

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

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

**MID SEMESTER EXAMINATION**

**SUMMER SEMESTER, 2017-2018**

**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) What do you mean by accounting? Who are the users of accounting information? 10  
 b) What is accounting equation? Why must it always balance? 6  
 c) Identify the basic steps in the recording process. 9
  
2. Write short notes on following terms: 5×5  
 a) Debit and Credit    b) Economic entity    c) Accounting Period    d) Financial Statements  
 e) Accrual and cash basis
  
3. a) What do you mean by a trial balance? What are the limitations of a trial balance? 7  
 b) From the following increase and decrease, find out the transactions (Assume any figure to complete the transactions). 4
  - i. An increase in assets and an increase in equity.
  - ii. A decrease in assets and a decrease in owner's equity.
  - iii. An increase in assets and an increase in liabilities.
  - iv. A decrease in assets and decrease in liabilities.
  
- c) On the basis of above transactions in Question 3.(b), journalize, post to the ledger accounts and prepare a trial balance. 14
  
4. a) Explain why adjusting entries are needed. 7  
 b) Journalize the adjusting entries for December 31<sup>st</sup> 2017. 18

**X Advertising Agency  
 Trial Balance  
 December 31<sup>st</sup> 2017**

	Unadjusted		Adjusted	
	Dr.	Cr.	Dr.	Cr.
Accounts Receivable	20,000		21,500	
Arts Supplies	8,600		5,000	
Prepaid Insurance	3,350		2,500	
Printing Equipment	60,000		60,000	
Accumulated depreciation		28,000		33,000
Accounts Payable		5,000		5,000
Interest Payable		0		150
Unearned Advertising Fees		7,200		5,600
Salaries Payable		0		1,300
Share Capital		15,500		15,500
Dividend	12,000		12,000	
Advertising Revenue		58,600		61,700
Salaries Expense	10,000		11,300	
Insurance Expense			850	
Interest Expense	350		500	
Depreciation Expense			5,000	
Arts Supplies Expense			3,600	
	<u>1,14,300</u>	<u>1,14,300</u>	<u>1,22,250</u>	<u>1,22,250</u>