

International Islamic University Chittagong
Department of Computer Science and Engineering
B. Sc. Engineering in CSE

Semester Final Exam, Autumn 2023

Course Code: ACC 2401
Time: 2 hours 30 minutes

Course Title: Financial & Managerial Accounting
Full Marks: 50

- (i) The figures in the right-hand margin indicate full marks
(ii) Course Outcomes and Bloom's Levels are mentioned in additional Columns

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

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

Part A

[Answer the questions from the followings]

1. An inexperienced book-keeper has drawn up an Incorrect and Unadjusted Trial Balance, You are required to Correct/Adjusted Trial Balance. CO2 C2 10

Asim Manufacturing Co.
Adjusted Trial Balance
as at 30 June 2023

	Dr (Tk)	Cr (Tk)
Bank Account (Cash)	19730	
Receivable	5440	
Equipment	1520	
Insurance Prepayment	4600	
Properties	20000	
Office equipment	3600	
Accumulated Depreciation		600
Payable		1800
Unearned interest revenue		480
Notes payable		15000
Capital		30000
Drawings	8000	
Interest revenue		33680
Salary expense	9050	
Rental expense	3200	
Utility expense	1970	
Supplies expense	4080	
Sundry expense	910	
Interest expense	200	
Rental revenue		240
Salary payable		500
Total	82,300	82,300

Adjustment data:

- (i) Equipment on hand at year end Tk. 200.
- (ii) Depreciation Office equipment, Tk. 200
- (iii) Salaries owed but not yet paid, Tk. 5000
- (iv) Accrued interest revenue, Tk. 1300.
- (v) Tk. 300 of the unearned service revenue has been earned.

OR

Welwash (Pvt.) Ltd. sells washing machines for outright cash as well as on hire-purchase basis. The cost of a washing machine to the company is Rs. 10,500. The company has fixed cash price of the machine at Rs. 12,300 and hire-purchase price at Rs. 13,500 payable as to Rs. 1,500 down and the Trial balance at December 31, 2022 as given follows:

Welwash (Pvt.) Ltd
Trial balance
December 31, 2022

Particular	Dr (Rs.)	Cr (Rs.)
Cash	6000	
Accounts receivable	5000	
Supplies	1000	
Furniture	10000	
Accumulated depreciation- Furniture		4000
Building	50000	
Accumulated depreciation- Building		30000
Account payable	2000	
Unearned Service revenue	8000	
Salary payable	3000	
Common Stock		10000
Retained Earnings		2000
Drawings	25000	
Service revenue		60000
Salary expense	16000	
Supplies expense		
Advertising Expense	3000	
Depreciation expense- Furniture	1000	
Depreciation expense- Building	2000	
Total	119000	119000

Required:
1) Prepare Financial Statement for Welwash (Pvt.) Ltd

2.

TTT Tailoring Service
Trial Balance
April 30, 2020

CO3 C4 10

CO2 C4 10

1.

Accounts Title	Debit	Credit
Cash		
Accounts Receivable	2,370	-
Supplies	23,540	-
Prepaid Insurance	10,570	-
Equipment	7,660	-
Accumulated Depreciation- Equipment	63,930	-
Building	-	21,730
Accumulated Depreciation-Building	74,330	-
Accounts Payable	-	15,050
Interest Payable	-	19,550
Wage Payable	-	-
Unearned service revenue	-	-
N/P-Long Term	-	8,840
M. Lpoez, Capital	-	69,900
M. Lopez, Withdrawals	-	46,200
M. Lopez, Withdrawals	47,500	-
Service revenue	-	92,170
Depreciation expense-Equipment	-	-
Depreciation expense-Building	-	-
Wages expense	28,970	-
Insurance expense	-	-
Interest expense	5,890	-
Utilities expense	5,670	-
Property Tax expense	3,010	-
Supplies expense	-	-
Total	2,73,440	2,73,440

Additional data at April 30, 2020:

- Supplies used during the year Tk.6,880.
- Prepaid insurance expired during the year, Tk.5,370.
- Accrued Interest expense Tk.2,280.
- Accrued service revenue Tk.2,200.
- Depreciation for the year: equipment Tk.6,700; building 3,210.
- Accrued wage expense Tk.830.
- Unearned service revenue earned during the year Tk.5,180.

Requirement: Prepare adjusting entries and an adjusted trial balance.

Part B

[3]

Prepare a Cost of Goods Sold Statement for Hisham & Sons Company based on the following information:

CO2 C4 10

Sales discount	\$ 1800
Purchase discounts	350
Sales	2,80,000
Purchase returns and allowances	2,150
Depreciation:	
--Machinery (three fifth factory related)	25,000
--Building (two third factory related)	18,000
Factory insurance	5,140
Freight out	2800

Other factory expenses	1,600
Production supervisor salary	5,000
Land	50,000
Bond interest expense	5,000
Indirect Materials	2,350
Sales salaries	10,480
Building Rent (80% production related)	25,000
Freight in	1,500
Direct factory labor	85,500
Materials purchases	42,350
Supplies expense	2,000
Factory Utility expense	3,000
Office salaries	10,600
Advertising expenses	1,200
Indirect Labor	4,350

Inventories:	January 1, 2018	December 31, 2018
Finished goods.....	\$6,000	\$4,000
Work-in-process.....	5,000	2,000
Raw Materials.....	10,000	8,000

[4] Super Sales Company is the exclusive distributor for a revolutionary booking. CO3 C5 10
 The product sells for \$60 per units and variable expenses per unit \$36. The company's fixed expenses are \$360,000 per year.

Required:

1. What are the Super Sales Company CM ratio?
2. Using the equation method:
 - a. What is the break-even point in units and in sales dollars?
 - b. What sales level in unit and in sales dollars in required to earn an annual profit of \$90,000?
 - c. Assume that through negotiation with the manufacturer the Super Sales Company is able to reduce its variable expenses by \$3 per unit. What is the company's new break-even point in units and in sales dollars?
3. What are the Super Sales Company MOS and OL?

[5] MMM Corporation manufactures and sells a seasonal product that has peak sales in the third quarter. CO3 C4 10

The following information concerns operations for Year 2—the coming year—and for the first two quarters of Year 3:

- The company's single product sells for \$10 per unit. Budgeted sales in units for the next six quarters are as follows (all sales are on credit):

	Year 2				Year 3	
	1 st QTR	2 nd QTR	3 rd QTR	4 th QTR	1 st QTR	2 nd QTR
Budgeted unit	60,000	70,000	80,000	90,000	100,000	110,000

- Sales are collected in the following pattern: 65% in the quarter the sales are made, and the remaining 35% in the following quarter. On January 1, Year 2, the company's balance sheet showed \$75,000 in accounts receivable, all of which will be collected in the first quarter of the year. Bad debts are negligible and can be ignored.
- The company desires an ending finished goods inventory at the end of each quarter equal to 20% of the budgeted unit sales for the next quarter. On December 31, Year 1, the company had 15,000 units on hand.

Required:

Prepare the following budgets and schedules for the year, showing both quarterly and total figures:

- i. A sales budget and a schedule of expected cash collections.
- ii. A production budget.

OR

[5]

Peak sales for Midwest Products, Inc. occur in August. The company's sales budget for the third quarter showing these peak sales is given below:

CO3 C4 10

	July	August	September	Total
Budgeted sales	\$600,000	\$900,000	\$500,000	\$2,000,000

From past experience, The company has learned that 20% of a month's sales are collected in the month of sale, that another 70% is collected in the month of following sale, and that the remaining 10% is collected in the second month following sale. Bad debts are negligible and can be ignored. May sales totaled \$430,000, and June sales totaled \$540,000.

Required:

- a. Prepare a schedule of expected cash collections from sales, by month and in total, for the third quarter.
- b. Assume that the company will prepare a budgeted balance sheet as of September 30. Compute the accounts receivable as of that date.