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Daffodil International University

Department of Computer Science and Engineering
Faculty of Science & Information Technology
Midterm Examination, Spring-2025
Course Code: ACT327, Course Title: Financial and Managerial Accounting

Level: 3 Term: 1 Batch: 64

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.]

a)	How do the diverse needs of various users of accounting information—such as investors, creditors, regulators, and management—create challenges in financial reporting, and how can accounting standards balance these competing interests while ensuring transparency and relevance?	[2]	CO1
b)	How do the fundamental activities of accounting interact to transform raw financial data into meaningful information, and to what extent does the effectiveness of each stage influence the overall reliability and relevance of financial reporting?	[2]	
	Roman 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. 60,000 & furniture Tk. 30,000 in the business. 2. Purchase of equipment for Tk. 30,000 by paying 60% in cash. 3. Service performed for cash Tk. 40,000 & billed to the customer for Tk.10,000. 4. Received Tk. 4,500 for due in transaction (3). 5. Borrowed Tk. 6,000 cash from a bank on a note payable. 6. Paid monthly expenses: Salaries and wages Tk. 1000, utilities Tk. 1000 and advertising Tk. 500. 7. Withdraw of cash Tk. 2,000 by the owner. 8. Paid Tk. 2,000 on account in transaction (2).		CO2
a)	**Identify the effects of the transactions on the accounting equation in tabular form.**	[5]	
b)	**Build Income Statement for the month ended.**	[2]	
	Dewan Moody is a licensed Monitor. During the first month of operations of her business, The following events and transactions occurred. July 1 Dewan invested Tk. 60,000 cash and Equipment Tk. 25,000 in his business. 3 Purchased Tk.2, 500 of supplies on account from Dewan Moody Company. 7 Paid Advertising cost of Tk. 5,000 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. 20,000 and Tk. 3,000 is on account. 19 Withdrew Tk. 1,500 cash for personal use. 25 Earned revenue of Tk. 25,000 of which Tk. 5,000 is received in cash and the balance is Due in July.		CO3

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	a)	**Summarizing** the above transactions by journalizing them.	[5]	
	b)	**Demonstrate** ledger accounts for i) Cash & ii) Equipment.	[3]	
4.		Mr. Nasima started his Consulting Firm, Nasima Consulting Firm, on March 1, 2024. The trial balance at 31 July, 2024 is as follows:		CO4

Nasima Consulting Firm
Trial Balance
31 July, 2024

Details	Debit (Tk)	Credit (Tk)
Cash	30,000	
Accounts Receivable	16,000	
Prepaid Insurance	7,000	
Supplies	12,000	
Office furniture	85,000	
Accounts Payable		18,000
Unearned Service Revenue		30,000
Owner's Capital		52,000
Notes Payable		35,000
Service Revenue		45,000
Salaries expense	24,000	
Rent Expense	6,000	
	180,000	180,000

Other data:

1. One third of the supplies have been remain unused at the end of the time period.
2. The Insurance policy is for 30 months.
3. Tk. 10,000 of unearned service revenue has been remained unearned at July 31.
4. Annual depreciation of office furniture is Tk. 24,000. The furniture was purchased on May 1, 2024.
5. Salaries expense is accrued Tk. 3,500 per month.
6. The note payable interest rate is 12%. The note payable was issued at 1st June, 2024.

Instructions:

Identify the adjusting journal entries for the month ended. [6]