



Daffodil International University

Department of Computer Science and Engineering

Faculty of Science & Information Technology

Midterm Examination, Fall-2024

Course Code: ACT322, Course Title: Financial and Managerial Accounting

Level: 3 Term: 1 Batch: 62

Time: 1 Hour and 30 Minutes

Marks: 25

Answer ALL Questions

[The figures in the right margin indicate the full marks and corresponding course outcomes. All portions of each question must be answered sequentially.]

| | | | | |
|----|----|--|-----|-----|
| 1. | a) | What is Depreciation? Explain the assumptions of accounting briefly. | [2] | CO1 |
| | b) | What is Accrued Revenue? Explain basic accounting equation with proper example. | [3] | |
| 2. | | Jamuna River Resort starts its business on August 1, 2024. During the first month of operation, the following transactions occurred: 1. Investment by the owner cash Tk. 50,000 & furniture Tk. 30,000 in the business. 2. Purchase of equipment for Tk. 30,000 by paying 50% in cash. 3. Service performed for Tk. 40,000 & billed to the customer for Tk. 7000. 4. Received Tk. 4,500 for due in transaction (3). 5. Borrowed Tk. 4,000 cash from a bank on a note payable. 6. Paid monthly expenses: Salaries and wages Tk. 800, utilities Tk. 900 and advertising Tk. 500. 7. Withdraw of cash Tk. 2,000 by the owner. 8. Paid Tk. 1,400 on account in transaction (2). | | CO2 |
| | a) | Identify the effects of the transactions on the accounting equation in tabular form. | [5] | |
| | b) | Build Balance Sheet for the month ended. | [2] | |
| 3. | | David Mouldy is a licensed Monitor. During the first month of operations of her business, The following events and transactions occurred. July 1 David invested Tk. 70,000 cash in her business. 3 Purchased Tk. 3,500 of supplies on account from David Mouldy Company. 7 Paid salaries of Tk. 8,500 cash for the month. 11 Completed a tax assignment and billed the client Tk. 16,000 for services provided. 15 Purchased additional office equipment for cash Tk. 19,500 and Tk. 3,000 is on account. 19 Withdrew Tk. 2,500 cash for personal use. 25 Earned revenue of Tk. 20,000 of which Tk. 6,500 is received in cash and the balance is Due in July. | | CO3 |
| | a) | Summarizing the above transactions by journalizing them. | [5] | |
| | b) | Demonstrate ledger accounts for i) Cash & ii) Service Revenue. | [3] | |

4.

Muddy River Resort opened for business on July 1, 2024 with eight air conditioned units. Its trial balance before adjustment on August 31, 2024 is as follows:

CO4

| Muddy River Resort Trial Balance August 31, 2024 | | | | |
|--|--------------------------|----------------|----------------|--|
| Number | Particulars | Debit (Tk.) | Credit (Tk.) | |
| 1 | Cash | 30,000 | | |
| 2 | Supplies | 5,000 | | |
| 3 | Prepaid Insurance | 10,000 | | |
| 4 | Land | 35,000 | | |
| 5 | Cottages | 85,000 | | |
| 6 | Furniture | 20,000 | | |
| 7 | Account Payable | | 10,400 | |
| 8 | Unearned Service Revenue | | 8,000 | |
| 9 | Mortgage Payable | | 61,600 | |
| 10 | Owner's Capital | | 100,000 | |
| 11 | Owner's Drawing | 4,000 | | |
| 12 | Service Revenue | | 80,000 | |
| 13 | Repair Expense | 5,600 | | |
| 14 | Salaries Expense | 61,000 | | |
| 15 | Utility Expense | 4,400 | | |
| | Total | <u>260,000</u> | <u>260,000</u> | |

Other data :

The following adjustments are pertaining of the Muddy River Resort:

- (a) Supplies on hand at August-31, 2024 of Tk. 1,000.
- (b) Insurance policy is for 48 months.
- (c) Furniture has 5 years life time with no salvage value. It is being depreciated at Tk.500 per Month for 60 months.
- (d) Mortgage interest rate is 12%. (The mortgage was taken out on August 1.)
- (e) Two-thirds of the unearned rent revenue has been earned.
- (f) Salaries of Tk. 5,500 are accrued and unpaid at August 31.

Instructions:

[5]

Identify the adjusting journal entries for the month ended.