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Daffodil International University

Department of Computer Science and Engineering

Faculty of Science & Information Technology

Midterm Examination, Fall-2022

Course Code: ACT 211, Course Title: Financial & Managerial Accounting

Level: 2 Term: 1 Batch: 60

Time: 01:30 Hours **Marks: 25**

"Answer All Questions"

Q1	**Jessica Bell** started her own consulting firm, Bell Consulting, on May 1, 2022. The following transactions occurred during the month of May: May 1 · Bell invested Tk. 1,00,000 cash in the business. 2 Paid Tk. 8,000 for office rent of the month. 3 Purchased Tk. 2,500 of supplies on account. 5 Paid Tk. 1,500 for advertisement in the Daily Star. 9 Received Tk. 18,000 for the services provided. 12 Withdrew Tk. 2,700 for personal use. 15 Performed Tk. 13,000 of services on account. 20 Paid for the supplies purchased on account on May 3. 23 Received a cash payment of Tk. 7,000 for services provided on account on May 15. 26 Borrowed Tk. 15,000 from the bank on a note payable. 29 Purchased office equipment for Tk. 24,000 on account. 30 Paid Tk. 1,500 for utilities. **Instructions:** Identify the effects of the previous transactions on the accounting equation in tabular form.	**Marks: 7**	**CLO2**
Q2	**The HR Agency** was started on April 1, 2021 by Al Rosssy. the following events and transactions occurred during the April: 1. Rosssy invested Tk. 60,000 cash in the business. 4 Purchased Land for Tk.30,000 for cash. 8 Incurred advertising expenses of Tk. 1,800 on account 11 Paid salaries to employees Tk. 15,000.	**Marks: (6+2=8)**	**CLO3**

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12 Hired a manager at a salary of Tk. 12,000 per month effective from May 1.
17 Withdrew Tk. 2,500 cash for personal use.
30 Received Tk. 15,000 for the service provided towards P. Donahue.
30 Paid Tk. 700 on account for advertising incurred on April 8.
31 Received cash from customer Tk. 5,000.

Requirements:

1. Develop the above transactions by journalizing them.
2. Demonstrate Ledger Accounts for i) Cash & ii) Accounts Payable.

Q3 **Muddy River** Resort opened for business on May1, 2021 with eight air conditioned units. Its trial balance before adjustment on August 31, 2021 is as follows:

Marks: 6 **CLO4**

Muddy River Resort
Trial Balance
August 31, 2021

Number	Particulars	Debit (Tk.)	Credit (Tk.)
1	Cash	19,600	
2	Supplies	3,300	
3	Prepaid Insurance	12,000	
4	Land	25,000	
5	Cottages	125,000	
6	Furniture	26,000	
7	Account Payable		12,500
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	51,000	
15	Utility Expense	9,400	
		279,900	279,900

Other information:

(1) Insurance policy is for 3 years. (2) Account on August 31 Shows Tk. 900 of supplies used (3) Amount of depreciation is Tk. 6250 per year on Cottage (4) Unearned rent of Tk. 5100 was earned prior to august 31, (5) Salaries of Tk. 400 were unpaid at August 31. (6) Mortgage interest rate is 12% per year (The mortgage was taken out on July 1).

Instructions

Show the adjusting entries on August 31, 2021.

Q4 Why do shareholder and tax authority use accounting information, Explain. **Marks: 2** **CLO1**

Write down the difference between unearned revenue and prepaid expense **Marks; 2**