

**College of Administrative and Financial Sciences**

**Assignment 1**

**Deadline: (end of week 6) 10/10/ 2020 @ 23:59**

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| Course Name: Government and Non-Profit Accounting | Student’s Name: |
| Course Code: ACCT 321 | Student’s ID Number: |
| Semester: 1 | CRN: |
| Academic Year: 1441/1442 H |

**For Instructor’s Use only**

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| --- |
| Instructor’s Name:  |
| Students’ Grade: …… **/5** | Level of Marks: High/Middle/Low |

**Instructions – PLEASE READ THEM CAREFULLY**

* The Assignment must be submitted on Blackboard (**WORD format only**) via allocated folder.
* Assignments submitted through email will not be accepted.
* Students are advised to make their work clear and well presented, marks may be reduced for poor presentation. This includes filling your information on the cover page.
* Students must mention question number clearly in their answer.
* Late submission will NOT be accepted.
* Avoid plagiarism, the work should be in your own words, copying from students or other resources without proper referencing will result in ZERO marks. No exceptions.
* All answered must be typed using **Times New Roman (size 12, double-spaced)** font. No pictures containing text will be accepted and will be considered plagiarism).
* Submissions without this cover page will NOT be accepted.

**Assignment Question(s): (Marks. 5)**

Q1. State whether these statements are true or false. Discuss why the false statements are false.

 a. An entity is likely to be a governmental entity if a controlling majority of its governing body is appointed by governmental officials.

 b. The objective of a government is to provide services to its constituents.

 c. AICPA pronouncements have approximately the same level of authority as articles appearing in the Journal of Accountancy.

 d. The objective of a not-for-profit organization is to provide services to its constituents.

 e. By definition, all funds have cash, financial resources, and capital resources.

 f. The objective of a business organization is to enhance the wealth of its owners.

Q2. A department of a local government began operations at the beginning of the current fiscal year with $250,000 cash. During the fiscal year, the department made cash disbursements for the following:

 Salaries and other personnel costs, $100,000

 Office rent and utilities, $24,000

 Retirement of debt principal, $10,000; payment of interest, $2,200

 Purchased equipment at the beginning of the fiscal year for $30,000; the equipment is expected to last 6 years and have a salvage value of $6,000

 Photocopier rental, $10,500

Based on the preceding transactions, compute total annual *expenditures* for this department assuming it performs governmental-type activities and is accounted for in the General Fund.

Then compute total annual *expenses* for this department assuming it performs activities within an Enterprise Fund.

Q3. The council of the Town of Tulia approved the 2013 budget as follows:

 Budgeted 2013 revenues from:

 Property taxes $5,000,000

 Sales taxes $1,000,000

 Appropriations for 2013:

 Salaries $4,600,000

 Materials $1,200,000

 Equipment $100,000

 During 2013, the town’s mayor presented the council with a budget revision to increase the amount of appropriation for salaries by $10,000. The council approved this budget revision.

**Required:**

 a. Prepare the general journal entry necessary to initially record the budget.

 b. Prepare the general journal entry necessary to record the budget revision.

Q4. Following is a trial balance for Nadia Day Care, as of July 31, 2013, the end of its first month of business. Based on the trial balance, prepare an income statement for the month ended July 31, 2013, and a balance sheet as of July 31, 2013.

 Debits Credits

 Cash $27,400

 Accounts receivable 500

 Prepaid rent 2,500

 Equipment 6,000

 Accumulated depreciation, equipment $100

 Accounts payable 300

 Salaries payable 240

 Interest payable 133

 Notes payable 20,000

 Capital 10,000

 Revenues 11,500

 Operating expense 1,000

 Salary expense 1,840

 Utility expense 300

 Interest expense 133

 Rent expense 2,500

 Depreciation expense 100

 Totals $42,273 $42,273