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**Daffodil International University**
Faculty of Business & Entrepreneurship
Department of Accounting
**Program: BBA in Accounting**

Semester: **Spring 2026**
Time: **2 Hours**
Course Title: **Principles of Accounting**
Section: **5A**

Examination: **Final**
Full Marks: **40**
Course Code: **0411-101**
Teacher's Initial: **MAH**

**Question 1:**

a) What is trail Balance? Describe the limitations of a trial balance. **Marks: 2+3 = 5** *[CLO 1, Level 2]*

b) Describe the following short notes:
i) Expense Recognition Principle ii) Perpetual System iii) Closing Entry *[CLO 1, Level 2]*

**Question 2:** **Marks: 8**

Firoz Inc. operates a retail operation that purchases and sells sports products. They made following transactions in the month of July, 2025.

| | |
|---|---|
| July 1 | Purchased merchandise on account from Karim Wholesale Supply Tk. 8,500, FOB shipping point, terms 2/10, n/30. Appropriate party made payment of the freight cost of Tk.200. |
| 3 | Sold merchandise on account to Miraz traders Tk. 6,500, FOB Destination, terms 1/10, n/30.The cost of the merchandise sold was Tk.4,300. |
| 4 | Paid freight on August 3 sale Tk. 300. |
| 5 | Received credit from Karim Wholesale Supply for merchandise returned Tk.500. |
| 6 | Granted customers Tk. 600 credit for merchandise returned costing Tk.380 |
| 10 | Paid Karim Wholesale in full. |
| 11 | Received collections in full from Miraz traders. |
| 18 | Sold merchandise for cash Tk.5,000. The merchandise sold had a cost of Tk.3,500. |

**Requirement:** Using the above transaction information prepare journal entries under perpetual inventory system. *[CLO 2, Level 3]*

**Question 3:** **Marks: 4**

Warner opened his travel agency on January 1, 2026. During the first month of operations, the following transactions took place:

| | |
|---|---|
| Jan 1 | Warner invested $10,000 cash and $ 4,000 of Furniture in the business. |
| 5 | Recognized revenue of $7,500 of which $4,000 is collected in cash and the balance is due in February. |
| 10 | Purchased equipment for $4,000, paying $1,000 in cash and signed a note payable for the remaining balance. |
| 25 | Paid salaries $2,800, rent for August $900, and advertising expenses $400. |
| 29 | Collected $1,000 of accounts receivable |

**Requirement:**
Examine the above transactions in preparing a tabular summary. *[CLO 3, Level 4]*

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**Question 4 :**

**Marks: 6+8+2+1+3+3=23**

Kabir Company started operation at January 1, 2025. The trial balance of the company before adjustment is as under:

**Kabir Company**
Trial Balance
March 31, 2025

| Accounts Title | Debit (Tk.) | Credit (Tk.) |
|---|---|---|
| Cash | 8,500 | |
| Accounts Receivable | 4,700 | |
| Prepaid Insurance | 7,200 | |
| Building | 60,000 | |
| Supplies | 3,300 | |
| Owner's Capital | | 37,000 |
| Owner's Drawing | 500 | |
| Notes Payable | | 30,000 |
| Unearned Service Revenue | | 4,000 |
| Service Revenue | | 21,500 |
| Salaries Expenses | 3,200 | |
| Rent Expense | 2,300 | |
| Travel Expenses | 2,800 | |
| Total | 92,500 | 92,500 |

**Other data:**

i. One third of Supplies is on hand at March 31, 2025.
ii. The Insurance policy is for a year.
iii. Tk. 2,500 of unearned service revenue has been earned during this period.
iv. The Building has a 5-year life. It has been depreciated accordingly.
v. The interest rate of Note payable is 8%. (The Note was taken on February 1, 2025.)
vi. Salary was accrued of Tk. 3,000.

**Requirements:**

a) Examine the above information in preparing the adjusting entries. *[CLO 3 and Level 4]*
b) Use the above information in preparing the worksheet. *[CLO 2 and Level 3]*
c) Use the information of worksheet in preparing an Income Statement. *[CLO 2 and Level 3]*
d) Use the information of worksheet in preparing an Owner's Equity Statement. *[CLO 2 and Level 3]*
e) Use the information of worksheet in preparing a Classified Balance Sheet. *[CLO 2 and Level 3]*
*f)* Use the information of worksheet in preparing the closing entries. *[CLO 2 and Level 3]*

***All the Best***