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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 4247: 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?
  - 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?
- 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:**

- i. Prepare the adjusting entries for the month of May, 2017.
- ii. 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:**

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