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Daffodil International University

Faculty of Science & Information Technology

Department of Computer Science and Engineering

Mid Semester Examination, Spring-2024

Course Code: ACT322, Course Title: Financial and Managerial Accounting

Level: 3 Term: 1

Exam Duration: 1.5 Hours **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) Why do investors and creditors need accounting information? Explain. b) Explain prepaid insurance and unearned revenue with example.	[2+2=4]	CO1
2.	The following transactions are extracted from the books of accounts of SMART Computer programming service for the month of May, 2023: a) The owner started his business with Tk. 5,50,000 cash and Tk. 2, 50,000 Equipment. b) Purchased Furniture for Tk. 50,000 cash and Tk. 30,000 on credit. c) Services provided for Tk. 85,000 to the customer on account. d) The owner withdrew Tk. 15,000 from the business for personal use. e) Advertising expenses incurred Tk. 65,000 of which Tk. 45,000 paid in cash. f) The payable of transaction (e) above is paid. g) Received cash Tk. 75,000 for service provided. h) Paid employees' salaries of Tk. 30,000 and Utilities of Tk. 10,000. **Instructions: (a)** Use the above transactions to prepare a tabular analysis using appropriate column headings. **(b)** Prepare Income statement.	[5+2=7]	CO2
4.	Mr. Raihan started his Electric Workshop on 1st August, 2023. The following information is related to the operations of August, 2023: August 1: Mr. Raihan invested Tk. 150,000 cash in the business. 3: Purchased equipment of Tk. 60,000 by paying 75% in cash. 7: Performed repair services of Tk. 10,000 in cash. 12: Paid for a 1-year insurance policy of Tk. 12000. 15: Received of Tk. 9,000 in advance for providing service. 20: Provided repair services and billed customers of Tk. 8,500. 22: Received advertising bill of Tk. 5,000 to be paid next month. 25: Paid Tk. 3,000 to the accounts payable due. 27: Receive Tk. 6,000 for service provided in August 20. 31: Paid salaries of Tk. 10,500 to the receptionist. **Instructions:** (a) Use the above transactions to prepare journal entries. (b) Prepare ledger accounts for: (i) Cash, (ii) Service Revenue, and (iii) Accounts Payable.	[5+3=8]	CO2

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6.	Watson Answering Service started operation at 1st January 2023. At the end of its first quarter of operations, it has the following unadjusted trial balance.		

Watson Answering Service
March 31, 2023
Trial Balance

	Debit (Tk.)	Credit (Tk.)
Cash	5,400	
Accounts Receivable	2,800	
Supplies	1,300	
Prepaid Insurance	2,400	
Equipment	60,000	
Notes payable		40,000
Accounts payable		2,400
Ray Watson, Capital		30,000
Ray Watson, Drawing	1,000	
Service Revenue		4,900
Salaries expense	3,200	
Utilities expense	800	
Advertising expense	400	
	77,300	77,300

Other data:

1. Insurance expires at the rate of Tk. 200 per month.
2. Tk. 300 of supplies is on hand at March 31.
3. Monthly depreciation on the equipment is Tk. 1,000.
4. Interest rate is 14% on Notes Payable.
5. Utility bills accrued of Tk. 1,000.
6. Invoices representing Tk. 1,700 of services performed during the month have not been recorded as of March 31.

Instructions: Examine the above data to prepare adjusting entries.

[6] CO3