



Daffodil
International
University

Department of Computer Science and Engineering
Faculty of Science and Information Technology
Midterm Examination, Semester-Fall-2019
Course code: ACT-301
Course title: Financial and Managerial Accounting

Time: 1.5 Hours

Total Marks: 25

Course Teacher: All

Part –A [2*2=4]

Answer any two questions

- a) Explain about basic equation of Accounting. [2]
- b) What is accounting? Who uses Accounting data? [2]
- c) Why do shareholder and tax authority use accounting information? Explain. [2]
- d) Write short note: Revenue Recognition Principal, Economic Entity Assumption [2]

Part-B

Answer all the Questions

1. Parvez started her own consulting firm, Parvez Consulting, on June 1, 2019. On June 30 the balance sheet showed cash Tk 30,000 , accounts receivable Tk. 15000, accounts payable Tk. 12,000 and capital is Tk.54,000 .The following transactions occurred during the month of July:

- | | | | |
|------|----|--|-----|
| July | 1 | Parvez invested Tk. 10,000 cash in the business | [7] |
| | 2 | Paid Tk. 1200 for office rent of the month. | |
| | 3 | Purchased Tk. 5000 of supplies on account. | |
| | 9 | Received Tk. 20000 for the services provided. | |
| | 12 | Withdrew Tk. 1500 cash for personal use | |
| | 17 | Service provided Tk.25000, Received cash Tk.10000 and Balance will be paid on August 10. | |
| | 20 | Paid for the supplies purchased on account on May 3. | |
| | 26 | Borrowed Tk. 5000 from the bank on a note payable. | |
| | 29 | Purchased office equipment for Tk. 3000 of which tk 1000 paid in cash and the remaining amount is due. | |
| | 31 | Paid Tk. 950 for utilities. | |

Instruction: a) Show the effects of the previous transactions on the accounting equation in tabular form.
b) Prepare Income Statement.

2. Juvenile Park started its park business During March, 2019 the following events and transactions occurred:

- | | | |
|--------|----|---|
| March. | 1 | Invested Tk. 15,000 cash in the business. |
| | 3 | Miscellaneous expenses incurred on account Tk. 8000 |
| | 5 | Cash paid to creditors on account Tk. 3000 |
| | 8 | Drawings during March were Tk. 500. |
| | 5. | Supplies Purchased in cash Tk. 1000 |

6. Services performed during March for cash Tk. 9000 and on account Tk. 6000.
8. Cash collection from customers on account Tk. 2800
9. Incurred Tk 5200 admission revenue on account
10. Made a 2 year insurance policy and paid Tk 500 cash for the 1st year

Requirements:

[5+2]

- a. Journalize the transactions for the month of March
- b. Post the journal entries to ledger [Control Ledger Accounts are **Cash, Accounts Payable,**]

3. Padma River Resort opened for business on May 1, 2019 with eight air conditioned units. Its trial balance before adjustment on August 31, 2019 is as follows:

**Padma River Resort
Trial Balance at August 31, 2019**

Number	Particulars	Debit	Credit
1	Cash	65,600	
2	Supplies	3,300	
3	Prepaid Insurance	6,000	
4	Land	25,000	
5	Cottages	125,000	
6	Furniture	26,000	
7	Account Payable		6,500
8	Unearned Rent		7,400
9	Mortgage Payable		80,000
10	P.S. Capital		100,000
11	P.S. Drawing	5,000	
12	Rent Revenue		80,000
13	Repair Expense	3,600	
14	Salaries Expense	5,000	
15	Utility Expense	9,400	
		<u>273,900</u>	<u>273,900</u>

Other information: (1) Insurance policy is for 2 years (2) Account on August 31 Shows Tk. 900 of supplies has now on hand (3) Furniture has 5 years life with no salvage value, it is being depreciated Tk. 500 Per month (4) Tk. 2,000 of the balance in the unearned rent revenue account remains unearned at the end of the month. (5) Utility expense is accrued Tk 1200 per month (6) Rentals of Tk. 1500 were due from tenants at August 31 (7) Tk 4000 of Service revenue has earned but not yet recorded.

Instructions:

- a) Prepare the adjusting journal entries

[7]