

ISLAMIC UNIVERSITY OF TECHNOLOGY (IUT)
ORGANISATION OF ISLAMIC COOPERATION (OIC)
Department of Business and Technology Management (BTM)

MID-SEMESTER EXAMINATION**SUMMER SEMESTER, 2021-2022****DURATION: 1 Hour 30 Minutes****FULL MARKS: 75****HUM 4247: Accounting****Programmable calculators are not allowed. Do not write anything on the question paper.**

Answer **all the 3 (three)** questions. Marks of each question and corresponding CO and PO are written in the right margin with brackets.

1. a) Sun Company ended its fiscal year on July 31, 2021. The company's adjusted trial balance as of the end of its fiscal year is as shown below: 10
(CO2)
(PO2)

SUN COMPANY
Adjusted Trial Balance
 July 31, 2010

	Account Titles	Debit	Credit
x	Cash	\$ 14,840	
x	Accounts Receivable	8,780	
x	Equipment	15,900	
	Accumulated Depreciation		\$ 7,400
	Accounts Payable		4,220
	Unearned Rent Revenue		1,800
-	J.Sun, Capital		45,200
-	J.Sun, Drawing	16,000	
-	Commission Revenue		65,000
-	Rent Revenue		6,500
-	Depreciation Expense	4,000	
-	Salaries Expense	55,700	
-	Utilities Expense	14,900	
	Total	<u>\$130,120</u>	<u>\$130,120</u>

Required:

Prepare closing entries at July 31, 2021.

- b) Ratul Ahmed started his own consulting firm, Ahmed Consulting, on May 1, 2020. The trial balance at May 31 is as follows. 15
(CO3)
(PO4)

AHMED CONSULTING**Trial Balance**

May 31, 2020

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
R.Ahmed, Capital		17,700
Service Revenue		7,500
Salaries Expense	3,400	
Rent Expense	900	
	<u>\$31,700</u>	<u>\$31,700</u>

In addition to those accounts listed on the trial balance, the chart of accounts for Ahmed 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:

- i) \$900 of supplies have been used during the month.
- ii) Travel expense incurred but not paid on May 31, 2020, \$250.
- iii) The insurance policy is for 2 years.
- iv) \$400 of the balance in the unearned service revenue account remains unearned at the end of the month.
- v) May 31 is a Wednesday, and employees are paid on Fridays. Ahmed Consulting has two employees, who are paid \$800 each for a 5-day work week.
- vi) The office furniture has a 5-year life with no salvage value. It is being depreciated at \$170 per month for 60 months.
- vii) Invoices representing \$1,200 of services performed during the month have not been recorded as of May 31.

Required:

Required 1: Prepare the Adjusting Entries for the month of May, 2020.

Required 2: Prepare an Adjusted Trial Balance at May 31, 2020.

2. a) Farhan Ahmed, a beginning accounting student, believes that double-entry system means each transaction must be recorded twice. Is Farhan correct? Explain. 5
(CO1)
(PO1)
- b) Joya Hasan is a licensed dentist. During the first month of the operation of her business, the following events and transactions occurred. 20
(CO2)
(PO2)
 - ✓ **April 1:** Invested \$40,000 cash.
 - ✓ **April 1:** Hired a secretary-receptionist at a salary of \$600 per week payable monthly.
 - ✓ **April 2:** Paid office rent for the month \$1,000.
 - ✓ **April 3:** Purchased dental supplies on account from Smile Company \$4,000.
 - ✓ **April 10:** Provided dental services and billed insurance companies \$5,100.
 - ✓ **April 11:** Received \$1,000 cash advance from Trudy Borke for an implant.
 - ✓ **April 20:** Received \$2,100 cash for services completed and delivered to John Stanley.

April 30: Paid secretary-receptionist for the month \$2,400.

April 30: Paid \$1,600 to Smile Company for accounts payable due.

Maya 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 J. Hasan, 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 store makes a sale of clothes for \$1,000 on November 30. The customer is sent a statement on December 5 and a cheque is received on December 10. The mobile phone store follows Revenue Recognition Principle. When is the \$1,000 considered to be earned? Explain the reason. 5 (CO1) (PO1)
- b) On June 1, Maria Farrin started Maria Creations Co., a company that provides craft opportunities, by investing \$15,200 cash in the business. Following are the assets and liabilities of the company at June 30 and the revenues and expenses for the month of June. 20 (CO3) (PO4)

Cash	\$13,750
Accounts Receivable	3,000
Craft Supplies	2,000
Equipment	10,000
Accounts Payable	1,200
Notes Payable	9,000
Service Revenue	7,000
Supplies Expense	1,600
Gas and Oil Expense	200
Advertising Expense	400
Utilities Expense	150

Maria made no additional investment in June, but withdrew \$1,300 in cash for personal use during the month.

Required:

Prepare an **Income Statement** and **Owner's Equity Statement** for the month of June and a **Balance Sheet** at June 30, 2021.