

Daffodil International University
 Department of Information Technology & Management
 Faculty of Science & Information Technology
 Final Examination, FALL 2024
 Course Code: ITM101, Course Title: Principles of Accounting
 Instructor: DAR

Date:

Time:

Total Marks: 40

Exam instructions:

- A) Answer all the Questions. [at right side the allocated marks and corresponding course outcomes are indicated]
- B) During the exam you are not allowed to leave the exam hall to have water or restroom, but if you finish early, you may leave the hall submitting the script.
- C) Do not keep your mobile phone or digital watch in your bag during the exam and keep all your belongings in a secure place.
- D) Be respectful to the Exam ethics. Use own Stationary.

No		Questions	Marks	CLO Level
1	a) b) c)	<i>What</i> is the purpose of adjusting entries? <i>Contrast</i> between accounts payable and accounts receivable. <i>How</i> do you calculate net income?	6	CLO-1 L2
2		Natalie Koebel started his own food delivery service, Foodway, on August 1, 2023. <i>The following transactions occurred during the month of August.</i> Aug 1 Goerge invested \$10,000 cash in the business. 2 Purchased a used van for deliveries for \$12,000. Goerge paid \$2,000 cash and signed a note payable for the remaining balance. 3 Paid \$500 for office rent for the month. 5 Performed \$4,400 of services on account. 9 Withdrew \$200 cash for personal use. 12 Purchased supplies for \$150 on account. 15 Received a cash payment of \$1,250 for services performed on Aug 5. 17 Purchased gasoline for \$200 on account. 20 Received a cash payment of \$1,300 for services performed. 23 Made a cash payment of \$600 on the note payable. 26 Paid \$250 for utilities. 29 Paid for the gasoline purchased on account on Aug 17. 31 Paid \$1,000 for employee salaries. Instructions (a) <i>Identify</i> the journal entries to record each of the events listed. (Please provide explanations for each transaction) (b) <i>Determine</i> the ledger and Balance sheet	12	CLO-4 L-3

3. The comparative statements of INCEPTA Company are presented below: 12 CLO-4 L-4

INCEPTA COMPANY
Income Statement
For the Years Ended December 31

	2022
Net sales (all on account)	\$595,000
Expenses:	
Cost of goods sold	415,000
Selling and administrative	120,800
Interest expense	7,800
Income tax expense	15,000
Total expenses	558,600
Net Income	<u>Tk 36,400</u>

INCEPTA COMPANY

Balance Sheets
December 31

<u>Assets</u>	2022
Current assets	
Cash	Tk 21,000
Short-term investments	18,000
Accounts receivable (net)	91,000
Inventory	85,000
Total current assets	<u>215,000</u>
Plant assets (net)	423,000
Total assets	<u>Tk 638,000</u>
Liabilities and Stockholders' Equity	
Current liabilities	
Accounts payable	Tk 122,000
Income taxes payable	23,000
Total current liabilities	<u>145,000</u>
Long-term liabilities	
Bonds payable	120,000
Total liabilities	<u>265,000</u>
Stockholders' equity	
Common stock (\$5 par)	150,000
Retained earnings	223,000
Total stockholders' equity	<u>373,000</u>
Total liabilities and stockholders' equity	<u>638,000</u>

Instructions:

Analyse the following ratios for 2022. (Explanation is obligatory)
(a) Current ratio.

	(b) Inventory turnover. (c) Profit margin ratio. (d) Times interest earned (e) Debt to assets ratio. (f) Return on assets.																																															
4.	Rothstein Corporation began operations as a private investigator on January 1, 2023. The trial balance columns of the worksheet for Rothstein., on March 31 are as follows. ROTHSTEIN CORPORATION Worksheet <i>For the Quarter Ended March 31, 2023</i> <table><tr><th>Accounts Title</th><th>Dr.</th><th>Cr.</th></tr><tr><td>Cash</td><td>11,400</td><td></td></tr><tr><td>Accounts Receivable</td><td>5,620</td><td></td></tr><tr><td>Supplies</td><td>1050</td><td></td></tr><tr><td>Prepaid Insurance</td><td>2,400</td><td></td></tr><tr><td>Equipment</td><td>30,000</td><td></td></tr><tr><td>Notes Payable</td><td></td><td>10,000</td></tr><tr><td>Accounts Payable</td><td></td><td>12,350</td></tr><tr><td>Owner's Capital</td><td></td><td>20,000</td></tr><tr><td>Owner's Drawings</td><td>600</td><td></td></tr><tr><td>Service Revenue</td><td></td><td>13,620</td></tr><tr><td>Salaries and Wages Expense</td><td>2,200</td><td></td></tr><tr><td>Travel Expense</td><td>1,300</td><td></td></tr><tr><td>Rent Expense</td><td>1,200</td><td></td></tr><tr><td>Miscellaneous Expense</td><td>200</td><td></td></tr></table> Conditions: - Supplies on hand total \$480. - Depreciation-is \$800 per quarter. - Interest accrued on 6-month note payable, issued January 1, \$300. - Insurance expires at the rate of \$200 per month. - Services performed but unbilled at March 31 total \$1,030. Instructions: - Identify the adjusting journals. - Demonstrate the worksheet.	Accounts Title	Dr.	Cr.	Cash	11,400		Accounts Receivable	5,620		Supplies	1050		Prepaid Insurance	2,400		Equipment	30,000		Notes Payable		10,000	Accounts Payable		12,350	Owner's Capital		20,000	Owner's Drawings	600		Service Revenue		13,620	Salaries and Wages Expense	2,200		Travel Expense	1,300		Rent Expense	1,200		Miscellaneous Expense	200		10	CLO-4 L-3
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