

International Islamic University Chittagong
Department of Electrical and Electronic Engineering

B. Sc. Engineering in EEE

Midterm Examination, Autumn 2023

Course Code: ACC 2401

Course Title: **Financial Managerial Accounting**

Time: 1 hour 30 minutes

Full Marks: 30

Answer all the questions. The figures in the right-hand margin indicate full marks.

Course Outcomes (COs), Program Outcomes (POs) and Bloom's Levels (BL) of the Questions			
CO	CO Statements	PO	BL
CO1	Explain the basic concept of financial accounting, cost accounting and management accounting.	PO11	C2
CO2	Analyze the basic concept of Cost Accounting and preparation of Cost Sheet.	PO11	C4
CO3	Apply the tools from accounting and cost accounting this would facilitate the decision making i.e. Budgeting, Make or Buy decision.	PO11	C3
CO4	Compare the different business situations and suggest to best solution with analytical abilities.	PO11	C5

Bloom's Levels (BL) of the Questions						
Letter Symbols	C1	C2	C3	C4	C5	C6
Meaning	Remember	Understand	Apply	Analyze	Evaluate	Create

- 1) a) "Owners' Equity is internal claim in a business" Place your explanation about this statement with details elaboration of Accounting Equation. CO1 C2 4
- b) "A company has limited liability", Explain this statement with the types of business organization. CO1 C2 6
- 2) Runa Hasan owns and operates an interior design studio called Runa Interiors. The following amounts summarize the financial position of her business on August 31, 2022: CO2 C5 10

Assets	= Liabilities + O's Equity
Cash + A. Rec. + Supplies + Land	= A. Payable + Capital
Bal. 1,250 1,500 12,000	8,000 6,750

During September 2022 the following events occurred:

- a. Runa inherited \$15,000 and deposited the cash in the business bank account.
- b. Performed services for a client and received cash of \$700.
- c. Paid off the beginning balance of accounts payable.
- d. Purchased supplies on account, \$500.
- e. Collected cash from a customer on account, \$1,000.
- f. Invested personal cash of \$1,000 in the business.
- g. Service provided on account \$2,400.
- h. Recorded the following business expenses for the month:
 - (1) Paid office rent - \$900
 - (2) Paid advertising - \$100.
- i. Sold supplies to another business for \$150 cash, the cost of the supplies was \$180.
- j. Withdrew cash of \$1,800 for personal use.

- k. Collected cash from his friend for buying a personal car \$1,00,000.
- l. Runa deposited \$15,000 cash to his personal bank account by selling some his personal common stocks.

Required

- i. Analyze the effects of the above transactions on the accounting equation of Runa Interiors.
- ii. Prepare an income statement from the above transactions.

- 3) Mr. John opens a business firm that names JOHN ENTERPISE on Jan 01, 2015. He will be the sole owner of the business. During this month the following transactions take place: CO2 C5 10
- a. Mr. John invested \$1,00,000 in his business bank account.
 - b. Mr. John paid \$20,000 for a house to be used as an office.
 - c. Mr. John purchased office supplies \$1,000 on account.
 - e. Mr. John paid \$3,000 of personal funds for a vacation of his family.
 - f. Mr. John Consulted on the interior design of an office and billed the client for services rendered, \$5,000.
 - g. Paid office rent \$300.
 - h. Collected cash from a customer on account, \$2,000.

Required:

- 1) Journalize the above transactions.
- 2) Post the transaction into the ledger.
- 3) Prepare the trial Balance

OR

- 3) Andrea Scarlett is a realtor. She organized her business as a corporation, Andrea Scarlett, Realtor, P.C. (Professional Corporation) CO2 C5 10
- 1. The business owes \$61,000 on a note payable for land that the business acquired for a total price of \$83,000.
 - 2. The business spent \$23,000 for a Zinka Banker real estate franchise, which entitles the business to represent itself as a Zinka Banker office. This franchise is a business asset.
 - 3. Scarlett owes \$80,000 on a personal mortgage for her personal residence, which she acquired in 2012 for a total price of \$160,000.
 - 4. Scarlett has \$5,000 in her personal bank account, and the business has \$9,000 in its bank account.
 - 5. Scarlett owes \$(Last Four digit of your student ID) on a personal charge account with Chico's.
 - 6. The office acquired business furniture for \$15,000 on Sep 25. Of this amount, the business owes \$2,000 on account at September 30.
 - 7. Office supplies on hand at the real estate office total \$1,300.
 - 8. Received partial payment from client on account, \$2700
 - 9. Received \$1,500 cash for helping a client.
 - 10. Scarlett received a birthday gift from his friend valued \$3000.

Required

- 1. Post the transaction to the ledger with label the balance of each account.
- 2. Prepare a Trial Balance .