

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

Final-Semester Examination

Course No. : BTM 4107

Course Title : Financial Accounting I

Winter Semester, A. Y. 2022-2023

Time : 3 hours

Full Marks : 150

Answer **all 6 (six)** questions. All questions carry equal marks. Marks of each question and corresponding CO and PO are written in the right margin with brackets.

1. On April 1, Julie Spengel established Spengel's Travel Agency. The following transactions were [25] (CO2) (PO2) completed during the month.
1. Invested \$15,000 cash to start the agency.
 2. Paid \$600 cash for April office rent.
 3. Purchased equipment for \$3,000 cash.
 4. Incurred \$700 of advertising costs in the Chicago Tribune, on account.
 5. Paid \$900 cash for office supplies.
 6. Performed services: \$3,000 cash and \$7,000 on account.
 7. Withdrew \$600 cash for personal use.
 8. Paid Chicago Tribune \$500 of the amount due in transaction (4).
 9. Paid employees' salaries \$2,500.
 10. Received \$4,000 in cash from customers who have previously been billed in transaction (6).

Required:

Prepare a tabular analysis of the transactions using the following column headings: Cash, Accounts Receivable, Supplies, Equipment, Accounts Payable, Owner's Capital, Owner's Drawings, Revenues, and Expenses.

2. These financial statement items are for Basten Company at year end, July 31, 2020.

Salaries and wages expense	\$48,700	Depreciation expense	\$4,000
Cash	14200	Owner's capital (beginning)	51,200
Accumulated depreciation—equipment	6000	Owner's drawings	3000
Accounts payable	4100	Equipment	34,400
Service revenue	63000	Rent revenue	8500
Utilities expense	22,600	Notes payable (long-term)	1,800
Accounts receivable	9780	Salaries and wages payable	2,080

- (a) Prepare an income statement for this year. [10] (CO3) (PO3)
- (b) Prepare an owner's equity statement for this year. [05] (CO3) (PO3)
- (c) Prepare a classified balance sheet on July 31. [10] (CO3) (PO3)

3. At the end of its first month of operations, Pampered Pet Service has the following unadjusted trial balance: [25] (CO, PO)

Account Titles	Debit (\$)	Credit (\$)
Cash	55400	
Accounts Receivable	2800	
Supplies	1300	
Prepaid insurance	2400	
Equipment	60000	
Note Payable		540000
Accounts Payable		2400
Capital		30000
Drawing	1000	
Service Revenue		4900
Salaries Expense	3200	
Utilities Expense	800	
Advertising Expense	400	
Total	\$77,300	\$77,300

Other data:

- Insurance expires at the rate of \$200 per month.
- \$1000 of supplies are on hand on August 31.
- Monthly depreciation on the equipment is \$900.
- Interest of \$500 on the notes payable has accrued during August.

Based on the above data, prepare a complete worksheet.

4. Emil Skoda Company had the following adjusted trial balance.

EMIL SKODA COMPANY
Adjusted Trial Balance
For the Month Ended June 30, 2010

Account Titles	Debit (\$)	Credit (\$)
Cash	3,712	
Accounts Receivable	3,904	
Supplies	480	
Accounts Payable		1,792
Salaries Payable		448
Unearned Revenue		160
Emil Skoda, Capital		5,760
Emil Skoda, Drawing	300	
Service Revenue		4,064
Salaries Expense	1,344	
Miscellaneous Expense	256	
Supplies Expense	2,228	
	\$12,224	\$12,224

Required:

- Prepare closing entries on June 30, 2010.
- Prepare a post-closing trial balance.

[15] (CO2)

(PO2)

[10] (CO2)

(PO2)

(a) Describe monetary unit assumption and economic entity assumption with examples.

10 (CO1)
(PO1)

(b) What are the sequential steps involved in the accounting cycle, and how do they contribute to the systematic recording, analysis, and reporting of financial transactions within an organization?

15 (CO1)
(PO1)

6. Sara Company started business on January 1, 2023 and had the following unadjusted trial balance.

SARA COMPANY
Unadjusted Trial Balance
for the Month Ended January 31, 2023

Account Titles	Unadjusted Trial Balance	
	Debit (\$)	Credit (\$)
Cash	11300	
Accounts Receivable	6000	
Supplies	1500	
Prepaid Insurance	3600	
Equipment	36000	
Accounts Payable		1500
Notes Payable		24000
Unearned Service Revenue		5900
Sara, Capital		47000
Service Revenue		9500
Salaries Expense	6400	
Rent Expense	23100	
	<u>\$87900</u>	<u>\$87900</u>

In addition to those accounts in the trial balance, the charter of account of the company contains following accounts: Depreciation, Accumulated depreciation, Supplies expense, Salaries payable, Insurance expense, Interest expense, Interest payable.

Additional data:

- 900 of supplies have been used during the month.
- Insurance policy is for one-year.
- 900 of the balance in the unearned service revenue remained unearned till January 31, 2023.
- Annual depreciation for equipment is 1200.
- Salary remained unrecorded till last day of recording 600.
- Notes payable was issued on January 1, 2023, with 10% interest.

Required:

(a) Prepare Adjusting entries on January 31, 2023

15 (CO2)
(PO2)

(b) Prepare adjusted trial balance for the month ended January 31, 2023

10 (CO2)
(PO2)