

Assignment 2

First question:

true or false statements.

- 1- The investments of the owner result in an increase in the owner's equity only.
 - True
 - false
- 2- Purchasing supplies on account will result in an increase in both liabilities and assets.
 - True
 - false
- 3- Payment of employees' salaries will result in an increase in assets and a decrease in owner's equity.
 - True
 - false
- 4- The withdrawal of cash by the owner for personal use will result in a decrease in both assets and owner's equity.
 - True
 - false
- 5- Performing service for cash will result in an increase in assets and a decrease in owner's equity.
 - True
 - false
- 6- Making an advertising campaign on account will result in an increase in liabilities and a decrease in owner's equity.
 - True
 - false
- 7- Purchasing equipment for cash results in a decrease in assets and an increase in liabilities.
 - True
 - false

- 8- any transaction has a dual effect on the accounting equation .
- True
 - false
- 9- Hiring an employee is considered an economic event and have a direct effect on the accounting equation.
- True
 - false
- 10- The payment of the accounts payable results in a decrease in both assets and liabilities.
- True
 - false

Second Question:

Choose the correct answer:

- 1- the investment of the owner to start the business will:
- A. Increase cash and decrease owner's capital.
 - B. Decrease cash and decrease owner's capital.
 - C. Increase cash and increase owner's capital.
 - D. Decrease cash and increase owner's capital.
- 2- Payment of monthly rent will:
- A. Decrease cash and decrease owner's equity.
 - B. Increase cash and decrease owner's equity.
 - C. Increase cash and increase owner's equity.
 - D. Decrease cash and increase owner's equity.
- 3- The purchase of equipment on account will:
- A. Increase equipment and decrease accounts payable
 - B. Increase equipment and increase accounts payable
 - C. Decrease equipment and increase accounts payable
 - D. increase equipment and increase accounts receivable

4- Billing customers for services performed will

- A. Increase accounts receivable and decrease service revenue.
- B. increase accounts receivable and increase service revenue
- C. increase accounts payable and increase service revenue
- D. decrease accounts receivable and increase service revenue

5- Receiving cash from customers who are previously billed will

- A. Increase cash and increase accounts receivable.
- B. Increase cash and decrease accounts payable.
- C. Decrease cash and increase accounts receivable.
- D. Increase cash and decrease accounts receivable.

6- incurred advertising expense on account results in

- A. An increase in advertising expense and an increase in accounts payable
- B. A decrease in advertising expense and an increase in accounts payable
- C. An increase in advertising expense and a decrease in accounts payable
- D. A decrease in advertising expense and a decrease in accounts payable

7- The owner's withdrawals for personal use

- A. Increases cash and decreases drawings
- B. Increases cash and increases drawings
- C. Decreases cash and decreases drawings
- D. Decreases cash and increases drawings

8- Purchasing supplies for cash will:

- A. Increase supplies and increase cash
- B. Increase supplies and decrease cash
- C. decrease supplies and increase cash
- D. decrease supplies and decrease cash

9- Performing service and receiving half of its value in cash and the remaining on account will result in.

- A. an increase in cash , accounts receivable and service revenue
- B. an increase in cash and service revenue and a decrease in accounts receivable
- C. a decrease in cash and accounts receivable and an increase in service revenue
- D. none of the above

10- payment of accounts payable to the suppliers will:

- A. decrease cash and increase accounts payable
- B. increase cash and decrease accounts payable
- C. decrease cash and decrease accounts payable
- D. increase cash and increase accounts payable

Third question:

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The Answer sheet

Name/

Group /

Academic number/

<u>The first question</u>			<u>The second question</u>				
	T	F	A	B	C	D	
1-	0	0	1-	0	0	0	0
2-	0	0	2-	0	0	0	0
3-	0	0	3-	0	0	0	0
4-	0	0	4-	0	0	0	0
5-	0	0	5-	0	0	0	0
6-	0	0	6-	0	0	0	0
7-	0	0	7-	0	0	0	0
8-	0	0	8-	0	0	0	0
9-	0	0	9-	0	0	0	0
10-	0	0	10-	0	0	0	0

