International Islamic University Chittagong

Department of Economics & Banking

Midterm Examination; Spring-2023

Program: BSS (Honors)

Course Code: **ACC-2301** | Course Title: **Principles of Accounting**

Time: 1 Hour and 30 Minutes | Full Marks: 30

Instructions: ***All parts of a question must be answered sequentially. Figures in the right margin indicate full marks.***

1. MAS Intimates Bangladesh Ltd, a garment industry was formed on 1987 by Sharad Amelean. The following transactions took place during the month of January 2023.

1	Sharad Amelean invested Tk. 60,000 cash in the company.
8	Hired two employees to work in the warehouse. They will each be paid a salary of Tk. 40,000 per month.
10	Total revenues earned were Tk. 2,00,000 consisting of Tk. 80,000 cash and Tk. 1,20,000 on account.
11	Signed a 2-year rental agreement on a warehouse; paid Tk. 48,000 cash in advance for the year.
12	Purchased furniture and equipment costing Tk. 30,000. A cash payment of Tk. 10,000 was made immediately; the remainder will be paid in 3 months.
13	Paid Tk. 18,000 cash for a one-year insurance policy on the furniture and equipment.
17	Purchased basic office supplies for Tk. 5000 cash.
18	Sharad Amelean received Tk. 4000 advance from customer in terms of performing services on February 21, 2023.
28	Received Tk.3,000 from customers in payment of accounts receivable.
29	Received utility bills in the amount of Tk. 200, to be paid next month.
30	Paid the monthly salaries of the two employees, totaling Tk. 5,600
31	The services have been performed of Tk. 3000, out of which Tk. 1,800 has been received.

Instructions:

(a) Prepare a tabular analysis of the transactions and show A=L+OE. **08**

(b) Analyze the income statement for January 31, 2023. **02**

2. Anik Electronics was incorporated on January 1, 2023, with an initial investment of Tk. 3,00,000. During the first month of its operations, the company engaged in the following transactions:

Jan 2 An amount of Tk. 36,000 was paid as advance rent for three months.
Jan 3 Paid Tk. 60,000 cash on the purchase of equipment costing Tk. 1,00,000. The remaining amount will be paid later.
Jan 4 Purchased office supplies costing Tk. 17,600 on account.
Jan 12 Paid the accounts payable on the office supplies purchased on January 4.
Jan 14 Paid salaries to its employees for the first two weeks of January, aggregating Tk. 19,100.

Jan 18 Provided Tk. 60,000 worth of services to its customers. They paid Tk. 35,000 and promised to pay the remaining amount next month.
Jan 23 Received Tk. 15,300 from customers for the services provided on January 18.
Jan 25 Received Tk. 14,000 as an advance payment from customers.

Instructions:

a) Prepare journal entries to record each of the events listed (Omit explanations). 08
b) Post the journal entries related to cash and account payable into the ledger. 02

3. The Bismillah Restaurant started their business on April 1, 2022. The following information is available as of year-end. 10

a. Revenue earned but unbilled on December 31 Tk. 4,500.
b. Supplies on hand on December 31 Tk. 900
c. Annual depreciation of building and equipment for the year are Tk. 1,550 and Tk. 5,500 respectively.
d. Unexpired insurance on December 31 Tk. 2,000
e. Revenue unearned on December 31 Tk. 2,100.
f. Accrued salaries and wages on December 31, Tk. 2,200
g. Utilities expenses incurred but not recorded yet Tk. 400.

Bismillah Restaurant
Trial Balance
December 31

Cash	Tk. 8,700	
Accounts Receivable	20,600	
Prepaid Insurance	4,400	
Supplies	1,950	
Land	45,000	
Building	134,500	
Accumulated Depreciation-Building		Tk. 86,700
Equipment	80,100	
Accumulated Depreciation-Equipment		61,300
Accounts Payable		7,500
Unearned Revenue		6,000
Capital		15,300
Retained Earnings		54,000
Drawing	8,000	
Service revenue		199,400
Salaries and Wages Expense	70,200	
Utilities Expense	23,200	
Advertising Expense	18,000	
Repairs Expense	11,500	
Miscellaneous Expense	4,050	
Totals	**Tk. 430,200**	**Tk. 430,200**

Instructions:
Prepare a complete worksheet.