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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.		**CO4**

MAPPLE ANSWERING SERVICE
August 31, 2022
Trial Balance

	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**

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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]**

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:** **CO4**

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

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? **[3]**

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) **[6]**

5. **The following selected account balances for the year ended December 31 are provided for Faria Company:** **CO4**

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:

	January 1, 2022	December 31, 2022
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]**