

11508046
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Comilla University
Faculty of Engineering
Department of Computer Science & Engineering
1st Year 1st Semester Final Examination-2015
Session: 2014-2015
Course Title: Financial and Managerial Accounting
Course Code: ACCT117

Time: 03 Hours

Total Marks: 60

[Answer any five of the following questions. Figures in the right margin indicate full marks.]

[04+06+02]

1. a) What is the difference between financial accounting and management accounting?
- b) Who are the users of accounting information and how they use accounting information?
- c) "Accounting creates accountability of an organization." Explain the statement.

[05+07]

2. a) What is the basic accounting equation? Define the terms assets, liabilities, and owner's equity.

- b) Joan Robinson opens her own law office on April 01, 2015. During the first month of operations, the following transactions occurred:

April 01 : Joan invested Tk. 10,000 in cash in the law practice;

April 02: Paid Tk. 800 for April rent on office space;

April 10 : Purchased office equipment on account Tk. 3,000;

April 12 : Provided legal services to clients for cash Tk. 1,500;

April 15 : Borrowed Tk. 700 cash from a bank on a note payable;

April 20 : Performed legal services for client on account Tk. 2,000;

April 30: Paid monthly expenses: salaries Tk. 500, utilities Tk. 300 and telephone Tk. 100.

Prepare a tabular summary of the transactions, using following column headings: Cash, Equipment, Accounts Receivable, Notes Payable, Accounts Payable, and capital.

[04+04+04]

3. Bob Sample opened the Campus Laundromat on September 1, 2014. During the first month of operations the following transactions occurred:

September 01: Invested Tk. 20,000 cash in the business.

September 05: Purchased equipment for Tk. 25,000 in cash.

September 15: Received a bill from the Daily News for advertising the opening of the laundromat Tk. 200.

September 30: Withdrew Tk. 700 cash for personal use.

Instructions:

- a) Journalize the September transactions.
- b) Open ledger accounts and post the September transactions.
- c) Prepare a trial balance at September 30, 2014.

[12]

4. The trial balance of Z. Mouwri contained the following accounts at December 31, 2012 of the company's fiscal year.

Z. Mouwri
Trial Balance
December 31, 2014

Account Titles	Debit (Tk.)	Credit (Tk.)
Cash	3,34,000	
Accounts Receivable	3,76,000	
Merchandise Inventory	6,24,000	
Land	9,20,000	
Building	19,70,000	
Accumulated Depreciation- Building		5,40,000
Equipment	8,35,000	
Accumulated Depreciation- Equipment		4,24,000
Notes Payable		5,00,000
Accounts Payable		3,75,000
Mouwri's Capital		26,78,000

Mouwri's Drawings	1,00,000	88,61,000
Sales	46,000	
Sales Discounts	72,51,000	
Purchase		1,60,000
Purchase Discounts	1,24,000	
Freight In	6,98,000	
Salaries Expenses	94,000	
Utilities Expenses	59,000	
Repair Expenses	72,000	
Gas and Oil Expenses	35,000	
Insurance Expenses		
	<u>135,38,000</u>	<u>135,38,000</u>

Adjustment data:

- Depreciation is Tk. 1,00,000 on Building and Tk. 90,000 on equipment;
- Interest of Tk. 70,000 is due and unpaid on notes payable at December 31, 2012.

Other data:

- Merchandise inventory on hand at December 31, 2012 is Tk. 90,000.
- Salaries are 80% selling and 20% administrative.
- Utilities expense, repair expense and insurance expense are 10% administrative.
- Tk. 150,000 of the notes payable are payable next year.
- Gas and oil expense is a selling expense.

Instruction: Prepare an income statement for the year and owner's equity statement and a classified balance sheet at December 31, 2012.

5. At the end of its first month of operations, Watson Answering Service has the following unadjusted trial balance: [12]

Watson Answering Service
August 31, 2013
Trial Balance

Serial No.	Account Titles	Ref.	Debit (Tk.)	Credit (Tk.)
01	Cash		5,400	
02	Accounts Receivable		2,800	
03	Prepaid Insurance		2,400	
04	Supplies		1,300	
05	Equipment		60,000	
06	Notes Payable			40,000
07	Accounts Payable			2,400
08	Capital			30,000
09	Drawing		1,000	
10	Service Revenue			4,900
11	Salaries Expense		3,200	
12	Utilities Expense		800	
13	Advertising Expense		400	
			<u>77,300</u>	<u>77,300</u>

Other data:

- Insurance expires at the rate of Tk. 200 per month.
- Tk. 1,000 supplies are on hand at August 31.
- Monthly depreciation on the equipment is Tk. 900.
- Interest of Tk. 500 on the notes payable has accrued during August.

Prepare a 10-column Worksheet.

[04+08]

6. a) "All transactions are events but all events are not transactions." Explain.
 b) The cost and sales data (per unit) of a company are as follows:

Sales price per unit	<u>Tk. 150</u>
Direct material cost per unit	50
Direct wages per unit	30
Direct overhead per unit	<u>20</u>
Fixed overhead for the month	Tk. 25,000.

Required:

- Draw the break-even chart and show the break-even sales in units and taka in the graph.
- If the actual sales for the month were 1000 units, show the margin of safety in units in the chart.

[02+10]

7. a) What is Cost Sheet? What are the advantages of preparing a Cost Sheet?
 b) The following cost and inventory data for the just completed year are taken from the accounting records of Clinton Company:

Costs incurred:

- Advertising expense Tk. 1,00,000
- Direct labor cost Tk. 90,000
- Purchases of raw materials Tk. 1,32,000
- Rent, factory building Tk. 80,000
- Indirect labor Tk. 56,300
- Sales Commissions Tk. 35,000
- Utilities, factory Tk. 9,000
- Maintenance, factory equipment Tk. 24,000
- Supplies, factory Tk. 700
- Depreciation, office equipment Tk. 8,000
- Depreciation, factory equipment Tk. 40,000

<u>Inventories</u>	<u>Beginning of Year</u>	<u>Ending of Year</u>
Raw materials.....	Tk. 8,000	Tk. 10,000
Work in process.....	Tk. 5,000	Tk. 20,000
Finished goods.....	Tk. 70,000	Tk. 25,000

Prepare a cost sheet.

[04 × 03]

8. Write down short notes on: (any four)

- Accounting Cycle
- Government Accounting
- Revenue Recognition Principle
- Auditing
- Taxation
- Journalizing vs. Posting