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Daffodil International University

Faculty of Science & Information Technology
Department of Computer Science & Engineering
Midterm Examination, Fall 2026
Course Code: ACT_327, Course Title: Financial and Managerial Accounting
Level:3 Term:2 Batch: 67

Time: 1:30 Hrs **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)*	Mr. Jamal owns a small grocery shop. He paid his house rent of Tk. 20,000 from the shop's bank account and recorded it as a business expense. Identify the accounting assumption that has been violated and briefly explain it.	[3]	CO1
	b)	Mr. Tanvir checks a company's profit before buying its shares. The manager of the same company checks branch cost reports before closing a branch. Identify the type of user in each case and explain how accounting information helps them.	[3]	
2.		Mr. Arif Hossain started a photography business named Lens Craft Studio on March 1, 2026. During the first month of operation, the following transactions occurred: 1. March 1 – He invested Tk. 250,000 cash and a camera worth Tk. 60,000 in the business. 2. March 4 – Purchased lighting equipment for Tk. 45,000 in cash. 3. March 7 – Purchased photography supplies of Tk. 12,000 on account. 4. March 10 – Completed a wedding photo shoot for Tk. 60,000; received 40% in cash and billed the client for the remaining amount. 5. March 20 – Received an advertising bill of Tk. 5,000 from a digital ad agency, to be paid later. 6. March 24 – Paid studio rent of Tk. 15,000 and staff salaries of Tk. 10,000 in cash. 7. March 26 – Collected Tk. 20,000 cash from the customer billed on March 10. 8. March 30 – The owner withdrew Tk. 10,000 cash for personal use.		CO2
	a)	Demonstrate the effects of the transactions on the accounting equation in tabular form.	[5]	
	b)	Build the income statement for the month ended March 31, 2026	[2]	
3.		Swift Wash Laundry Services began operations on November 1, 2026. During the month, the following events and transactions occurred: November 1 – The owner, Ms. Farzana Akter, invested Tk. 400,000 cash in the business.		CO3
		November 3 – Purchased a delivery van for Tk. 200,000; paying Tk. 50,000 in cash and the balance on account from RV Motors. November 6 – Paid Tk. 24,000 in advance for six months' shop rent.		

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November 9 – Borrowed Tk. 30,000 cash from a bank on a note payable.

November 12 – Signed a contract with a hotel to wash its bed sheets from December 1 at Tk. 30,000 per month.

November 18 – Received Tk. 15,000 cash in advance from a hostel for laundry services to be provided in December.

November 25 – Paid Tk. 150,000 to RV Motors on account.

November 30 – Paid staff salaries of Tk. 16,000.

a) Demonstrate the above transactions by journalizing them. [4]

b) Construct the ledger account for Cash. [2]

4. Ms. Sumaiya Rahman started her design firm, Sumaiya Design Studio, on January 1, 2026. The trial balance at 30 June 2026 is as follows:

Sumaiya Design Studio
Trial Balance
30 June 2026

Account Title	Debit (Tk)	Credit (Tk)
Cash	1,85,000	
Accounts Receivable	52,000	
Supplies	24,000	
Prepaid Rent	48,000	
Equipment	1,20,000	
Accounts Payable		38,000
Unearned Service Revenue		60,000
Notes Payable		80,000
Owner's Capital		2,00,000
Owner's Drawings	15,000	
Service Revenue		1,30,000
Salaries Expense	42,000	
Utilities Expense	22,000	
Total	**5,08,000**	**5,08,000**

Other data:

1. A physical count showed that one-fourth of supplies remained on hand at June 30.
2. The prepaid rent was paid on January 1, 2026 and covers 24 months.
3. The interest rate on the note payable is 9% per year. The note was issued on March 1, 2026.
4. Tk. 40,000 of the unearned service revenue has been earned as of June 30.
5. Annual depreciation on equipment is Tk. 24,000, with no salvage value.
6. Salaries of Tk. 3,000 per month has been accrued for the six months but not yet paid at June 30.

Identify and illustrate the necessary adjusting entries for the six months ended June 30, 2026. [6]

CO4