to the debit or credit column of the Post-Closing Trial Balance.
5. Compute the total of the debit and credit columns.
6. Verify that total debits equal total credits, confirming that the books are ready for the next accounting period.

Activity 2.10 Reversing Entries

1. Prepare your two- columnar pad and copy the general journal format provided.
2. Refer to the adjusting entries prepared in Activity 2.4.
3. Identify the adjusting entries that require reversing entries, such as: Accrued expenses, Accrued revenues.
4. Record the reversing entries dated on the first day of the next accounting period.
5. Ensure that the debit and credit accounts are reversed from the original adjusting entry.
6. Check that each reversing entry follows the rules of debit and credit.

SUMMATIVE ASSESSMENT

MULTIPLE CHOICE TEST

Directions: Read each question carefully. Choose the best answer and write the letter of your answer on your answer sheet.

I.CONCEPTUAL UNDERSTANDING

1. Accounting is often called the language of business because it:
   A. records all transactions in English
   B. communicates financial information to users
   C. prepares tax reports for businesses
   D. calculates product prices

2. A learner classified *cash* under income. Why is this classification incorrect?
   A. Cash represents expenses of the business.
   B. Cash represents a resource owned by the business.
   C. Cash represents revenue earned by the business.
   D. Cash represents money owed to others.

3. Which account below represents earnings generated from selling goods or services?
   A. Sales Revenue
   B. Equipment
   C. Accounts Payable
   D. Capital

4. Which account belongs to expenses?
   A. Rent Expense
   B. Cash
   C. Capital
   D. Sales Revenue

5. Which branch of accounting would be most useful for a manager deciding whether to expand a service business?
   A. Financial Accounting
   B. Managerial Accounting
   C. Auditing
   D. Tax Accounting

6. Which of the following books of accounts provides a chronological record of transactions?
   A. General Ledger
   B. General Journal
   C. Subsidiary Ledger
   D. Trial Balance

7. Which of the following accounts would appear under Current Assets in a service business balance sheet?
   A. Office Equipment
   B. Accounts Receivable
   C. Service Revenue
   D. Service Revenue

8. Which branch of accounting prepares financial reports for external users?
   A. Financial Accounting
   B. Cost Accounting
   C. Management Accounting
   D. Tax Accounting

9. Which branch of accounting provides information to help managers make decisions?
   A. Management Accounting
   B. Financial Accounting
   C. Auditing
   D. Tax Accounting

10. Which branch of accounting focuses on determining the cost of producing goods or services?
   A. Financial Accounting
   B. Cost Accounting
   C. Management Accounting
   D. Tax Accounting

I. TRANSACTION ANALYSIS

(a) IDENTIFYING ACCOUNTS AFFECTED

11. A business purchased office supplies worth ₱5,000 in cash. Which accounts are affected?
   A. Supplies and Accounts Payable
   B. Supplies and Cash
   C. Cash and Service Revenue
   D. Supplies Expense and Service Revenue

12. The owner invested ₱50,000 cash into the business. Which accounts are affected?
   A. Cash and Owner's Equity
   B. Cash and Accounts Receivable
   C. Owner's Equity and Accounts Payable
   D. Cash and Service Revenue

13. Paid ₱10,000 for rent. Which accounts are affected?
   A. Rent Expense and Cash
   B. Cash and Owner's Equity
   C. Rent Expense and Accounts Payable
   D. Rent Expense and Accounts Receivable

14. Received ₱15,000 cash from a customer for services rendered. Which accounts are affected?
   A. Cash and Service Revenue
   B. Accounts Receivable and Service Revenue
   C. Service Revenue and Owner's Equity
   D. Cash and Accounts Payable

15. Purchased equipment worth ₱30,000 on credit. Which accounts are affected?
   A. Equipment and Accounts Payable
   B. Equipment and Cash
   C. Equipment and Owner's Equity
   D. Equipment and Service Revenue

(b) DETERMINING DEBITS AND CREDITS

16. Which side of the T-account increases assets?
   A. Debit B. Credit C. Both sides D. Neither side

17. Which side of the T-account increases liabilities?
   A. Debit B. Credit C. Both sides Neither side

18. When the business pays cash for utilities, how is Cash recorded?
    A. Debit Cash B. Credit Cash C. Debit Utilities Expense D. Credit

19. When the owner invests cash, how is Owner's Equity recorded?
    A. Debit Owner's Equity B. Credit Owner's Equity C. Debit Cash D. Credit

20. Service Revenue is increased by:
    A. Debit B. Credit C. Both D. Neither

(c) EFFECTS USING T- ACCOUNTS

21. If the business pays ₱2,000 cash for supplies, how is Supplies recorded?
    A. Debit Supplies ₱2,000 C. Debit Cash ₱2,000
    B. Credit Supplies ₱2,000 D. Credit Cash ₱2000

22. A customer pays ₱8,000 cash for services. How is Service Revenue recorded?
    A. Debit Service Revenue ₱8,000 C. Debit Cash ₱8,000
    B. Credit Service Revenue ₱8,000 D. Credit Cash ₱8,000 The business

23. Borrowed ₱20,000 from the bank. How is Accounts Payable recorded?
    A. Debit Accounts Payable ₱20,000 C. Debit Cash ₱20,000
    B. Credit Accounts Payable ₱20,000 D. Credit Cash ₱20,000

24. Paid ₱5,000 salaries to employees. How is Salaries Expense recorded?
    A. Debit Salaries Expense ₱5,000 C. Debit Cash ₱5,000
    B. Credit Salaries Expense ₱5,000 D. Credit Cash ₱5,000

25. Owner withdrew ₱3,000 cash for personal use. How is Owner's Drawing recorded?
    A. Debit Owner's Drawing ₱3,000 C. Debit Cash ₱3,000
    B. Credit Owner's Drawing ₱3,000 D. Credit Cash ₱3,000

II. MINI ACCOUNTING CYCLE.

For Items 26-50. Read and analyze the given information below.

Kay Travel was organized on September 1, 2016. Assume that the accounts are closed and financial statements are prepared each month. The company occupies rented office space but owns office equipment estimated to have a useful life of 10 years from date of acquisition, September 1, 2016. The unadjusted trial balance for Kay at November 30, 2016 is shown below:

	Unadjusted Trial Balance	
Account Title and Explanation	**Debit**	**Credit**
Cash	1,750	
Accounts Receivable	1,210	
Office Equipment	4,800	
Accum. Deprn-Off Eqpt		80
Accounts Payable		1,640
Kay, Capital		7,490
Kay, Withdrawal	500	
Service Revenue		4,220
Advertising Expense	800	
Salaries Expense	3,600	
Rent Expense	770	
	13,430	13,430

Additional Information:

The rent expense amounting to PHP770 covers rental for the month of November and December 2016

26. Kay Travel paid ₱770 on November 1 covering two months' rent (November–December), but the accountant recorded the full amount as Rent Expense. What is the implication of this error on November financial statements?

    A. Net income is understated and assets are overstated
    B. Net income is overstated and assets are understated
    C. Net income is understated and assets are understated
    D. Net income is overstated and liabilities are understated

27. Upon review, the owner noticed that no depreciation was recorded for office equipment used during November.
    What is the effect of this omission?
    A. Expenses overstated; assets understated
    B. Expenses understated; assets overstated
    C. Liabilities understated; revenue overstated
    D. Capital understated; liabilities overstated

28. Kay Travel failed to record an accrued utility expense incurred in November but payable in December.
    Which accounts are misstated?
    A. Expenses understated and liabilities understated
    B. Expenses overstated and liabilities overstated
    C. Assets overstated and revenue understated
    D. Capital overstated and liabilities overstated

29. After posting entries, the trial balance showed unequal totals.
Which error is most likely present?
A. Omitted transaction
B. Transposition error
C. Incorrect classification
D. Missing adjustment

30. The accountant posted a debit entry correctly but credited the wrong account.
What will happen to the trial balance?
A. It will still balance
B. It will not balance
C. Expenses will decrease
D. Assets will increase

31. Kay Travel recorded a service revenue twice by mistake.
How does this affect financial statements?
A. Net income understated
B. Assets understated
C. Net income overstated
D. Liabilities overstated

32. The ledger shows complete balances, but adjustments were not made.
What is the consequence?
A. Accurate trial balance
B. Misleading financial statements
C. Balanced accounts
D. Correct net income

33. A source document for a transaction is missing.
What is the primary issue?
A. Difficulty posting
B. Lack of audit trail
C. Error in trial balance
D. Incorrect closing

34. Kay Travel needs to adjust the prepaid rent. Which entry is correct?
A. Dr Rent Expense ₱385 / Cr Prepaid Rent ₱385
B. Dr Prepaid Rent ₱385 / Cr Rent Expense ₱385
C. Dr Cash ₱385 / Cr Rent Expense ₱385
D. Dr Rent Expense ₱770 / Cr Cash ₱770

35. Monthly depreciation of equipment must be recorded. Which entry applies?
A. Dr Equipment / Cr Cash
B. Dr Depreciation Expense / Cr Accumulated Depreciation
C. Dr Cash / Cr Equipment
D. Dr Liability / Cr Expense

36. After journalizing, what is the next step Kay Travel must perform?
A. Prepare financial statements
B. Post to ledger
C. Adjust entries
D. Close accounts

37. Kay Travel is preparing reports. Which document directly supports financial statement preparation?
A. Journal
B. Ledger
C. Adjusted Trial Balance
D. Source documents

38. At month-end, Kay Travel closes revenue accounts. What is the purpose?
A. To record expenses
B. To reset balances for next period
C. To adjust assets
D. To verify transactions

39. Kay Travel consumed part of its prepaid insurance. What adjustment is needed?

A. Increase asset
C. Increase revenue
B. Increase expense
D. Decrease liability

40. After completing closing entries, what is prepared next?

A. Worksheet
C. Post-closing trial balance
B. Adjusted trial balance
D. Journal

41. The manager claims adjusting entries are unnecessary for small businesses like Kay
Travel. Which is the best evaluation?

A. Correct, adjustments are optional
B. Incorrect, adjustments ensure accurate reporting
C. Correct, only large firms need adjustments
D. Incorrect, but only for liabilities

42.Kay Travel skipped the trial balance step to save time.What is the most likely consequence?

A. Faster reporting
C. Accurate results
B. Undetected errors
D. Reduced expenses

43.The accountant suggests closing accounts before preparing financial statements. Evaluate this suggestion.

A. Correct procedure
C. Incorrect sequence
B. Acceptable alternative
D. Optional step

44. Which step contributes MOST to ensuring financial statement accuracy?

A. Posting
C. Journalizing
B. Adjusting entries
D. Closing

45. Kay Travel's owner wants to skip closing entries. What is the strongest justification against this?

A. It complicates records
C. It reduces assets
B. It violates accounting cycle integrity
D. It increases liabilities

46.Kay Travel's accountant needs to correct rent recording. Which complete entry is most appropriate?

A. Dr Rent Expense ₱385 / Cr Prepaid Rent ₱385
B. Dr Prepaid Rent ₱385 / Cr Rent Expense ₱385
C. Dr Cash / Cr Rent Expense
D. Dr Capital / Cr Expense

47.Design the correct adjusting entry for accrued salaries:

A. Dr Salaries Expense / Cr Salaries Payable
B. Dr Salaries Payable / Cr Cash
C. Dr Cash / Cr Salaries Expense
D. Dr Expense / Cr Revenue

48. Which sequence best represents Kay Travel's accounting cycle?
A. Adjust → Journal → Ledger → FS
B. Journal → Ledger → Trial Balance → Adjust → FS → Close
C. FS → Adjust → Journal
D. Ledger → Adjust → Journal

49. Kay Travel is preparing financial statements. Which order is most appropriate?
A. Balance Sheet → Income Statement
B. Income Statement → Statement of Equity → Balance Sheet
C. Cash Flow → Balance Sheet
D. Notes → Income Statement

50. The accountant designs a full accounting process ending with verification of balances. Which final step completes the cycle?
A. Adjusted trial balance
B. Closing entries
C. Post-closing trial balance
D. Journalizing

LEARNING ACTIVITY SHEET (LAS)

Lesson Exemplar	8	Date	
Lesson Title/Topic:	Nature of Merchandising Business and Source Documents for Merchandising Business		
Name		Grade & Section	

Part I. Multiple Choice Test

Directions: Read each situation carefully and answer the following questions accordingly on a separate paper.

1. What is the main activity of a merchandising business?
A. Manufacturing products
B. Buying and selling goods
C. Providing services
D. Farming

2. Which source document is issued when goods are sold on credit?
A. Official Receipt
B. Sales Invoice
C. Check Voucher
D. Credit Memo

3. Which document acknowledges cash received from a customer?
A. Official Receipt
B. Purchase Invoice
C. Check
D. Credit Memo

4. Which transaction happens when goods are bought from a supplier?
A. Sales transaction
B. Purchase transaction
C. Return transaction
D. Collection transaction

5. When a business sells goods to customers for cash, it is called:
A. Cash purchase
B. Cash sale
C. Credit purchase
D. Credit sale

6. Goods returned to the supplier are recorded as:
A. Sales return
B. Purchase return
C. Discount
D. Expense

7. Which account increases when merchandise is bought?
A. Cash
B. Inventory
C. Rent Expense
D. Salary Expense

8. A supplier received damaged goods back from the buyer. This is called:
A. Sales Discount
B. Purchase Return
C. Cash Sale
D. Collection

9. A business bought goods but agreed to pay next month. This is:
A. Cash Purchase
B. Credit Purchase
C. Sales Return
D. Expense

10. A store sold notebooks and received payment immediately. What transaction is this?
A. Credit Sale
B. Cash Sale
C. Purchase Return
D. Credit Purchase

Part II. Picture Analysis

Directions: Read each situation carefully and answer the following questions accordingly on a separate paper.

Source: https://chatgpt.com/c/69e83143-ce58-8321-bc59-cc1de34676a5

1. **Guide Question:**
   a. What type of business is shown in the picture?
   b. What is the main activity of this business?

Source: https://chatgpt.com/c/69e83143-ce58-8321-bc59-cc1de34676a5

2. **Guide Question:**

a. What transaction is happening in the picture?
b. Who are involved in this transaction?

Source: https://chatgpt.com/c/69e83143-ce58-8321-bc59-cc1de34676a5

3. Guide Question:

a. What document is being given to the customer?

b. What happens to inventory when a sale is made?

Source: https://chatgpt.com/c/69e83143-ce58-8321-bc59-cc1de34676a5

4. Guide Question:

a. What transaction is happening?

b. What document might be issued?

Source: https://chatgpt.com/c/69e83143-ce58-8321-bc59-cc1de34676a5

5. Guide Question:

a. What do you call all the goods shown in the picture?

b. Why is it important to manage these properly?

Part III. Comparison Table
Directions: Complete the table by writing the correct accounting treatment under the perpetual and periodic inventory systems.

A business purchased goods worth ₱10,000 and sold goods costing ₱6,000.

Transactions	Perpetual	Periodic
Purchase		
Sale		

LEARNING ACTIVITY SHEET (LAS)

Lesson Exemplar	9	**Date**	
Lesson Title/Topic:	Shipping and Payment Terms		
Name		**Grade & Section**	

Instructions

1. Read each transaction carefully and complete the table below.
2. Identify the correct answers for each column.
3. Use the concepts of FOB Shipping Point, FOB Destination, Freight Collect, and Freight Prepaid to analyze each situation.

Transaction	**Who Owns the Goods in Transit? (Buyer/Seller)**	**Who Pays the Carrier Initially?**	**Periodic Method Treatment**	**Perpetual Method Treatment**
1. ABC Wholesaler sold goods to XYZ Retailer worth ₱25,000 with terms FOB Shipping Point, Freight Collect.	1.	6.	11.	16.
2. Sunshine Store purchased goods from Metro Suppliers worth ₱40,000 with terms FOB Destination, Freight Prepaid.	2.	7.	12.	17.
3. JKL Trading sold goods to Happy Mart worth ₱18,000 with terms FOB Destination, Freight Collect.	3.	8.	13.	18.
4. Golden Retailer purchased merchandise worth ₱32,000 from Prime Distributors with terms FOB Shipping Point, Freight Prepaid.	4.	9.	14.	19.
5. Star Grocery purchased goods worth ₱20,000 from City Wholesale with terms FOB Shipping Point, Freight Collect.	5.	10.	15.	20.

Multiple Choice Questions:

21. What does FOB stand for?
    A) Free on Board
    B) Freight on Business
    C) Freight Only Bill
    D) Free of Burden

22. Under FOB Shipping Point, who owns the goods while they are in transit?
    A) Seller B) Buyer C) Courier D) Warehouse

23. In the perpetual inventory system, if the buyer pays freight, what happens to the shipping cost?
    A) Treated as a sales discount
    B) Deducted from accounts payable
    C) Recorded as part of cost of goods sold (COGS)
    D) Recorded as Freight-In and added to inventory cost

24. If goods are lost in transit under FOB Shipping Point, who bears the loss?
    A) Courier B) Seller C) Buyer D) Government

25. If goods are lost in transit under FOB Destination, who bears the loss?
    A) Courier B) Seller C) Buyer D) Shipping Company

26. What does Freight Prepaid mean?
    A) Buyer pays freight charges upon delivery
    B) Carrier pays the freight charges
    C) Freight charges are split between seller and buyer
    D) Seller pays freight charges at the time of shipment

27. What does Freight Collect mean?
    A) Buyer pays freight charges upon delivery
    B) Seller pays freight charges at shipment
    C) Carrier pays the freight charges
    D) Freight charges are waived

28. Which of the following is true about FOB Shipping Point?
    A) Seller bears risk during transit
    B) Buyer bears risk during transit
    C) Ownership transfers upon delivery
    D) Carrier owns goods until delivery

29. In the perpetual inventory system, if the buyer pays freight, what happens to the shipping cost?
    A) Recorded as an expense immediately
    B) Added to the cost of inventory
    C) Ignored in accounting records
    D) Deducted from sales revenue

30. Under the periodic inventory system, if the buyer pays the freight (Freight Collect), how is the shipping cost treated?
    A) Ignored
    B) Recorded as Freight-Out
    C) Added to accounts payable
    D) Added to the cost of inventory

LEARNING ACTIVITY SHEET (LAS)

Lesson Exemplar	10	Date	
Lesson Title/Topic:	**Accounting Cycle of a Merchandising Business**		
Name		Grade & Section	

PART I.

Instruction :

1. Read each business transaction carefully.
2. Determine the appropriate source document that supports the transaction.
3. Identify the type of merchandising business transaction involved.
4. Place a check (✓) in the appropriate column.

Business Transaction	Source Document	Type of Merchandising Transaction
1. Owner invested cash in the business	Deposit Slip	
2. Paid store rent	Check & Check Voucher	
3. Paid supplier	Official Receipt (From Supplier)	
4. Owner withdrew cash	Check & Check Voucher	
5. Purchased merchandise on account. Goods received from supplier	Check & Check Voucher	
6. Sold merchandise on account	Purchase Order	
7. Cash sales of merchandise	Delivery Receipt	
8. Customer returned merchandise	Purchase Invoice	
9. Returned goods to supplier	Sales Invoice	

Instruction:

1. Read each business transaction carefully.
2. Determine the appropriate source document that supports the transaction.
3. Identify the type of merchandising business transaction involved.
4. Place a check (✓) in the appropriate column.
5. Be ready to explain your answer during the class discussion.

Company Background of ReneMay Convenience Store

The Rene May Convenience Store started its operations on November 15, 2024. The store is located at Visay Mall in Cebu City and sells basic consumer goods such as beverages, snacks, and other household items to nearby customers. The business follows the calendar year accounting period.

At the start of operations, the owner, Rene May, invested a modest amount of capital to begin the business operations and purchased essential assets needed for the store. The business also established relationships with suppliers for the purchase of merchandise on account.

The following beginning balances of real (permanent) accounts were recorded on January 1, 2025, before the transactions for the year 2025 took place. The company uses periodic method

Account Title	Debit	Credit
Cash in Bank	₱5,000	
Merchandise Inventory	₱8,000	
Store Supplies	₱10,000	
Accounts Payable		₱ 3,000
ReneMay, Capital		₱ 20,000
Total	23,000	23,000

Business Transactions January to December 2025

Date	Transactions	Source Documents	Type of Merchandising Business Transaction
Jan. 1, 2025	ReneMay the owner of ReneMay Convenience Store invested ₱5,000,000 to start the business. Deposited the money to bank.	0 Official Receipt 0 Deposit Slip 0 Sales Invoice	0 Owner Investment 0 Cash Sale of Merchandise 0 Credit Purchase of Merchandise
Jan. 2, 2025	Issued check no. 10001 and check voucher # 00010 for the payment of 3 months rent in advance for ₱75,000 (Asset Method)	0 Check & Check Voucher 0 Official Receipt 0 Purchase Order	0 Credit Purchase of Merchandise 0 Operating Expense Payment 0 Owner Withdrawal
Feb10, 2025	Puchased 1 computer unit for Php 50,000 with 5 years useful life. Issued check no. 10002 and check voucher # 00011	0 Check & Check Voucher 0 Purchase Invoice 0 Sales Invoice	0 Purchase of Non-Merchandise Asset 0 Cash Sale of Merchandise 0 Credit Sale of Merchandise
Feb. 12, 2025	Purchased store supplies amounting to ₱20,000. Purchased tables, chairs and shelves at the amount of Php 15,000. Issued check no. 10003 and check voucher # 00012	0 Check & Check Voucher 0 Purchase Order 0 Sales Invoice	0 Purchase of Non-Merchandise Asset 0 Cash Sale of Merchandise 0 Credit Purchase of Merchandise
Feb. 15, 2025	ReneMay Convenience Store purchased the following on account Coba-coba Beverage Phil. Inc PO#301 ₱30,000 terms 2/10, n/30 FOB Destination, Freight prepaid Sey Song Commercial Corp. PO#227 ₱120,000 1/15, EOM , FOB Shipping Point, Freight Collect	0 Purchase Invoice 0 Delivery Receipt 0 Check Voucher	0 Cash Sale of Merchandise 0 Credit Purchase of Merchandise 0 Operating Expense Payment

	Paper and Pen Corporation PO#312 ₱30,000 2/10, n/30, FOB Shipping Point, Freight Collect		
Feb. 24, 2025	Issued check for the following creditors: Coba-coba Beverage Phil. Inc. purchased last February 15. Check no. 10004 and check voucher # 00013 Paper and Pen Corporation PO#312 ₱30,000 2/10, n/30. Check no. 10005 and check voucher # 00014	0 Check & Check Voucher 0 Purchase Invoice 0 Sales Invoice	0 Credit Sale of Merchandise 0 Owner Withdrawal 0 Payment to Supplier
Mar. 1, 2025	Issued a check Sey Song Commercial Corp. PO#227 ₱120,000 2/15, EOM . Check no. 10006 and check voucher # 00015	0 Check & Check Voucher 0 Delivery Receipt 0 Official Receipt	0 Cash Sale of Merchandise 0 Credit Purchase 0 Payment to Supplier
Mar. 4, 2025	ReneMay Convenience Store purchased merchandise from Primera Pacific Foods Corporation amounting to ₱180,000 on cash CHECK#10007 and check voucher # 00016	0 Check & Check Voucher 0 Purchase Order 0 Official Receipt	0 Cash Purchase of Merchandise 0 Credit Sale 0 Owner Withdrawal
Mar. 5, 2025	Borrowed Php350,000 for the purchased of delivery van with 7% per annum payable in 3 years.	0 Official Receipt 0 Promissory Note 0 Sales Invoice	0 Borrowing / Loan 0 Cash Purchase of Merchandise 0 Sales Return
Mar. 10, 2025	Returned defective merchandise to Sey Song Commercial Corp. amounting to ₱10,000 from the goods purchased on February 15 (PO #227) & Debit Memo # DM-001	0 Credit Memo 0 Debit Memo 0 Official Receipt	0 Purchase Return 0 Sales Return 0 Cash Purchase
Apr. 6, 2025	Joy Laundry Shop Sales Invoice No. 0001 amount ₱10,000 Greensea Carinderia Sales Invoice No.002 amount ₱15,000 J. Maniana Sales Invoice No. 003 amount ₱20,000 Notes: Sales are made on the terms of 2/10, n/30, to all customers and, therefore, should	0 Official Receipt 0 Purchase Order 0 Sales Invoice	0 Credit Sale of Merchandise 0 Cash Purchase 0 Owner Investment

	be recorded in the sales journal and customer's accounts. All the payments received within ten days of the date of the invoice will be entitled to a 2% discount. FOB Destination, Freight Prepaid		
Apr. 9, 2025	Joy Laundry Shop returned Sold merchandise on account :merchandise worth ₱2,000 from Sales Invoice No. 0001 due to damaged items. Credit Memo # CM-001	0 Credit Memo 0 Debit Memo 0 Sales Invoice	0 Cash Purchase 0 Purchase Return 0 Sales Return
Apr. 15, 2025	Received payment from the following: Greensea Carinderia based on Sales Invoice No.002 amount ₱15,000. Issued Official Receipt with number OR-001. J. Maniana based on Sales Invoice No. 003 amount ₱20,000. Issued Official Receipt with number OR-002.	0 Official Receipt 0 Sales Invoice 0 Purchase Invoice	0 Cash Purchase 0 Collection from Customers 0 Credit Purchase
May 5, 2025	Received payment for merchandise sold to Joy Laundry Shop on April 6 in full. Issued Official Receipt with number OR-003.	0 Check & Check Voucher 0 Official Receipt 0 Sales Invoice	0 Collection from Customers 0 Cash Purchase 0 Owner Withdrawal
May 7, 2025	Paid advertising space in the KM Courier, ₱3,000 issued check No. 10009 and check voucher # 00017	0 Check & Check Voucher 0 Official Receipt 0 Purchase Order	0 Cash Purchase 0 Credit Sale 0 Operating Expense Payment
May 8, 2025	J.ReneMay withdraw cash for personal use, ₱10,000.00 check No. 10008 and check voucher # 00018	0 Check & Check Voucher 0 Official Receipt 0 Sales Invoice	0 Cash Sale 0 Credit Purchase 0 Owner Withdrawal
May 8, 2025	Cash sales from May 4 to 6 amounting to ₱16,500. Issued Official Receipt OR-004.	0 Official Receipt 0 Purchase Invoice 0 Sales Invoice	0 Cash Sale of Merchandise 0 Credit Purchase 0 Owner Investment
Jun. 9, 2025	Purchase merchandise on account from MDCS Prime Goods, Inc. P.O. # 313, amounting ₱79,000 terms 1/15; EOM. Goods received from supplier.	0 Delivery Receipt 0 Purchase Invoice 0 Purchase Order	0 Credit Purchase of Merchandise 0 Cash Sale 0 Expense Payment
Jun. 10, 2025	Cash sales from June 4 to 7 amounting to ₱15,000. Issued Official Receipt OR-005.	0 Official Receipt 0 Sales Invoice 0 Purchase Order	0 Cash Sale of Merchandise 0 Credit Purchase 0 Owner Withdrawal

Jun. 22, 2025	Issued check as payment for merchandise purchased on account from MDCS Prime Goods, Inc. amounting ₱79,000 terms 1/15; EOM on June 9 in full. Check no. 10010 and check voucher # 00019	0 Check & Check Voucher 0 Purchase Invoice 0 Sales Invoice	0 Cash Sale 0 Payment to Supplier 0 Purchase Return
Jul. 13, 2025	Purchase merchandise for cash, ₱45,000. Issued check No. 10011 and check voucher # 00020	0 Check & Check Voucher 0 Sales Invoice 0 Official Receipt	0 Cash Purchase of Merchandise 0 Credit Sale 0 Owner Withdrawal
Aug. 14, 2025	Cash sales from December 9 to 12 amounting to ₱20,000. Issued Official Receipt OR-006.	0 Delivery Receipt 0 Official Receipt 0 Purchase Invoice	0 Cash Sale of Merchandise 0 Credit Purchase 0 Purchase Return
Aug. 15, 2025	Paid salaries for ₱50,000.00. Issued check No. 10012 and check voucher # 00021	0 Check & Check Voucher 0 Sales Invoice 0 Purchase Order	0 Cash Sale 0 Operating Expense Payment 0 Owner Investment
Oct. 18, 2025	Cash sales from October 14 to 16 amounting to ₱10,500. Issued Official Receipt OR-007.	0 Check & Check Voucher 0 Official Receipt 0 Purchase Invoice	0 Cash Sale of Merchandise 0 Credit Purchase 0 Purchase Return
Nov. 19, 2025	Sold merchandise on account to City Riders Motors Delivery amounting to ₱90,000 . Sales Invoice No. 0004 .	0 Sales Invoice 0 Official Receipt 0 Purchase Order	0 Cash Purchase 0 Credit Sale of Merchandise 0 Owner Withdrawal
Nov. 21, 2025	Purchase merchandise on account from Good Food Solutions Inc. amounting ₱45,000. P.O # 314.	0 Official Receipt 0 Purchase Invoice 0 Sales Invoice	0 Cash Sale 0 Credit Purchase of Merchandise 0 Sales Return
Dec. 23, 2025	Purchase merchandise on account from Nature Lab amounting ₱25,000 2/10; n/30. P.O # 315	0 Check & Check Voucher 0 Purchase Invoice 0 Sales Invoice	0 Credit Purchase of Merchandise 0 Cash Sale 0 Owner Withdrawal
Dec. 24, 2025	Purchase merchandise on account from Chime Care Corporation amounting ₱35,000 2/10; n/30. P.O # 316	0 Official Receipt 0 Purchase Invoice 0 Sales Invoice	0 Credit Purchase of Merchandise 0 Cash Sale 0 Expense Payment
Dec. 25, 2025	Cash sales from December 2-24 amounting to ₱100,500. Issued Official Receipt OR-008.	0 Official Receipt 0 Purchase Order 0 Sales Invoice	0 Cash Sale of Merchandise 0 Credit Purchase 0 Purchase Return

Dec. 27, 2025	Paid electricity and telephone expenses for ₱12,800 check No. 10013 and check voucher # 00022	0 Check & Check Voucher 0 Official Receipt 0 Purchase Invoice	0 Operating Expense Payment 0 Credit Sale 0 Cash Purchase
Dec. 28, 2025	Purchased store supplies from Office Depot Trading amounting ₱8,500. Issued check No. 10014 and check voucher # 00023	0 Check & Check Voucher 0 Purchase Invoice 0 Sales Invoice	0 Credit Sale 0 Operating Expense Payment 0 Purchase of Supplies
Dec. 29, 2025	Paid cash for additional store supplies amounting ₱3,200. Issued check no. 10015 and check voucher # 00024	0 Check & Check Voucher 0 Official Receipt 0 Purchase Order	0 Credit Sale 0 Operating Expense Payment 0 Purchase of Supplies
Dec. 30, 2025	Paid salaries for ₱50,000.00 check No. 10016 and check voucher # 00025	0 Check & Check Voucher 0 Purchase Invoice 0 Sales Invoice	0 Cash Sale 0 Operating Expense Payment 0 Owner Investment

Activity 2.1 : Transaction Analysis: Comparing Periodic and Perpetual Methods
Instructions

1. Prepare one whole sheet of paper and copy the table template provided.
2. Carefully read each business transaction.
3. Determine the accounts affected by each transaction.
4. Write the Debit and Credit accounts under the Periodic Method and Perpetual Method columns.
5. Identify the appropriate journal to be used for recording the transaction (e.g., General Journal, Sales Journal, Purchase Journal, Cash Receipts Journal, or Cash Disbursements Journal).
6. Ensure that the correct account titles are written in the proper Debit or Credit column.

Business Transaction	Periodic Method		Perpetual Method		Type of Journal to be Used
	Accounts Affected (Debit)	Accounts Affected (Credit)	Accounts Affected (Debit)	Accounts Affected (Credit)	
1. Owner invested cash in the business					
2. Paid store rent					
3. Paid supplier					
4. Owner withdrew cash					
5. Purchased merchandise on account. Received goods from supplier					
6. Sold merchandise on account					
7. Cash sales of merchandise					
8. Customer returned merchandise					
9. Returned goods to supplier					

Activity 2.2 : Preparing Merchandising Transactions for Journalizing
Instruction :

1. Prepare one whole sheet of paper and copy the table template provided.
2. Read each business transaction of ReneMay Convenience Store carefully.
3. Identify the appropriate journal where the transaction should be recorded (Sales Journal, Purchases Journal, Cash Receipts Journal, Cash Disbursements Journal, or General Journal).
4. Using the Chart of Accounts, identify the correct account titles affected by each transaction.
5. Determine the Debit and Credit accounts under both the Periodic Method and Perpetual Method.
6. Write your answers in the correct columns using the account titles from the Chart of Accounts.

Chart of Accounts

Account Code	Account Title	Account Code	Account Title
Assets		**Revenue**	
1000	Cash on Hand	4000	Sales Revenue
1010	Cash in Bank	4010	Sales Returns and Allowances
1100	Accounts Receivable	4020	Sales Discounts
1200	Merchandise Inventory	**Cost of Sales**	
1300	Store Supplies	5000	Cost of Goods Sold
1400	Prepaid Rent	5100	Purchases
1410	Prepaid Insurance	5110	Purchase Returns and Allowances
1500	Furniture and Fixtures	5120	Purchase Discounts
1510	Accumulated Depreciation – Furniture and Fixtures	5130	Freight In
1600	Office Equipment	**Expenses**	
1610	Accumulated Depreciation – Office Equipment	6000	Salaries Expense
1700	Delivery Vehicle	6100	Rent Expense
1710	Accumulated Depreciation – Delivery Vehicle	6200	Telephone and Utilities Expense
Liabilities		6300	Store Supplies Expense
2000	Accounts Payable	6400	Advertising Expense
2100	Notes Payable	6500	Transportation Expense
2150	Interest Payable	6600	Depreciation Expense - Store Equipment
2200	Salaries Payable	6601	Depreciation Expense – Office Equipment
2210	Utilities Payable	6603	Depreciation Expense – Delivery Vehicle
2300	Taxes Payable	6700	Insurance Expense
2350	Telephone and Utilities Payable	6750	Interest Expense
Owner's Equity		6800	Miscellaneous Expense
3000	ReneMay, Capital		
3100	ReneMay, Drawing		

Business Transactions of ReneMay Convenience Store, January to December 2025

Date	Transactions	Type of Journal to be Used	Periodic Method		Perpetual Method	
			Account Title/s affected Debit	Account Title/s affected Credit	Account Title/s affected Debit	Account Title/s affected Credit
Jan. 1, 2025	ReneMay ReneMay the owner of ReneMay Convenience Store invested ₱5,000,000 to start the business. Deposited the money to bank.					
Jan. 2, 2025	Issued check no. 10001 and check voucher # 00010 for the payment of 3 months rent in advance for ₱75,000 (Asset Method)					

Feb10, 2025	Purchased 1 computer unit for Php 50,000 with 5 years useful life. Issued check no. 10002 and check voucher # 00011					
Feb. 12, 2025	Purchased store supplies amounting to ₱20,000. Purchased tables, chairs and shelves at the amount of Php 15,000. Issued check no. 10003 and check voucher # 00012					
Feb. 15, 2025	ReneMay Convenience Store purchased the following on account Coba-coba Beverage Phil. Inc PO#301 ₱30,000 terms 2/10, n/30 FOB Destination, Freight prepaid Sey Song Commercial Corp. PO#227 ₱120,000 1/15, EOM , FOB Shipping Point, Freight Collect Paper and Pen Corporation PO#312 ₱30,000 2/10, n/30, FOB Shipping Point, Freight Collect					
Feb. 24, 2025	Issued check for the following creditors: Coba-coba Beverage Phil. Inc. purchased last February 15. Check no. 10004 and check voucher # 00013 Paper and Pen Corporation PO#312 ₱30,000 2/10, n/30. Check no. 10005 and check voucher # 00014					
Mar. 1, 2025	Issued a check Sey Song Commercial Corp. PO#227 ₱120,000 2/15, EOM . Check no. 10006 and check voucher # 00015					
Mar. 4, 2025	ReneMay Convenience Store purchased merchandise from Primera Pacific Foods Corporation					

	amounting to ₱180,000 on cash CHECK#10007 and check voucher # 00016					
Mar. 5, 2025	Borrowed Php350,000 for the purchased of delivery van with 7% per annum payable in 3 years.					
Mar. 10, 2025	Returned defective merchandise to Sey Song Commercial Corp. amounting to ₱10,000 from the goods purchased on February 15 (PO #227) & Debit Memo # DM-001					
Apr. 6, 2025	Joy Laundry Shop Sales Invoice No. 0001 amount ₱10,000 Greensea Carinderia Sales Invoice No.002 amount ₱15,000 J. Maniana Sales Invoice No. 003 amount ₱20,000 Notes: Sales are made on the terms of 2/10, n/30, to all customers and, therefore, should be recorded in the sales journal and customer's accounts. All the payments received within ten days of the date of the invoice will be entitled to a 2% discount. FOB Destination, Freight Prepaid					
Apr. 9, 2025	Joy Laundry Shop returned Sold merchandise on account :merchandise worth ₱2,000 from Sales Invoice No. 0001 due to damaged items. Credit Memo # CM-001					
Apr. 15, 2025	Received payment from the following: Greensea Carinderia based on Sales Invoice No.002 amount ₱15,000. Issued Official Receipt with					

	number OR-001. J. Maniana based on Sales Invoice No. 003 amount ₱20,000. Issued Official Receipt with number OR-002.					
May 5, 2025	Received payment for merchandise sold to Joy Laundry Shop on April 6 in full. Issued Official Receipt with number OR-003.					
May 7, 2025	Paid advertising space in the KM Courier, ₱3,000 issued check No. 10009 and check voucher # 00017					
May 8, 2025	J.ReneMay withdraw cash for personal use, ₱10,000.00 check No. 10008 and check voucher # 00018					
May 8, 2025	Cash sales from May 4 to 6 amounting to ₱16,500. Issued Official Receipt OR-004.					
Jun. 9, 2025	Purchase merchandise on account from MDCS Prime Goods, Inc. P.O. # 313, amounting ₱79,000 terms 1/15; EOM					
Jun. 10, 2025	Cash sales from June 4 to 7 amounting to ₱15,000. Issued Official Receipt OR-005.					
Jun. 22, 2025	Issued check as payment for merchandise purchased on account from MDCS Prime Goods, Inc. amounting ₱79,000 terms 1/15; EOM on June 9 in full. Check no. 10010 and check voucher # 00019					
Jul. 13, 2025	Purchase merchandise for cash, ₱45,000. Issued check No. 10011 and check voucher # 00020					

Aug. 14, 2025	Cash sales from December 9 to 12 amounting to ₱20,000. Issued Official Receipt OR-006.					
Aug. 15, 2025	Paid salaries for ₱50,000.00. Issued check No. 10012 and check voucher # 00021					
Oct. 18, 2025	Cash sales from October 14 to 16 amounting to ₱400,000. Issued Official Receipt OR-007.					
Nov. 19, 2025	Sold merchandise on account to City Riders Motors Delivery amounting to ₱90,000 . Sales Invoice No. 0004 .					
Nov. 21, 2025	Purchase merchandise on account from Good Food Solutions Inc. amounting ₱45,000. P.O # 314.					
Dec. 23, 2025	Purchase merchandise on account from Nature Lab amounting ₱25,000 2/10; n/30. P.O # 315					
Dec. 24, 2025	Purchase merchandise on account from Chime Care Corporation amounting ₱35,000 2/10; n/30. P.O # 316					
Dec. 25, 2025	Cash sales from December 2-24 amounting to ₱100,500. Issued Official Receipt OR-008.					
Dec. 27, 2025	Paid electricity and telephone expenses for ₱12,800 check No. 10013 and check voucher # 00022					
Dec. 28, 2025	Purchased store supplies from Office Depot Trading amounting ₱8,500. Issued check No. 10014 and check voucher # 00023					

Dec. 29, 2025	Paid cash for additional store supplies amounting ₱3,200. Issued check no. 10015 and check voucher # 00024					
Dec. 30, 2025	Paid salaries for ₱50,000.00 check No. 10016 and check voucher # 00025					

Activity 3 : Journalizing Merchandising Transactions Using the Periodic and Perpetual Methods

Instructions :

1. Prepare one whole sheet of paper and copy the table template provided.
2. Carefully read each business transaction.
3. Determine the accounts affected by each transaction.
4. Write the Debit and Credit accounts under the Periodic Method and Perpetual Method columns.
5. Identify the appropriate journal to be used for recording the transaction (e.g., General Journal, Sales Journal, Purchase Journal, Cash Receipts Journal, or Cash Disbursements Journal).
6. Ensure that the correct account titles are written in the proper Debit or Credit column.

GENERAL JOURNAL

Date	Description	Ref	Debit	Credit

Sales Journal

Date	Sales Invoice	Customer	P.R.	Accounts Receivable Debit	Sales Credit

Purchase Journal

Date	PO / Invoice No.	Supplier	P.R.	Purchases Debit	Accounts Payable Credit

Cash Receipts Journal

Date	OR No.	Account Credited	P.R.	Cash in Bank Debit	Sales Discounts Debit	Sales Credit	Accounts Receivable Credit	Sundry Accounts Credit

Cash Disbursement Journal

Date	Check # / Check Voucher #	Account Debited	P.R.	Accounts Payable Debit	Sundry Accounts Debit	Cash in Bank Credit	Purchase Discounts Credit

Activity 4 Building the Ledger – Classifying Accounts and Determining Balances
Instruction:

1. Prepare your two-column columnar notebook and copy the General Ledger format provided for each account.
2. Refer to the journalized transactions from Activity 3.
3. Identify the accounts affected in each journal entry.
4. Post the debit and credit amounts to the appropriate General Ledger and Subsidiary Ledger account for Accounts Receivables and Accounts Payables.
5. Record the date, description, reference, debit or credit amount, and compute the running balance after each posting.
6. Ensure that the balances of each account are updated correctly.

General Ledger

Cash in Bank

Date	Description	Debit	Credit	Balance

Accounts Receivable

Date	Description	Debit	Credit	Balance

Mechandise Inventory

Date	Description	Debit	Credit	Balance

Store Supplies

Date	Description	Debit	Credit	Balance

Prepaid Rent

Date	Description	Debit	Credit	Balance

Office Equipment

Date	Description	Debit	Credit	Balance

Furniture and Fixtures

Date	Description	Debit	Credit	Balance

Delivery Vehicle

Date	Description	Debit	Credit	Balance

Accounts Payable

Date	Description	Debit	Credit	Balance

Notes Payable

Date	Description	Debit	Credit	Balance

Reyes, Capital

Date	Description	Debit	Credit	Balance

Reyes, Drawing

Date	Description	Debit	Credit	Balance

Purchases

Date	Description	Debit	Credit	Balance

Purchase Returns and Allowances

Date	Description	Debit	Credit	Balance

Purchase Discounts

Date	Description	Debit	Credit	Balance

Sales

Date	Description	Debit	Credit	Balance

Sales Returns and Allowances

Date	Description	Debit	Credit	Balance

Sales Discounts

Date	Description	Debit	Credit	Balance

Advertising Expense

Date	Description	Debit	Credit	Balance

Salaries Expense

Date	Description	Debit	Credit	Balance

Telephone and Utilities Expense

Date	Description	Debit	Credit	Balance

Accounts Receivable Subsidiary Ledger

Joy Laundry Shop

Date	Description	Debit	Credit	Balance

Greensea Carinderia

Date	Description	Debit	Credit	Balance

J. Maniana

Date	Description	Debit	Credit	Balance

City Riders Motors Delivery

Date	Description	Debit	Credit	Balance

Total Subsidiary Balance

Accounts Payable Subsidiary Ledger

Beg. Balance / Various

Date	Description	Debit	Credit	Balance

Coba-Coba Beverage Phil. Inc.

Date	Description	Debit	Credit	Balance

Paper and Pen Corporation

Date	Description	Debit	Credit	Balance

Sey Song Commercial Corp.

Date	Description	Debit	Credit	Balance

MDCS PrimeGoods, Inc.

Date	Description	Debit	Credit	Balance

Good Food Solutions Inc.

Date	Description	Debit	Credit	Balance

Nature Lab

Date	Description	Debit	Credit	Balance

Chime Care Corporation

Date	Description	Debit	Credit	Balance

Net Subsidiary Balance _____

Activity 5 The Balancing Challenge – Preparing the Unadjusted Trial Balance
Instruction:

1. Prepare 10 to 12 column columnar worksheet. Copy the Unadjusted Trial Balance format provided.
2. Refer to the balances of each account from the General Ledger and Subsidiary Ledgers.
3. List all the account titles using the Chart of Accounts in the correct order.
4. Write the account balance in the appropriate Debit or Credit column.
5. Compute the total of the Debit column and Credit column.
6. Verify that the total debits equal total credits.

	Unadjusted Trial Balance	
Description	Debit	Credit

Activity 6 : End-of-Period Adjustments
Instruction:

1. Using the 10–12 column worksheet from Activity 5, copy the Adjusting Entries table format provided.
2. Refer to the Unadjusted Trial Balance prepared in Activity 5.
3. Read the adjustment information below carefully.
4. Determine which accounts need to be adjusted.
5. Record the adjusting entries by writing the correct Debit and Credit amounts in the Adjustments columns of the worksheet.
6. Check that each adjusting entry follows the rules of debit and credit and that the total debits equal the total credits.

	Unadjusted Trial Balance		Adjustments	
Description	Debit	Credit	Debit	Credit

Adjusting Data:

1. Store supplies on hand, ₱9,700.
2. The 3 months' rent paid in advance on January 2, 2025 has already expired.
3. Office equipment, useful life 5 years, no salvage value.
4. Furniture and fixtures, useful life 10 years, no salvage value.
5. Delivery vehicle, useful life 5 years, no salvage value.
6. Interest on note payable from Mar. 5 to Dec. 31 at 7% per annum remains unpaid.
7. One month salary amounting to ₱8,000 remains unpaid.
8. Electricity and telephone bill amounting to ₱2,200 remains unpaid.

Activity 7 Preparing Accurate Balances : Adjusted Trial Balance

Instruction:

1. Using the 10–12 column worksheet from the previous activity, copy the Adjusted Trial Balance format provided.
2. Refer to the Unadjusted Trial Balance and the Adjustments recorded in Activity 6.
3. For each account, combine the Unadjusted Trial Balance amount and the Adjustment amount.
4. Write the updated balance in the appropriate Debit or Credit column under the Adjusted Trial Balance.
5. Ensure that each account balance is placed in the correct column based on its normal balance.
6. Compute the total of the Debit and Credit columns and verify that total debits equal total credits.

	Unadjusted Trial Balance		Adjustments		Adjusted Trial Balance	
Description	Debit	Credit	Debit	Credit	Debit	Credit

Activity 8 : Summarizing Financial Information: Preparing an accounting worksheet

Instruction:

1. Prepare your two-column columnar notebook and copy the 10–12 column accounting worksheet format provided.
2. Write the account titles in the Description column using the Chart of Accounts.
3. Transfer the balances from the Adjusted Trial Balance (Activity 7) to the Adjusted Trial Balance columns of the worksheet.

4. Classify each account and place the amounts in the correct columns:
   - Income Statement columns for revenue and expense accounts
   - Balance Sheet columns for asset, liability, and owner's equity accounts
5. Compute the totals of each column.
6. Determine the net income or net loss and complete the worksheet by balancing the Income Statement and Balance Sheet columns.

Worksheet

Description	Unadjusted Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit

Activity 9 Reporting Business Performance: Preparation of Financial Statements
Instructions

1. Refer to the completed Accounting Worksheet from Activity 8.
2. Using the information from the worksheet, prepare the following financial statements of ReneMay Convenience Store: Income Statement, Statement of Changes in Owner's Equity, Balance Sheet and Statement of Cash Flow
3. You may choose one of the following output formats:

Option 1: Digital Output (Google Sheets)

- Use Google Sheets to prepare the financial statements.
- Create four sheets in one file:
  - Sheet 1: Income Statement
  - Sheet 2: Statement of Changes in Owner's Equity
  - Sheet 3: Balance Sheet
  - Sheet 4: Statement of Cash Flow
- Format the reports properly and print each sheet on A4 size bond paper.

Option 2: Handwritten Output

- Write each financial statement neatly on A4 size bond paper.
- Use one sheet for each report.
- Ensure that proper headings, account titles, and amounts are clearly written and aligned.

5. Make sure that the financial statements are complete, properly formatted, and consistent with the balances in the accounting worksheet.

Income Statement

Statement of Changes in Owner's Equity

Balance Sheet

Statement of Cash Flow

Activity 10 : *Resetting the Books: A* Preparation of closing entries for nominal accounts

Instruction :

1. Using your 10–12 column worksheet, copy the closing entries worksheet format provided, starting with the columns for Adjusted Trial Balance, Income Statement, Balance Sheet, and Closing Entries.
2. Refer to the Adjusted Trial Balance and Income Statement columns prepared in the previous activity.
3. Identify the nominal accounts that need to be closed, such as revenue, expenses, and drawing accounts.
4. Transfer the balances of these accounts and prepare the closing entries in the Closing Entries columns.
5. Ensure that revenue and expense accounts are closed to the Income Summary account, and that Income Summary and Drawing accounts are closed to the Capital account.
6. Verify that each closing entry follows the rules of debit and credit and that total debits equal total credits.

Worksheet

	Adjusted Trial Balance		Income Statement		Balance Sheet		Closing Entries	
Description	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit

Activity 11 : Post-Closing Trial Balance

Instruction :

1. Using your 10–12 column worksheet, copy the Post-Closing Trial Balance format provided.
2. Refer to the ledger balances after posting the closing entries from Activity 10.
3. List only the permanent accounts in the Description column, such as:
   Assets, Liabilities and Owner's Capital
4. Transfer the balances of these accounts to the Debit or Credit column of the Post-Closing Trial Balance.
5. Compute the total of the Debit and Credit columns.
6. Verify that total debits equal total credits, confirming that the books are ready for the next accounting period.

Worksheet

	Adjusted Trial Balance		Income Statement		Balance Sheet		Closing Entries		Post Closing Trial Balance	
Description	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit

Activity 12 : Preparing for the Next Period – Recording Reversing Entries

Instruction :

1. Prepare your two-column columnar notebook and copy the General Journal format provided.
2. Refer to the adjusting entries prepared in Activity 6.
3. Identify the adjusting entries that require reversing entries, such as: Accrued expenses, Accrued revenues
4. Record the reversing entries dated on the first day of the next accounting period.
5. Ensure that the debit and credit accounts are reversed from the original adjusting entry.
6. Check that each reversing entry follows the rules of debit and credit.

GENERAL JOURNAL

Date	Description	Ref	Debit	Credit

PART II. MULTIPLE CHOICE TEST

Directions: Read each question carefully. Choose the best answer and write the letter of your answer.

1 A bookkeeper records the purchase of merchandise on account in the Purchases Journal under the periodic method. Which accounts are affected?

A. Purchases and Accounts Payable
B. Merchandise Inventory and Cash
C. Accounts Payable and Sales
D. Cost of Goods Sold and Cash

2 ReneMay Convenience Store sold merchandise on account to a customer. Which journal should be used to record this transaction?

A. General Journal
B. Purchases Journal
C. Cash Disbursements Journal
D. Sales Journal

3 A student is posting journalized transactions from the Sales Journal to the ledger. What is the primary purpose of this process?

A. To determine the net income of the business
B. To transfer journal entries into individual accounts
C. To verify that source documents are accurate
D. To record adjustments at the end of the period

4 After all transactions were posted to the ledger, the accountant prepared a trial balance. What is the main objective of preparing this report?
A. To compute the financial position of the business
B. To summarize revenue and expenses
C. To check the equality of debit and credit balances
D. To determine the cost of merchandise sold

5 During the adjusting process, it was discovered that store supplies remaining on hand amounted to ₱9,700. Which adjustment is necessary?
A. Debit Store Supplies and credit Supplies Expense
B. Debit Supplies Expense and credit Store Supplies
C. Debit Store Supplies and credit Cash
D. Debit Accounts Payable and credit Store Supplies

6 Which of the following transactions would most likely require an adjusting entry at the end of the accounting period?
A. Payment of accounts payable to suppliers
B. Purchase of merchandise for cash
C. Recognition of expenses incurred but not yet paid
D. Withdrawal of cash by the business owner

7 When preparing the Adjusted Trial Balance, what step should be performed?
A. Combine the balances from the unadjusted trial balance and adjustments
B. Transfer revenue and expense accounts to the income summary account
C. Record all transactions from the source documents
D. Prepare the post-closing trial balance

8 Which accounts are transferred to the Income Statement columns when preparing the accounting worksheet?
A. Assets and liabilities C. Capital and drawing accounts
B. Revenues and expenses D. Cash and accounts receivable

9 A learner is preparing the Statement of Changes in Owner's Equity. Which information is most necessary to complete this report?
A. Beginning capital, net income, and drawings
B. Total assets and liabilities
C. Purchases and sales returns
D. Accounts receivable and accounts payable

10 The Balance Sheet of ReneMay Convenience Store is prepared primarily to show:
A. The operating performance of the business
B. The cash inflows and outflows during the year
C. The financial position of the business at a specific date
D. The revenue earned during the accounting period

11 Which financial statement shows the assets, liabilities, and owner's equity of the business at a specific date?
A. Balance Sheet C. Statement of Cash Flow
B. Income Statement D. Statement of Owner's Equity

12 A student prepared the Statement of Cash Flow for the business. What is the main purpose of this report?
A. A. To determine net income of the business
B. To show changes in owner's capital
C. To report the movement of cash during the period
D. To summarize all adjusting entries

13 Which statement best explains the importance of the accounting cycle in a merchandising business?
A. It helps determine employee productivity
B. It organizes financial transactions into useful reports
C. It identifies the best marketing strategies
D. It measures customer satisfaction in the business

14 Based on the Unadjusted Trial Balance: Cash ₱180,000; Accounts Receivable ₱95,000; Store Supplies ₱12,000. What is the total debit balance?
A. A. ₱180,000 B. ₱275,000 C. ₱287,000 D. ₱355,000

15 If Cash is ₱120,000, Accounts Receivable is ₱80,000, and Equipment is ₱200,000, what is the total assets?
A. ₱120,000 B. ₱200,000 C. ₱400,000 D. ₱450,000

16 Which transaction is recorded in the Cash Receipts Journal?
A. Purchased merchandise on account C. Returned defective goods to supplier
B. Received payment from a customer D. Paid electricity expense

17 Income Statement Debit is ₱280,000 and Credit is ₱350,000. What does this indicate?
A. Net loss of ₱70,000 C Net income of ₱630,000
B. Net income of ₱70,000 D. Net loss of ₱350,000

18 Salaries amounting to ₱8,000 remain unpaid. Which adjusting entry is required?
A. Debit Salaries Expense; Credit Salaries Payable C.Debit Cash; Credit Salaries Expense
D. Debit Salaries Expense; Credit Cash
B. Debit Salaries Payable; Credit Salaries Expense

19 Suppose the accounting worksheet shows total expenses higher than revenues. What financial result will the business report?
A. Net loss B. Net income C. Capital increase D. Asset increase

20 Which statement best describes the relationship between the accounting worksheet and financial statements?
A. The worksheet replaces the need for financial statements
B. The worksheet is prepared after financial statements
C. The worksheet records all adjusting entries permanently
D. The worksheet is used as a guide in preparing financial statements

21 Which source document is used to record a credit purchase of merchandise?
A. Debit Memo C. Purchase Invoice
B. Official Receipt D. Sales Invoice

22 A merchandise worth ₱10,000 is subject to a 20% trade discount. What is the invoice price?
A. ₱8,000 B. ₱9,000 C. ₱10,000 D. ₱12,000

23 What does terms 2/10, n/30 means?
A. 2% discount if paid within 10 days C. Full payment after 10 days
B. 10% discount within 2 days D. No discount allowed

24 When posting Accounts Receivable to the subsidiary ledger, what is recorded?
A. Total sales C. Total purchases
B. Individual customer balances D. Cash balance

25 Which account is closed to the Income Summary?
A. Accounts Payable B. Cash C. Equipment D. Sales

26 What is the purpose of closing entries?
A. To compute inventory C. To record transactions
B. To update assets D. To reset nominal accounts to zero

27 Which accounts appear in the post-closing trial balance?
A. Revenues and expenses C. Only permanent accounts
B. Only nominal accounts D. All accounts

28 What is the purpose of reversing entries?
A. To correct errors
B. To simplify recording of the next period
C. To close accounts
D. To compute profit

29 Why is the accounting worksheet important before preparing financial statements?
A. It replaces journals C. It records transactions
B. It ensures accuracy of balances D. It replaces ledger

30 If expenses exceed revenues, what will happen to owner's equity?
A. Decrease B. Double C. Increase D. No effect

LEARNING ACTIVITY SHEET (LAS)

Lesson Exemplar	11	Date	
Lesson Title/Topic:	**ACCOUNTING PRACTICE SET**		
Name		Grade & Section	

JEH STITCH MERCH CO.
A Comprehensive Accounting Practice Set: Mastering Perpetual and Periodic Inventory Systems

This practice set is an end-of-semester requirement in Business 1 (Basic Accounting).

Part 1: Business Narrative and Accounting Policies
Business Name: Jeh Stitch Merch Co.
Location: Tuguegarao City, Cagayan Valley, Philippines
Nature of Business: Merchandising (Retail and Wholesale of Clothing and Apparel)
Owner: Jerome Marquez, CPA
Accounting Policies & Information:

- **Accounting Period:** Calendar Year (January 1 to December 31).
- **Accounting Method:** Accrual Basis
- **Inventory System:** The problem is adaptable. The problem can be solved using either the **Periodic** or **Perpetual** system.
- **Tax:** For simplicity in this practice set, Value Added Tax (VAT) is ignored.
- **Methods of Adjustments:** Prepayments (Asset scenario), Unearned Revenues (Liability scenario), Depreciation (Straight-line)

Special Journals Used:
Sales Journal (SJ)
Purchases Journal (PJ)
Cash Receipts Journal (CRJ)
Cash Disbursements Journal (CDJ)
Subsidiary Ledgers:
Accounts Receivable (AR) and Accounts Payable (AP)

Part 2: Given Information
Refer to the given Chart of Accounts.

JEH STITCH MERCH CO. Chart of Accounts				
Account Number	**Account Title**		**Account Number**	**Account Title**
100	**Assets**		**400**	**Revenues**
101	Cash		401	Sales
103	Accounts Receivable		403	Sales Returns and Allowances
104	Allowance for Doubtful Accounts		404	Sales Discounts
105	Notes Receivable		**500**	**Cost of Goods Sold**
106	Interest Receivable		501	Purchases
107	Merchandise Inventory		502	Purchase Returns and Allowances
108	Store Supplies		503	Purchase Discounts
109	Office Supplies		504	Freight In

110	Prepaid Rent		505	Cost of Goods Sold *(Perpetual only)*
111	Prepaid Insurance		**600**	**Operating Expenses**
150	Store Equipment		601	Freight Out
151	Accumulated Depreciation - Store Equipment		602	Salaries Expense
200	**Liabilities**		603	Rent Expense
201	Accounts Payable		604	Utilities Expense
202	Notes Payable		605	Insurance Expense
203	Salaries Payable		606	Store Supplies Expense
204	Interest Payable		607	Office Supplies Expense
205	Utilities Payable		608	Depreciation Expense
300	**Equity**		609	Doubtful Accounts Expense
301	Jeh, Capital			
302	Jeh, Withdrawals			
303	Income Summary			

Here is the Post-Closing Trial Balance as of December 31, 2025, which will serve as the opening balances for the 2026 practice set.

JEH STITCH MERCH CO. Post- closing Trial Balance December 31, 2025			
Acct No.	**Account Title**	**Debit (PHP)**	**Credit (PHP)**
101	Cash	500,000	
103	Accounts Receivable	120,000	
104	Allowance for Doubtful Accounts		6,000
107	Merchandise Inventory	250,000	
110	Prepaid Rent	60,000	
150	Store Equipment	150,000	
151	Accumulated Depreciation - Store Equipment		30,000
201	Accounts Payable		80,000
202	Notes Payable		100,000
301	Jeh, Capital		864,000
Total		**1,080,000**	**1,080,000**

The following source documents represent the transactions that occurred during the annual operations of JEH Stitch Merch Co. for the year ending December 31, 2026. Download and print the source documents, then cut them out and arrange them in chronological order.

LINK: https://tinyurl.com/y5wuszx6

Instructions:
Complete all the requirements.

REQUIREMENT 1:

Identify and analyze the transactions from the given source documents and determine the accounts affected.

Date	*Source Document/s*	*Accounts Affected*
January 3, 2026		
January 5, 2026		
January 6, 2026		
January 10, 2026		
January 11, 2026		
February 4, 2026		
February 12, 2026		
February 18, 2026		
February 22, 2026		
February 28, 2026		
March 3, 2026		
March 8, 2026		
March 15, 2026		
March 18, 2026		
March 25, 2026		
April 2, 2026		
April 10, 2026		
April 15, 2026		
April 20, 2026		
April 25, 2026		
May 2, 2026		
May 8, 2026		
May 15, 2026		
May 20, 2026		
May 30, 2026		
June 1, 2026		
June 5, 2026		
June 12, 2026		
June 20, 2026		
June 30, 2026		
July 5, 2026		
July 10, 2026		
July 15, 2026		
July 22, 2026		
July 30, 2026		
August 2, 2026		
August 10, 2026		

August 15, 2026		
August 20, 2026		
August 31, 2026		
September 5, 2026		
September 10, 2026		
September 15, 2026		
September 16, 2026		
September 25, 2026		
October 2, 2026		
October 8, 2026		
October 15, 2026		
October 20, 2026		
October 31, 2026		
November 2, 2026		
November 10, 2026		
November 15, 2026		
November 20, 2026		
November 28, 2026		
December 2, 2026		
December 10, 2026		
December 15, 2026		
December 20, 2026		
December 29, 2026		

REQUIREMENT 2:

Record the transactions in the appropriate special journal and General journal.

GENERAL JOURNAL

Date	Description	Ref	Debit	Credit

Sales Journal

Date	Sales Invoice	Customer	P.R.	Accounts Receivable Debit	Sales Credit
		TOTALS			
				( )	( )

Purchase Journal

Date	PO / Invoice No.	Supplier	P.R.	Purchases Debit	Accounts Payable Credit
		TOTALS			
				( )	( )

Cash Receipts Journal

Date	OR No.	Account Credited	P.R.	Cash in Bank Debit	Sales Discounts Debit	Sales Credit	Accounts Receivable Credit	Sundry Accounts Credit

Cash Disbursement Journal

Date	Check # / Check Voucher #	Account Debited	P.R.	Cash in Bank Credit	Purchase Discounts Credit	Accounts Payable Debit	Sundry Accounts Debit

REQUIREMENT 3:

Post entries to the appropriate ledgers. Establish a subsidiary ledger for Accounts Receivable and Accounts payable.

ACCOUNT: Cash _____ _____

Date	Description	Debit	Credit	Balance

ACCOUNT: Accounts Receivable

Date	Description	Debit	Credit	Balance

ACCOUNT: Merchandise Inventory

Date	Description	Debit	Credit	Balance

ACCOUNT: Store Supplies

Date	Description	Debit	Credit	Balance

ACCOUNT: Office Supplies

Date	Description	Debit	Credit	Balance

ACCOUNT: Prepaid Rent

Date	Description	Debit	Credit	Balance

ACCOUNT: Prepaid Insurance

Date	Description	Debit	Credit	Balance

ACCOUNT: Store Equipment

Date	Description	Debit	Credit	Balance

ACCOUNT: Accounts Payable

Date	Description	Debit	Credit	Balance

ACCOUNT: Notes Payable

Date	Description	Debit	Credit	Balance

ACCOUNT: Jeh, Capital

Date	Description	Debit	Credit	Balance

ACCOUNT: Jeh, Withdrawals

Date	Description	Debit	Credit	Balance

ACCOUNT: Purchases

Date	Description	Debit	Credit	Balance

ACCOUNT: Purchase Returns and Allowances

Date	Description	Debit	Credit	Balance

ACCOUNT: Purchase Discounts

Date	Description	Debit	Credit	Balance

ACCOUNT: Freight- in

Date	Description	Debit	Credit	Balance

ACCOUNT: Sales

Date	Description	Debit	Credit	Balance

ACCOUNT: Sales Returns and Allowances

Date	Description	Debit	Credit	Balance

ACCOUNT: Sales Discounts

Date	Description	Debit	Credit	Balance

ACCOUNT: Freight out

Date	Description	Debit	Credit	Balance

ACCOUNT: Salaries Expense

Date	Description	Debit	Credit	Balance

ACCOUNT: Rent Expense

Date	Description	Debit	Credit	Balance

ACCOUNT: Utilities Expense

Date	Description	Debit	Credit	Balance

Open an account for each customer listed below in the Accounts Receivable subsidiary ledger:

LIST OF CUSTOMERS	
Cagayan Styles	*Opening balance of P70,000*
Valley Trendz	*Opening balance of P50,000*
Quirino Boutique	

Open an account for each creditor listed below in the Accounts Payable subsidiary ledger:

LIST OF CREDITORS	
Manila Garments	*Opening balance of P25,000*
Ilocos Textiles	*Opening balance of P30,000*
Isabela Wholesalers	*Opening balance of P25,000*

NOTE: *Arrange all customer and creditor accounts in alphabetical order.*

Accounts Receivable Subsidiary Ledger

Name of Customer: _____

Date	Description	Debit	Credit	Balance

Name of Customer: _____

Date	Description	Debit	Credit	Balance

Name of Customer: _____

Date	Description	Debit	Credit	Balance

Name of Customer: _____

Date	Description	Debit	Credit	Balance

Total Subsidiary Balance

Accounts Payable Subsidiary Ledger

Beg. Balance / Various

Date	Description	Debit	Credit	Balance

Name of Creditor/ Supplier: _____

Date	Description	Debit	Credit	Balance

Name of Creditor/ Supplier: _____

Date	Description	Debit	Credit	Balance

Name of Creditor/ Supplier: _____

Date	Description	Debit	Credit	Balance

Net Subsidiary Balance _____

REQUIREMENT 4:

Prepare the required accounting outputs in the practice set, including:
unadjusted trial balance

JEH STITCH MERCH CO.
Unadjusted Trial Balance
Date: _____

Acct #	Account Title	Debit	Credit

REQUIREMENT 5:

Prepare the required accounting outputs in the practice set, including:
adjusting entries
adjusted trial balance
accounting worksheet.

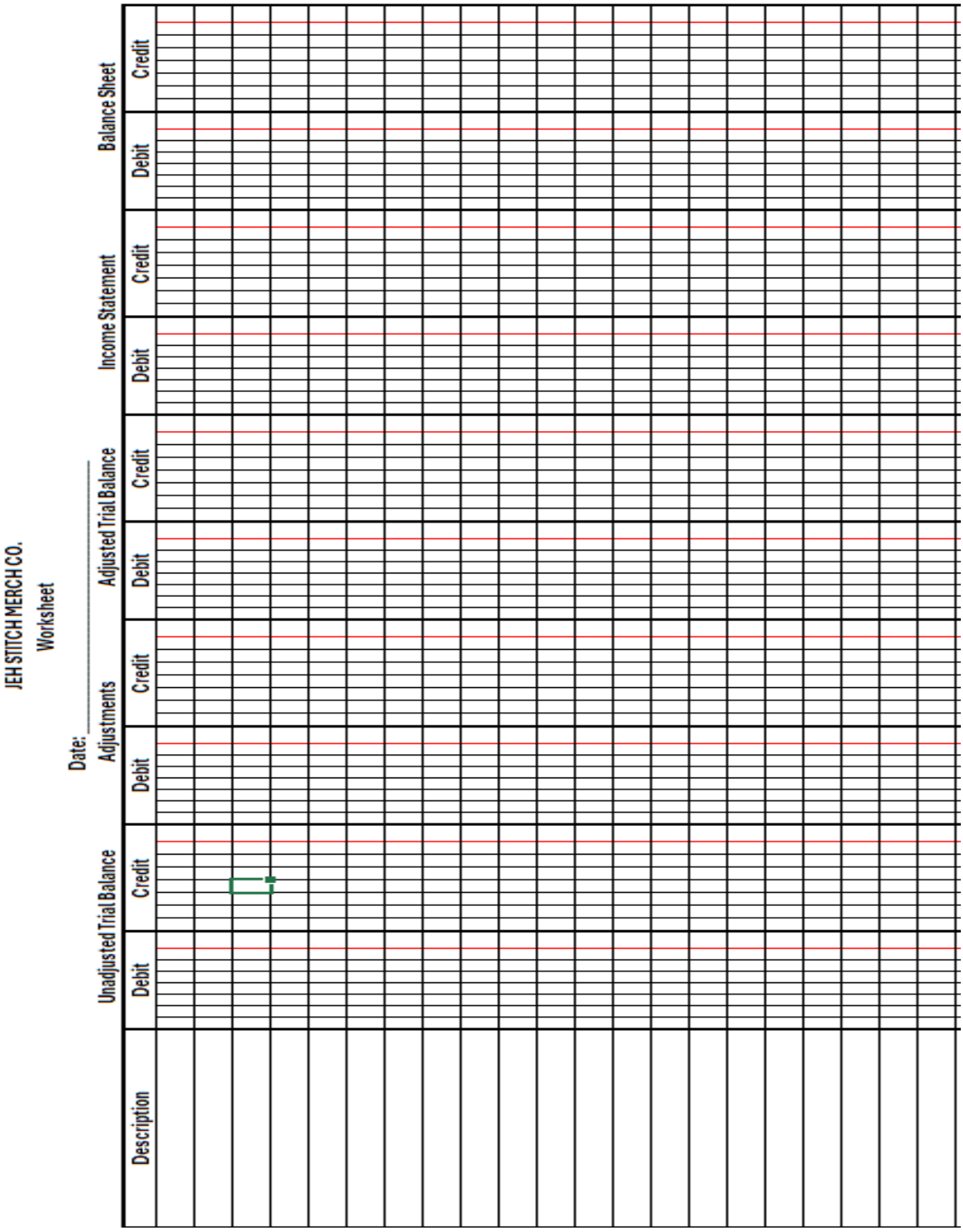
Additional information for the adjusting entries:
Record the following in the General Journal (GJ).

1. **Adjustment for Inventory:** The amount of Merchandise Inventory, ending is P295,500 (Periodic System Only)
2. **Depreciation:**
   The Store Equipment has estimated useful life of five (5) years upon which it becomes worthless.
   The New Store Equipment has an estimated useful life of five (5) years with no salvage value.
3. **Prepayments:**
   For Rent: The entire amount has expired.
   For Insurance: Refer to the transaction on June 1.
   For Supplies: A count of supplies at month-end shows that P2,000 worth of Office Supplies is still on hand, while P2,500 worth of Store Supplies has already been used.
4. **Doubtful Accounts:** Past business practice shows that 5% of Accounts Receivables is considered doubtful of collection.
5. **Accruals:**
   - Salaries for the last week of December amounting to ₱5,000 have accrued and will be paid in January 2027.
   - The December electric and water bills totaling ₱4,500 were received on December 29 but remain unpaid and unrecorded as of December 31.

General Journal

Date	Description	P.R.	Debit	Credit

Prepare the accounting worksheet



REQUIREMENT 6:

Prepare the financial statements:

Income Statement
Statement of Changes in Equity
Statement of Financial Position (Balance Sheet)
Statement of Cash Flows

REQUIREMENT 7:

Journalize the closing entries.
Prepare the post- closing trial balance.
Journalize the reversing entries.

For Closing entries:

General Journal

Date	Description	P.R.	Debit	Credit

For Post-closing Trial Balance

JEH STITCH MERCH CO.
Post-closing Trial Balance
Date: _____

Acct #	Account Title	Debit	Credit

For reversing entries:

General Journal

Date	Description	P.R.	Debit	Credit

MILESTONE AND REPORTING SCHEDULE	
TIMELINE	**TASK REQUIREMENT**
. **Phase 1 (Day 1-3)** .	**REQUIREMENT 1:** *Identify and analyze the transactions from the given source documents and determine the accounts affected.* **REQUIREMENT 2:** *Record the transactions in the appropriate special journal and General journal.* **REQUIREMENT 3:** *Post entries to the appropriate ledgers. Establish a subsidiary ledger for Accounts Receivable and Accounts payable.* **REQUIREMENT 4:** *Prepare the required accounting outputs in the practice set, including:* *unadjusted trial balance*
Phase 2 (Day 4)	Presentation of output (Oral defense) Refer to Required Presentation Flow (Phase 2- Day 4)
Phase 3 (Day 5-6)	**REQUIREMENT 5:** *Prepare the required accounting outputs in the practice set, including:* *adjusting entries* *adjusted trial balance* *accounting worksheet.*
Phase 4 (Day 7)	Presentation of output (Oral defense) Refer to Required Presentation Flow (Phase 4- Day 7)
	REQUIREMENT 6: *Prepare the financial statements:* *Income Statement*

Phase 5 (Day 8-9)	*Statement of Changes in Equity* *Statement of Financial Position (Balance Sheet)* *Statement of Cash Flows* **REQUIREMENT 7:** *Journalize the closing entries.* *Prepare the post- closing trial balance.* *Journalize the reversing entries.*
Phase 6 (Day 10)	Presentation of output (Oral defense) Refer to Required Presentation Flow (Phase 6- Day 10)

FOR THE ORAL PRESENTATION:

A. REQUIRED PRESENTATION FLOW (PHASE 2- DAY 4)

I. Introduction & Business Profile (0.5 Minute)

- The Team: Introduce the members and their specific roles in managing the "books" for JEH Stitch Merch Co.
- The Business: Briefly describe the merchandising nature of JEH Stitch Merch Co. (e.g., selling apparel).
- Accounting Policy: State the accounting period covered and confirm that both Perpetual and Periodic systems were maintained.

II. Journalizing: The Daily Record (2.5 Minutes)

- Volume of Transactions: Mention the total number of transactions recorded.
- The Comparative Approach: Show a "Split Screen" or side-by-side slide of a transactions under Perpetual and Periodic inventory system
- Special Journal Highlights: Present all special journals used.

III. Posting to the Ledgers (1.5 Minutes)

- The General Ledger: Show the General Ledger used both in the perpetual and periodic inventory systems.
- Subsidiary Ledgers: This is crucial for a merchandising business. Show how you tracked a specific customer's balance to ensure the total matches the controlling account in the General Ledger.
- Audit Trail: Explain how you ensured no transactions were missed during the posting process.

IV. The Unadjusted Trial Balance (0.5 Minute)

- The Proof of Equality: Present the full Unadjusted Trial Balance.
- Self-Reflection: Mention if the trial balance "balanced" on the first try. If not, briefly explain the error found (e.g., a transposition error or a posting slip) and how it was corrected.

B. REQUIRED PRESENTATION FLOW (PHASE 4- DAY 7)

I. Adjusting Entries & Adjusted Trial Balance (2 Minutes)

- Adjusting Entries: Present all necessary adjustments (e.g., accruals, deferrals, depreciation, inventory adjustments). Explain the rationale for each adjustment.
- Adjusted Trial Balance: Show the Adjusted Trial Balance, demonstrating that the books are now ready for financial statement preparation.

II. Accounting Worksheet (1 Minute)

- Comprehensive Overview: Display the 10-column worksheet linking the trial balance, adjustments, adjusted trial balance, and preliminary income statement and balance sheet columns.
- Relevance: Emphasize how the worksheet ensures accuracy and aids in preparing financial statements without omitting any adjustments.

III. Conclusion (0.5 Minute)

- Key Takeaways: Highlight the importance of accurate journalizing, posting, and adjusting for reliable financial reporting.
- Team Reflection: Share brief reflections on lessons learned during Phase 2 of the practice set.

C. REQUIRED PRESENTATION FLOW (PHASE 6- DAY 10)

I. Preparation of Financial Statements (2.5 Minutes)

- Income Statement: Present the company's revenue, expenses, and net income/loss derived from the adjusted trial balance. Highlight key items like sales, cost of goods sold, and operating expenses.
- Statement of Changes in Equity: Show how net income and withdrawals/owner contributions affected equity during the period.
- Balance Sheet: Display assets, liabilities, and equity, emphasizing the relationship between the ending balances and the adjusted trial balance.
- Statement of Cash flows: Present the company's cash flow activities.

II. Closing Entries (1.5 Minutes)

- Step-by-Step: Present each closing entry.
- Audit Check: Show how balances are verified before and after closing to ensure accuracy.

IV. Post-Closing Trial Balance (0.5 Minute)

- Final Proof of Equality: Present the Post-Closing Trial Balance showing only permanent accounts (assets, liabilities, equity).
- Confirmation: Highlight that all temporary accounts now have zero balances.

V. Reversing Entries (1 Minute)

- **Examples:** Show the reversing entries (e.g., accrued salaries payable, accrued interest receivable).
- **Benefit:** Emphasize how reversing entries reduce errors and speed up transaction recording in the new period.

VI. Conclusion & Team Reflection (0.5 Minute)

- **Key Takeaways:** Reinforce the importance of proper financial statements, accurate closing, and optional reversing entries for efficient accounting.
- **Team Reflection:** Share lessons learned and any insights from completing the practice set through all phases.

Summative Assessment

MULTIPLE CHOICE: Directions: Read the following questions carefully and select the best answer. Write the letter of your choice on your answer sheets.

1. What is the main activity of a merchandising business?
   A. Manufacturing products
   B. Buying and selling goods
   C. Providing services
   D. Farming
2. Which source document is issued when goods are sold on credit?
   A. Official Receipt
   B. Sales Invoice
   C. Check Voucher
   D. Credit Memo
3. Which document acknowledges cash received from a customer?
   A. Official Receipt
   B. Purchase Invoice
   C. Check
   D. Credit Memo
4. Which transaction happens when goods are bought from a supplier?
   A. Sales transaction
   B. Purchase transaction
   C. Return transaction
   D. Collection transaction
5. When a business sells goods to customers for cash, it is called:
   A. Cash purchase
   B. Cash sale
   C. Credit purchase
   D. Credit sale
6. Goods returned to the supplier are recorded as:
   A. Sales return
   B. Purchase return
   C. Discount
   D. Expense
7. Which account increases when merchandise is bought?
   A. Cash
   B. Inventory
   C. Rent Expense
   D. Salary Expense
8. A supplier received damaged goods back from the buyer. This is called:
   A. Sales Discount
   B. Purchase Return
   C. Cash Sale
   D. Collection
9. A business bought goods but agreed to pay next month. This is:
   A. Cash Purchase
   B. Credit Purchase
   C. Sales Return
   D. Expense
10. A store sold notebooks and received payment immediately. What transaction is this?
    A. Credit Sale
    B. Cash Sale
    C. Purchase Return
    D. Credit Purchase
11. Which of the following items is NOT contained in the entries made in the general journal?
    A. Account titles
    B. Posting references
    C. Explanation of transactions
    D. Running balance of accounts
12. Which of the following entries has multiple debits or credits?
    A. Single journal entry
    B. Special journal entry
    C. Multiple journal entry
    D. Compound journal entry

FOR ITEMS 13-14. Use the following transactions of Xhang Hai's Computer Repair Shop.

May	1	Xhang Hai invested ₱210,000 as initial capital to start Xhang's Computer Repair Shop. The transaction was recorded using deposit slip no. 100.
	3	The business purchased repair equipment from Rene May worth ₱30,000. A payment of ₱18,000 was made through check no. 4801, while the remaining balance was recorded as payable (on account). The invoice number was R998.
	8	A computer repair service was provided to a customer and billed at ₱5,000, as shown in billing slip no. 690.
	10	The shop completed a repair service amounting to ₱8,800. The customer paid 80% of the total immediately, while the remaining balance was left as receivable (on account). This was documented under billing slip no. 691 and deposit slip no. 012345.
	12	The telephone bill amounting to ₱3,000 was received and paid on the same day using check no. 4802.
	13	Repair supplies were purchased and paid using check no. 4803 in the amount of ₱3,000.
	14	The business collected the full amount due from the customer associated with billing slip no. 690. The collection was recorded under deposit slip no. 459086.
	18	A partial payment of ₱9,000 was made to Rene May for the repair equipment purchased on May 3, using check no. 4804.
	20	Another computer repair service was completed, and ₱6,000 was collected immediately from the customer. This transaction was recorded under billing slip no. 692 and deposit slip no. 789190.
	21	The electric bill for the month of May was received in the amount of ₱1,500.

13. Which of the following choices correctly describes the journal entry for the transaction on May 3?
    A. single journal entry
    B. special journal entry
    C. multiple journal entry
    D. compound journal entry
14. What account should be debited in the journal entry of May 8 transaction?
    A. repair fees
    B. repairs expense
    C. accounts payable
    D. accounts receivable
15. What account should be credited in the journal entry of May 10 transaction?
    A. repair fees
    B. repairs expense
    C. notes payable
    D. accounts payable

16. What is the correct journal entry for May 12?

A. Telecommunications Expense	P3, 000	
Notes Payable		P3,000
B. Telecommunications Expense	P3, 000	
Cash		P3,000
C. Cash	P3,000	
Notes Payable		P3,000

D. No entry

17. What is the correct journal entry for May 13?

A.	Repair Supplies	P3, 000	
	Cash		P3, 000
B.	Repair Supplies	P3, 000	
	Notes Payable		P3, 000
C.	Repairs Expense	P3, 000	
	Cash		P3, 000
	Notes Payable		P3, 000
D.	Repairs Expense	P3, 000	
	Repair Supplies		

18. What is the correct journal entry for May 14?

A.	Cash	P5, 000	
	Notes Receivable		P5, 000
B.	Notes Receivable	P5, 000	
	Cash		P5, 000
C.	Cash	P5, 000	
	Repair Fees		P5, 000
D.	Cash	P5, 000	
	Accounts Receivable		P5, 000

19. What is the correct journal entry for May 18?

A.	Cash	P6, 000	
	Repair Fees		P6, 000
B.	Repairs Expense	P6, 000	
	Cash		P6, 000
C.	Repair Fees	P6, 000	
	Cash		P6, 000
D.	Repairs Expense	P6, 000	
	Accounts Payable		P6, 000

20. What is the correct journal entry for May 21?

A.	Utilities Expense	P1, 500	
	Cash		P1, 500
B.	Utilities Expense	P1, 500	
	Cash		P1, 500
C.	Utilities Payable	P1, 500	
	Cash		P1, 500
D.	No entry		

21. What is the ending balance of cash in the ledger?
A. P228, 040 B. P150, 040 C. P190, 040 D. P195, 040

22. What is the ending balance of accounts receivable in the ledger?
A. P5, 000 B. P1, 760 C. P6, 760 D. 0

23. What is the ending balance of repair fees in the ledger?
A. P5, 000 B. P11, 000 C. P19, 800 D. P8, 800

24. What is the ending balance of repair supplies in the ledger?
A. P3, 000 B. P5, 000 C. 8, 000 D. 0

25. Which side of the T-account should we write the ending balance of an account?
A. on the side with the most number of entries
B. on the side with the least number of entries
C. on the side with the smaller totals
D. on the side with the larger totals

26. Which of the following items is NOT included in the heading of a trial balance?
A. date of the report C. title of the report
B. name of the business D. address of the business

FOR ITEMS 27-30. Use the following trial balance of Xhang's Computer Repair Shop.

ACCOUNT TITLES	DEBIT	CREDIT
Cash	P 600, 000	
Accounts Receivable	150, 000	
Repair Supplies	54, 000	
Furniture	300, 000	
Repair Equipment	250, 000	
Accounts Payable		P 240, 000
Notes Payable		100, 000
Xhang, Capital		????
Xhang, Withdrawal	40, 000	
Repair Fees		500, 000
Repairs Expense	30, 000	
Utilities Expense	20, 000	
TOTALS	**A**	**B**

27. What is the total asset?
    A. P1, 354, 000 B. P1, 104, 000 C. P1, 444, 000 D. P1, 394, 000
28. How much is the total debits?
    A. P1, 354, 000 B. P1, 104, 000 C. P1, 444, 000 D. P1, 394, 000
29. How much is the total liability?
    A. P240, 000 B. P340, 000 C. P340, 000 D. P840, 000
30. What is the amount of Bud, Capital?
    A. P604, 000 B. P840, 000 C. P1, 444, 000 D. 0
31. Which of the entries below is required to accrue a salary incurred but yet to be paid?
    A. debit to expense C. credit to income
    B. debit to asset D. credit to expense
32. Which of the entries listed will form part of the year end adjustment if the prepayment is initially recorded as an asset?
    A. debit to expense C. credit to income
    B. debit to asset D. credit to income
33. Which of the following classification of adjusting entries is *income already earned but not yet received* included?
    A. accrual B. pre-collection C. prepayment D. deferral
34. Which of the following classification of adjusting entries is *income already collected but not yet earned* included?
    A. accrual B. deferral C. prepayment D. unearned income

35. Which of the following effects will revenue already earned but not yet received results into?
    A. decrease asset C. increase expense
    B. increase assets D. decrease liabilities
36. Planetshakers Company bought equipment on January 3 of this year for P100, 000. At the time of purchase, the equipment was estimated to have a useful life of nine years and a trade- in value of P10, 000 at the end of nine years. Using the straight- line method, what is the amount of one year's depreciation?
    A. P11,110 B. P12, 220 C. P90, 000 D. P10,000

37. A company's weekly payroll of P5, 000 is paid on Fridays. Assume that the last day of the month falls on Wednesday. Which of the following is the required adjusting entry?
    A. Debit Salaries Expense P3, 000 and Credit Salaries Payable P3, 000
    B. Debit Salaries Expense P2, 000 and Credit Salaries Payable P2, 000
    C. Debit Unpaid Salaries P3, 000 and Credit Salaries Payable P3, 000
    D. Debit Salaries Payable P3, 000 and Credit Salaries Expense P3, 000

38. At the beginning of 2023, a company purchased a fire insurance policy recovering a property for a period of two years. The P5, 600 cost of the policy was paid in cash. At the end of 2023, the company will reduce prepaid insurance for this policy by how much?
    A. P0 B. P467 C. P5, 600 D. P2, 800

39. Office supplies were P9, 000 at the end of January and P11, 400 at the end of February. During February, office supplies expense equaled P3, 000. How much cash was paid for office supplies during February?
A. P2, 400 B. P14, 400 C. P17, 400 D. P5, 400

40. A business pays weekly salaries of P200, 000 on Friday for a five- day week ending on that day. If the fiscal period ends on Wednesday, what is the amount needed to be adjusted as accrued salaries?
A. P80, 000 B. P200, 000 C. P120, 000 D. P40, 000

41. Which of the following accounts is included in a Statement of Comprehensive Income?
A. prepaid expense C. unused supplies
B. unearned rent D. expired insurance

42. Which of the following accounts is reported in a Statement of Financial Position?
A. allowance for bad debts C. supplies expense
B. interest income D. expired insurance

43. Which of the following journal entries is not applicable to real accounts?
A. adjusting entries C. correcting entries
B. closing entries D. reversing entries

44. Which of the following statements describes the correct effect of closing entries?
A. Only nominal or temporary accounts are closed with closing entries.
B. Owner's drawing is the only real account that is being closed with the closing entries.
C. Closing entries will also reduce the contra asset account to zero.
D. The income summary account is a real account with the same nature as capital.

45. Which of the accounts listed will not be included in the preparation of post-closing trial balance?
A. cash C. owner's, capital
B. owner's, withdrawal D. accumulated depreciation

46. Which of the following entries could not possibly be a closing entry?
A. Debit Income Summary and Credit Owner's Capital
B. Debit Owner's Capital and Credit Owner's Withdrawals
C. Debit Income Summary and Credit Owner's Withdrawals
D. Debit Owner's Capital and Credit Income Summary

47. What do we have if the initial sum of the balance sheet debit column on a worksheet is greater than its credit column?
A. The sum of the Statement of Comprehensive Income credit column must exceed the sum of the Statement of Comprehensive Income debit column?
B. A loss occurred during the period.
C. The total asset is equal to total expenses.
D. There is a profit for the period.

48. What accounts will not be reduced to a zero balance in a closing entry?
A. revenues B. expenses C. drawings D. capital

49. Statement 1: The accounts found in the income statement are called nominal accounts or permanent accounts
Statement 2: The accounts found in the balance sheet are called real accounts or temporary accounts
Statement 3: The post- closing trial balance will contain only real accounts
A. Only Statement 3 is correct C. Only Statement 3 is incorrect
B. All statements are correct D. All statements are incorrect

50. Statement 1: The Income Summary is used to close the income and expense accounts Statement 2: The adjusting entry involving Depreciation Expense can be reversed
A. Statement 1 is True; Statement 2 is False C. Both statements are True
B. Statement 1 is False; Statement 2 is True D. Both statements are False