

International Islamic University Chittagong  
Department of Electrical and Electronic Engineering  
B. Sc. Engineering in EEE

**Semester End Examination, Spring 2024**

Course Code: ACC 2401

Time: 2 hours 30 minutes

Course Title: Financial and Managerial Accounting

Full Marks: 50

Answer all the questions. The figures in the right-hand margin indicate full marks.

Course Outcomes (COs), Program Outcomes (POs) and Bloom's Levels (BL) of the Questions		
CO	CO Statements	PO
CO1	Explain the basic concept of financial accounting, cost accounting and management accounting.	PO11
CO2	Analyze the basic concept of Cost Accounting and preparation of Cost Sheet.	PO11
CO3	Apply the tools from accounting and cost accounting this would facilitate the decision making i.e. Budgeting, Make or Buy decision.	PO11
CO4	Compare the different business situations and suggest to best solution with analytical abilities.	PO11

**Bloom's Levels (BL) of the Questions**

Letter Symbols	C1	C2	C3	C4	C5	C6
Meaning	Remember	Understand	Apply	Analyze	Evaluate	Create

**Part A**

ASHA Counseling Center

Trial Balance

May 31, 2018

CO2 C2 10

Sl. No.	Name of Accounts	Debit	Credit
	Cash	Tk.1,670	-
	Notes Receivable	10,340	-
	Supplies	560	-
	Prepaid Insurance	1,790	-
	Furniture	27,410	-
	Accumulated Depreciation- Furniture	-	Tk.1,480
	Building	55,900	-
	Accumulated Depreciation-Building	-	33,560
	Land	13,700	-
	Accounts Payable	-	14,730
	Unearned service revenue	-	6,800
	N/P-Long Term	-	18,700
	R. J. Capital	-	34,290
	R. J. Withdrawal	3,800	-
	Service revenue	-	9,970
	Salary expense	2,170	-
	Utilities expense	490	-
	Property Tax expense	640	-
	Advertisement expense	1,060	-
	<b>Total</b>	<b>1,19,530</b>	<b>1,19,530</b>

Additional data at May 31, 2018:

- ✓a) Accrued salary expense Tk.1600.
- ✓b) Supplies on hand Tk.310.
- ✓c) Prepaid insurance expired during May Tk.690
- ✓d) Accrued interest expense Tk.720.
- ✓e) Unearned service revenue earned during May Tk.4,800.



- f) Accrued interest revenue Tk.170.  
g) Depreciation: Furniture Tk.380; Building Tk.160.

Required: Complete a ten-column worksheet for May.

CO2 C2,C1 10

2. Prepare financial Statements from the following Adjusted trial balance.

ROYAL Insurance Agency  
Adjusted Trial Balance  
For the Month ended October 31, 2021

Accounts	Debit	Credit
Cash	10,400	-
Accounts Receivable	13,810	-
Supplies	340	-
Prepaid Rent	1800	-
Furniture	26,840	-
Accumulated Depreciation- Furniture	-	3,900
Building	68,300	-
Accumulated Depreciation-Building	-	9,900
Accounts Payable	-	7,290
Salary Payable	-	1,200
Unearned service revenue	-	4,300
Haris's, Capital	-	85,500
Haris's, Withdrawal	4,900	-
Service revenue	-	22,060
Salary expense	3,040	-
Rent expense	900	-
Utilities expense	530	-
Depreciation expense-Furniture	500	-
Depreciation expense-Building	800	-
Supplies expense	1,500	-
Advertisement expense	490	-
Total	1,34,150	1,34,150

OR

2.

S.A.M COMPANY  
Trial balance  
December 31, 2019

CO2 C2,C1 10



Particular	Dr (£)	Cr (£)
Cash	62,800	
Accounts receivable	117,120	
Prepaid rent	46,080	
equipment	173,760	
Accumulated depreciation- equipment		21,120
Account payable		62,400
Unearned revenue		49,920
Salary payable		10,000
Capital		96,000
Drawings	46,080	
Commission revenue		653,200
Salary expense	321,600	
Travel expense	96,480	
Interest expense	10,000	
Misalliance expense	18,720	
Total	892,640	892,640

Following additional data as follows :

**Adjustment data:**

- (i) The equipment has an expected life of 10 years with no salvage value.
- (ii) Prepaid rent expired for the year One third of total amount.
- (iii) Accrued salaries are £15,000.
- (iv) Travel expenses accrued but unreimbursed to sales staff at December 31 were £ 17,280
- (i) Service revenue accrued but yet to be recorded totaled £1,000.
- (vi) Unearned revenue as at 31 December totaled £15,750.

**Required:**

1) Prepare adjusting journal entries for given adjustment data.

Prepare the adjusted trial balance at December 31, 2019, the end of the company's fiscal year..

**Part B**

3.

Peak sales for Midwest Products, Inc. occur in August. The company's sales budget for the third quarter showing these peak sales is given below:

	July	August	September	Total
Budgeted sales	\$600,000	\$900,000	\$500,000	\$2,000,000

From past experience, The company has learned that 20% of a month's sales are collected in the month of sale, that another 70% is collected in the month of following sale, and that the remaining 10% is collected in the second month following sale. Bad debts are negligible and can be ignored. May sales totaled \$430,000, and June sales totaled \$540,000

**Required:**

CO1 C4 10



a. Prepare a schedule of expected cash collections from sales, by month and in total, for the third quarter.

b. Assume that the company will prepare a budgeted balance sheet as of September 30. Compute the accounts receivable as of that date

4. AHMAD door Company sells doors to home builders. The doors are sold for \$100 each. Variable costs are \$40 per door and fixed costs total \$720,000 per year. The company is currently selling 14000 doors per year.

CO3

C4

**Required:**

- Compute BEP in sales unit and sales amount.
- How many units would have to be sold to earn a minimum net operating income of \$240,000?
- Prepare a contribution format income statement and compute DOL.
- Management is confident that the company can increase sales by 3,500 doors next year. Compute the expected percentage increase in net operating income for next year and also expected total amount of net operating income for the next year. (Do not prepare an income statement, use degree of operating leverage).

5. Super Sales Company is the exclusive distributor for a revolutionary booking. The product sells for \$60 per units and variable expenses per unit \$36. The company's fixed expenses are \$360,000 per year.

CO3

C4

10

**Required:**

- What are the Super Sales Company CM ratio?
- Using the equation method:
  - What is the break-even point in units and in sales dollars?
  - What sales level in unit and in sales dollars in required to earn an annual profit of \$90,000?
  - Assume that through negotiation with the manufacturer the Super Sales Company is able to reduce its variable expenses by \$3 per unit. What is the company's new break-even point in units and in sales dollars?
- What are the Super Sales Company MOS and OL?

**OR**

The production department of ZZZ Corporation has submitted the following forecast of units to be produced by quarter for the upcoming fiscal year:

CO3

C4

10

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Units to be produced	5,000	8,000	7,000	6,000

In addition, the beginning raw materials inventory for the 1st Quarter is budgeted to be 7,000 grams and the beginning accounts payable for the 1st Quarter is budgeted to be \$25,000. Each unit requires 10 grams of raw material that costs \$2 per gram. Management desires to end each quarter with an inventory of raw materials equal to 35% of the following quarter's production needs. The desired ending inventory for the 4th Quarter is 8,000 grams. Management plans to pay for 80% of raw material purchases in the quarter acquired and 20% in the following quarter.

**Required:**

- Prepare the company's direct materials budget and schedule of expected cash disbursements for purchases of materials for the upcoming fiscal year.