



Daffodil International University

Department of Computer Science and Engineering

Faculty of Science & Information Technology

Final Examination, Fall-2024

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

Level: 3 Term: 1 Batch: 62

Time: 2 Hour

Marks: 40

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)	Define Prepaid Expense and Unearned Revenues with proper example.	[2]	CO1																																																			
	b)	Define Economic Entity Assumption. Show the differences between Opportunity cost and Sunk cost.	[4]																																																				
2.		The Manobo Park was started on May 1 by Al Kosssy. The following events and transactions occurred during the May: May 1 Kosssy invested Tk. 80,000 cash and furniture Tk. 30,000 in the business. 4 Purchased equipment for Tk. 30,000 for cash. 8 Incurred Telephone Bill expenses of Tk. 3,800 on account. 11 Service performed for Tk. 30,000 & billed to the customer for Tk. 7,000. 12 Hired park manager at a salary of Tk. 24,000 per month effective from May 1. 13 Paid Tk. 6,500 cash for a one year insurance policy. 17 Withdrew Tk. 2,500 cash for personal use 30 Paid Tk. 2,000 for Telephone Bill incurred at May 8		CO3																																																			
	a)	Demonstrate the above transactions by journalizing them.	[4]																																																				
	b)	Show ledger accounts for Cash account	[1]																																																				
3.		At the end of its first month of operations, Mapple Answering Service has the following unadjusted trial balance. <div><div>MAPPLE ANSWERING SERVICE</div><div>August 31, 2022</div><div>Trial Balance</div><table><thead><tr><th></th><th>Debit (TK.)</th><th>Credit (TK.)</th></tr></thead><tbody><tr><td>Cash</td><td>20,000</td><td></td></tr><tr><td>Prepaid Insurance</td><td>5,800</td><td></td></tr><tr><td>Account Receivable</td><td>8,300</td><td></td></tr><tr><td>Supplies</td><td>12,500</td><td></td></tr><tr><td>Accumulated Depreciation- Equipment</td><td></td><td>1,300</td></tr><tr><td>Equipment</td><td>35,000</td><td></td></tr><tr><td>Unearned Service Revenue</td><td></td><td>5,800</td></tr><tr><td>Account Payable</td><td></td><td>2,500</td></tr><tr><td>Mortgage Payable</td><td></td><td>45,000</td></tr><tr><td>Rent Expense</td><td>13,000</td><td></td></tr><tr><td>Owner's Capital</td><td></td><td>33,000</td></tr><tr><td>Owner's Drawings</td><td>5,100</td><td></td></tr><tr><td>Service Revenue</td><td></td><td>22,800</td></tr><tr><td>Salaries and Wages Expense</td><td>8,300</td><td></td></tr><tr><td>Miscellaneous Expense</td><td>2,400</td><td></td></tr><tr><td>Total</td><td>1,10,400</td><td>1,10,400</td></tr></tbody></table></div>		Debit (TK.)	Credit (TK.)	Cash	20,000		Prepaid Insurance	5,800		Account Receivable	8,300		Supplies	12,500		Accumulated Depreciation- Equipment		1,300	Equipment	35,000		Unearned Service Revenue		5,800	Account Payable		2,500	Mortgage Payable		45,000	Rent Expense	13,000		Owner's Capital		33,000	Owner's Drawings	5,100		Service Revenue		22,800	Salaries and Wages Expense	8,300		Miscellaneous Expense	2,400		Total	1,10,400	1,10,400		CO4
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Other Data:

1. A Physical count reveals only Tk. 3,000 of Supplies is on hand at the end of the month.
2. Equipment has 5 years life time with no salvage value, it is being depreciated Tk. 500 Per month
3. Tk. 3,200 of unearned service revenue has been earned at the end of the month.
4. The insurance policy is for 36 months.
5. Rent expense accrued Tk. 1,000 but not paid yet.
6. The mortgage interest rate is 7%. (The mortgage was taken out on August 1.)

Instructions:

Develop a Worksheet

[10]

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4. Zara company manufactures and sells a specialized cordless telephone for high electromagnetic radiation environments. The company's contribution format income statement for the most recent year is given below:

	<u>Total</u>	<u>Per unit</u>
Sales (40,000 Units)	20,00,000	50
Less Variable expense	<u>12,00,000</u>	<u>30</u>
Contribution Margin	8,00,000	20
Less Fixed expense	<u>5,50,000</u>	
Net income	<u>2,50,000</u>	

- a) **Select** the breakeven point in units and sales? How many units have to be sold to earn a minimum target profit of 60,000?
- b) Without resorting to computation **construct** the contribution margin at break-even point? **Identify** the degree of operating leverage? If in the next year sales increase by 20% then **Select** the expected percentage increase in net operating income? (use degree of operating leverage)

[3]

[6]

5. The following selected account balances for the year ended December 31 are provided for Faria Company:

Advertising expense.....	Tk.15,000
Marketing expenses.....	2,000
Insurance, factory equipment.....	8,000
Depreciation, sales equipment.....	40,000
Rent expense (60% administrative).....	90,000
Utilities expense (40% factory).....	52,000
Sales commissions.....	35,000
Sales.....	30,00,000
Freight in.....	3,000
Freight out.....	4,500
Purchase discounts.....	12,000
Sales discounts.....	18,000
Purchase returns & allowances.....	8,000
Sales returns & allowances.....	15,000
Clearing supplies, factory.....	6,000
Depreciation, factory equipment.....	1,10,000
Administrative salaries.....	85,000
Maintenance, factory.....	74,000
Direct labor.....	8,40,000
Purchases of raw materials.....	2,60,000
Depreciation, office equipment.....	10,000

Inventory balances at the beginning and end of the year were as follows:

	<u>January 1, 2022</u>	<u>December 31, 2022</u>
Raw materials.....	Tk. 90,000	Tk. 30,000
Work in process.....	40,000	30,000
Finished goods.....	35,000	25,000

Instruction:

Build a schedule of Cost of goods sold and Income statement for the year ended.

[10]

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