

5

ISLAMIC UNIVERSITY OF TECHNOLOGY (IUT)  
ORGANISATION OF ISLAMIC COOPERATION (OIC)  
DEPARTMENT OF BUSINESS AND TECHNOLOGY MANAGEMENT

Mid-Semester Examination

Winter Semester, A. Y. 2022-2023

Course No. : BTM 4107

Time : 1.5 hours

Course Title : Financial Accounting I

Full Marks : 75

Answer all 3 (three) questions. All questions carry equal marks. Marks of each question and corresponding CO and PO are written in the right margin with brackets.

- |       |  |    |                |
|-------|--|----|----------------|
| 1. a) | Explain accounting and users of accounting information with examples.  | 6  | (CO1)<br>(PO1) |
| b)    | Describe monetary unit assumption and economic entity assumption with examples.  | 6  | (CO1)<br>(PO1) |
| c)    | Explain basic steps in accounting process.   | 7  | (CO1)<br>(PO1) |
| d)    | What is trail balance and why it is prepared?  | 6  | (CO1)<br>(PO1) |
| 2.    | Trixie Maye started her own consulting firm, Matrix Consulting, on May 1, 2020. The following transactions occurred during the month of May. | 25 | (CO2)<br>(PO2) |
|       | 1. May 1 Trixie invested \$7,000 cash in the business.   |    |                |
|       | 2. Paid \$900 for office rent for the month.   |    |                |
|       | 3. Purchased \$600 of supplies on account.   |    |                |
|       | 4. Paid \$125 to advertise in the County News.   |    |                |
|       | 5. Received \$4,000 cash for services performed.   |    |                |
|       | 6. Withdrew \$1,000 cash for personal use.   |    |                |
|       | 7. Performed \$5,400 of services on account.   |    |                |
|       | 8. Paid \$2,500 for employee salaries.   |    |                |
|       | 9. Paid for the supplies purchased on account on May 3.  |    |                |
|       | 10. Received a cash payment of \$4,000 for services performed on May 15.   |    |                |
|       | 11. Borrowed \$5,000 from the bank on a note payable.  |    |                |
|       | 12. Purchased equipment for \$4,200 on account. 30 Paid \$275 for utilities.   |    |                |

**Instructions**

- I. Show the effects of the previous transactions on the accounting equation using the following accounts:  
**Cash, accounts receivable, supplies, equipment, accounts payable, notes payable, owner's capital, owner's drawings, revenue and expense.**
- II. Prepare an income statement for the month of May.
- III. Prepare a balance sheet at May 31, 2020.

3. Emily Valley is a licensed dentist. During the first month of the operation of her business, the following events and transactions occurred. 25 (CO2)  
(PO2)

- April 1 Invested \$20,000 cash in her business.  
2 Paid office rent for the month \$1,100.  
3 Purchased dental supplies on account from Dazzle Company \$4,000.  
10 Performed dental services and billed customers \$5,100.  
11 Received \$1,000 cash advance from Leah Mataruka for an implant.  
20 Received \$2,100 cash for services performed from Michael Santos.  
30 Paid secretary-receptionist for the month \$2,800.  
30 Paid \$2,400 to Dazzle for accounts payable due.

Emily uses the following chart of accounts: No. 101 Cash, No. 112 Accounts Receivable, No. 126 Supplies, No. 201 Accounts Payable, No. 209 Unearned Service Revenue, No. 301 Owner's Capital, No. 400 Service Revenue, No. 726 Salaries and Wages Expense, and No. 729 Rent Expense.

**Instructions:**

- I. Journalize the transactions.
- II. Post to the ledger accounts.
- III. Prepare a trial balance on April 30, 2017.