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Daffodil International University

Faculty of Science & Information Technology
Department of Computer Science and Engineering
Midterm Examination, Fall-2025
Course Code: ACT327, Course Title: Financial and Managerial Accounting
Level: 3 Term: 1 Batch: 65

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.]

1.	***a)***	How do the fundamental assumptions of accounting provide a foundation for preparing consistent and reliable financial statements, and what could be the implications if any of these assumptions are not followed?	**[3]**	**CO1**
	b)	How do different users of accounting information rely on financial statements to make informed decisions, and why do their information needs differ based on their relationship with the business?	**[3]**	
2.		Rahman River Resort starts its business on May 1, 2024. During the first month of operation, the following transactions occurred: **May 1**. Investment by the owner cash Tk. 80,000 & Equipment Tk. 20,000 in the business. 2. Purchase of Furniture for Tk. 50,000 by paying 40% in cash. 3. Service performed Tk. 60,000 & billed to the customer for Tk.15,000. 4. Received Tk. 6,000 for due in transaction (3). 5. Borrowed Tk. 8,000 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. 1,500 by the owner. 8. Paid Tk. 3,000 on account in transaction (2).		**CO2**
	a)	**Identify** the effects of the transactions on the accounting equation in tabular form.	**[5]**	
	b)	**Build** Owner"s Equity Statement for the month ended.	**[2]**	
3.		Daniel Mavilion is a licensed Monitor. During the first month of operations of her business, The following events and transactions occurred. **July 1.** Daniel invested Tk. 80,000 cash and Furniture Tk. 25,000 in his business. 3. Purchased Tk.5, 000 of supplies on account from **Daniel Mavilion** Company. 4. Hired manager at a salary of Tk. 24,000 per month effective from August 1. 7. Paid Utilities cost of Tk. 3,000 cash for the month. 11. Completed a tax assignment and billed the client Tk. 20,000 for services provided. 15. Purchased additional Office equipment for cash Tk. 25,000 and Tk. 5,000 is due. 19. Withdrew Tk. 1,500 cash for personal use.		**CO3**

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		25. Earned revenue of Tk. 30,000 of which Tk. 5,000 is received in cash and the balance is Due in July.		
	a)	**Summarizing** the above transactions by journalizing them.	**[4]**	
	b)	**Demonstrate** ledger accounts for i) Cash & ii) Service Revenue.	**[2]**	
4.		Mr. Rulu started his Consulting Firm, Rulu Consulting Firm, on March 1, 2024. The trial balance at 31 July, 2024 is as follows:		**CO4**

Rulu Consulting Firm
Trial Balance
31 July, 2024

Details	Debit (Tk)	Credit (Tk)
Cash	50,000	
Accounts Receivable	16,000	
Prepaid Insurance	7,000	
Supplies	12,000	
Office furniture	85,000	
Accounts Payable		18,000
Unearned Service Revenue		50,000
Owner's Capital		52,000
Notes Payable		35,000
Service Revenue		45,000
Salaries expense	24,000	
Rent Expense	6,000	
	2,00,000	2,00,000

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 36 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 July 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]**

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