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Student ID: ..... **Batch:** **Set code: 8800**

Daffodil International University
Faculty of Science & Information Technology
Department of Information Technology & Management
Midterm Examination, Spring 2026
Course Code: ITM101, Course Title: Principles of Accounting
Level: 2 Term: 1 Section: A
Instructor: DAR

Duration: 1 Hour and 30 minutes **Marks: 25**

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.

Answer all the questions

No		Questions	Marks	CLO Level
1	a)	***Explain,*** the monetary unit assumption and the economic entity assumption in accounting.	5	CLO-1 L-2
2		*Halklaw Services was formed on May 1, 2025. The following transactions took place during the first month.* Transactions on May 1: **1. Lotman** invested $1,64,000 cash in the company, as its sole owner. **2.** Purchase laser projector for $2400. Paying $1200 in cash and signing a $1000-6 month 12% notes payable **3.** Signed a 2-year rental agreement of $74000 on a warehouse; paid cash in advance only for the first year. **4.** Purchased furniture and equipment costing $30,000. A cash payment of $10,000 was made immediately; the remainder will be paid in 6 months. **5.** Paid $1,875 cash for a one-year insurance policy on the furniture and equipment. **8.** Total revenues earned were $20,000, where $8,000 cash and $12,000 on account. **9.** Paid $400 to suppliers for accounts payable due. **10.** Received $3,000 from customers in payment of accounts receivable. **11.** Received utility bills in the amount of $350, to be paid next month. **12.** Paid the monthly salaries of the two employees, totalling $3800 ***Instructions*** **(a) Identify** the journal entries to record each of the events listed. (8) **(b)** ***Construct*** ledger for each journal entries. (4)	12	CLO-2 L-3
3.		Peter Nimmer opened a veterinary business in Nashville, Tennessee, on August 1, 2025. On August 31, the balance sheet showed: Cash $9,000,	8	CLO-2 L-3

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Accounts Receivable $1,700
Supplies $600
Equipment $6,000
Accounts Payable $3,600
Owner's Capital $13,700

~~August~~ September

During ~~September~~, the following transactions occurred.

1. Paid $2,900 cash on accounts payable.
2. Collected $1,300 of accounts receivable.
3. Purchased additional equipment for $2,100, paying $800 in cash and the balance on account.
4. Recognized revenue of $7,800, of which $2,500 is received in cash and the balance is due in October.
5. Withdrew $1,100 cash to buy personal computer.
6. Paid salaries $1,700, rent for September $900, and advertising expense $450.
7. Incurred utilities expense for month on account $170.
8. Received $10,000 from Capital Bank (money borrowed on a note payable).

Instructions

(a) ***Construct*** a tabular analysis of the ~~August~~ September transactions