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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]**	

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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	260,000	260,000

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.