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**ISLAMIC UNIVERSITY OF TECHNOLOGY (IUT)**  
**ORGANISATION OF ISLAMIC COOPERATION (OIC)**

**Department of Computer Science and Engineering (CSE)**

**MID SEMESTER EXAMINATION**

**SUMMER SEMESTER, 2018-2019**

**DURATION: 1 Hour 30 Minutes**

**FULL MARKS: 75**

**Hum 4641: Accounting**

**Programmable calculators are not allowed. Do not write anything on the question paper.**

There are **4 (four)** questions. Answer any **3 (three)** of them.

Figures in the right margin indicate marks.

1. a) "Pacioli described a unique system to ensure that financial information was recorded efficiently and accurately"- Explain it. 3
- b) Answer each of the following questions by using expanded accounting equation: 4
- i. The liabilities of Mark Company are \$90,000. John Mark's capital account is \$150,000; drawings are \$40,000; revenues, \$450,000; and expenses, \$320,000. What is the amount of Mark Company's total assets? 150 000
  - ii. The total assets of Barone Company are \$57,000. Nancy Barone's capital account is \$25,000; drawings are \$7,000; revenues, \$50,000; and expenses, \$35,000. What is the amount of the company's total liabilities? 2 a 000
- c) Miller's Repair Shop was started on May 1, 2018 by Mark Miller. A summary of May transactions is presented below. 18
- Invested \$10,000 cash to start the repair shop.
  - Purchased equipment for \$5,000 cash.
  - Paid \$400 cash for May office rent.
  - Paid \$500 cash for supplies.
  - Incurred \$250 of advertising costs in the Beacon News on account.
  - Received \$5,100 in cash from customers for repair service.
  - Withdrew \$1,000 cash for personal use.
  - Paid part-time employee salaries \$2,000.
  - Paid utility bills \$140.
  - Provided repair service on account to customers \$750.
  - Collected cash of \$120 for services billed in transaction (x).

**Required:**

Prepare a tabular analysis of the transactions, using the following column headings: Cash, Accounts Receivable, Supplies, Equipment, Accounts Payable, M.Miller, Capital; M.Miller, Drawings; Revenues, and Expenses.

2. a) Draw the chart of Golden Rules of Accounting. 6
- b) Mary Jansen is a licensed CPA. During the first month of operations of her business, the following events and transactions occurred. 19
- May 1:** Mary invested \$25,000 cash in her business.
- May 2:** Hired a secretary-receptionist at a salary of \$2,000 per month.
- May 3:** Purchased \$2,500 of supplies on account from Barry Supply Company.
- May 7:** Paid office rent of \$900 cash for the month.
- May 11:** Completed a tax assignment and billed client \$2,100 for services provided.
- May 12:** Received \$3,500 advance on a management consulting engagement.
- May 17:** Received cash of \$1,200 for services completed for Max Company.

**May 31:** Paid secretary-receptionist \$2,000 salary for the month.

**May 31:** Paid 40% of balance due Barry Supply Company.

Mary uses the following chart of accounts: No. 101 Cash, No. 112 Accounts Receivable, No. 126 Supplies, No. 201 Accounts Payable, No. 205 Unearned Revenue, No. 301 Mary Jansen, Capital; No. 400 Service Revenue, No. 726 Salaries Expense, and No. 729 Rent Expense.

**Required:**

- i. Journalize the transactions.
- ii. Post to the ledger accounts.
- iii. Prepare a trial balance on May 31, 2018.

3. a) A Mobile Phone shop makes a sale of mobile phones for \$1,000 on June 30. The customer is sent a statement on July 5 and a cheque is received on July 10. The Mobile Phone shop follows Revenue Recognition Principle. When is the \$1,000 considered to be earned? Explain the reason. 5
- b) Which items are included in Deferrals and Accruals? 2
- c) Sara Woods started his own consulting firm, Woods Consulting, on May 1, 2017. The trial balance at May 31 is as follows. 18

**WOODS CONSULTING**

**Trial Balance**

May 31, 2017

Accounts Title	Debit	Credit
Cash	\$ 5,700	
Accounts Receivable	6,000	
Supplies	1,900	
Prepaid Insurance	3,600	
Office Furniture	10,200	
Accounts Payable		\$ 4,500
Unearned Service Revenue		2,000
S. Woods, Capital		17,700
Service Revenue		7,500
Salaries Expense	3,400	
Rent Expense	900	
	<b>\$31,700</b>	<b>\$31,700</b>

In addition to those accounts listed on the trial balance, the chart of accounts for Woods Consulting also contains the following accounts and account numbers: No. 150 Accumulated Depreciation—Office Furniture, No. 212 Salaries Payable, No. 229 Travel Payable, No. 631 Supplies Expense, No. 717 Depreciation Expense, No. 722 Insurance Expense, and No. 736 Travel Expense.

**Other data:**

- \$900 of supplies have been used during the month.
- Travel expense incurred but not paid on May 31, 2017, \$250.
- The insurance policy is for 2 years.
- \$400 of the balance in the unearned service revenue account remains unearned at the end of the month.



- May 31 is a Wednesday, and employees are paid on Fridays. Woods Consulting has two employees, who are paid \$800 each for a 5-day work week.
- The office furniture has a 5-year life with no salvage value. It is being depreciated at \$170 per month for 60 months.
- Invoices representing \$1,200 of services performed during the month have not been recorded as of May 31.

**Required:**

- Prepare the adjusting entries for the month of May, 2017.
- Prepare an adjusted trial balance at May 31, 2017.

- 4 a) Your friend Natasha is confused about the accounts that are closed and the accounts that are not closed. Which chart will you show him? 5
- b) The trial balance columns of the worksheet for Goode Company at March 31, 2018, are as follows. 20

**GOODE COMPANY****Worksheet**

For the Month Ended March 31, 2018

Account Titles	Trial Balance	
	Dr.	Cr.
Cash	\$ 4,500	
Accounts Receivable	3,200	
Supplies	2,000	
Equipment	11,000	
Accumulated Depreciation-Equipment		\$ 1,250
Accounts Payable		2,500
Unearned Revenue		550
T.Goode, Capital		12,900
T.Goode, Drawing	1,100	
Service Revenue		6,300
Salaries Expense	1,300	
Miscellaneous Expense	400	
	<b>\$ 23,500</b>	<b>\$ 23,500</b>

**Other data:**

- A physical count reveals only \$650 of supplies on hand.
- Depreciation for March is \$250.
- Unearned revenue amounted to \$170 at March 31.
- Accrued salaries are \$600.

**Required:**

- Enter the trial balance on a worksheet and complete the worksheet.
- Journalize the closing entries from the financial statement columns of the worksheet.