Daffodil International University
Faculty of Science & Information Technology
Department of Computer Science & Engineering
Midterm Examination, Summer 2026
Course Code: ACT_327, Course Title: Financial and Managerial Accounting
Level: 3 Term: 2 Batch: 66

Time: 1 Hour and 30 minutes **Marks: 25**

Answer ALL Questions
[The figures in the right margin indicate the full marks and corresponding course outcomes. All portions of each question must be answered sequentially.]

1.	***a)***	A bank is deciding whether to approve a business loan application. Explain how accounting information helps the bank and identify the type of user.	**[3]**	**CO1**
	b)	A company records inventory at purchase cost despite an increase in its selling price. Classify the accounting principle being followed and the principle being ignored. Briefly explain.	**[3]**	
2.		Mr. Fahim Ahmed started a consulting firm named Apex Consulting Services on April 1, 2026. During the first month of the operation of his business, the following transactions occurred: April 1 – He invested Tk. 220,000 cash and furniture worth Tk. 80,000 into the business. April 5 – Performed services; received Tk. 65,000 cash and billed customers Tk. 20,000. April 10 – Purchased office supplies for Tk. 40,000, paying 75% in cash and the balance on credit. April 12– Paid Tk. 9,000 for Electricity and Tk. 15,000 for office rent in cash. April 15 – Paid Tk. 6,000 for the purchase made on account on April 10 April 21 – Borrowed Tk. 35,000 from a bank on a note payable. April 26 – Collected Tk. 12,000 cash from a client whose account was billed on April 5 April 30 – Owner withdrew Tk. 8,000 cash for personal use.		**CO2**
	a)	Identify the effects of the transactions on the accounting equation in tabular form	**[5]**	
	b)	Summarize the given data in an Income Statement for the month ended April 2026.	**[2]**	
3.		Metro Courier Services Ltd. began business operations on March 1, 2026. During the month, the following transactions occurred: March 1 – The owner invested Tk. 600,000 cash and delivery vehicles worth Tk. 250,000 into the business. March 5 – Purchased Tk. 18,000 of office supplies for cash. March 10 – Provided delivery services for Tk. 240,000, receiving Tk. 180,000 cash and the balance on account. March 13 – Paid Tk. 24,000 for a 12-month insurance policy.		**CO3**

		March 15 – Purchased additional office equipment worth Tk. 40,000, paying Tk. 28,000 cash and the balance on account. March 18 – Hired a manager at a salary of Tk. 18,000 per month effective from April 1. March 21 – Received an advertising bill from Metro Media Ltd. amounting to Tk. 4,500. Payment will be made later. March 25 – Paid employees' salaries of Tk. 32,000 in cash.		
	a)	Summarize the above transactions by journalizing them.	[4]	
	b)	Construct the ledger account for Accounts Payable	[2]	
4.		Mr. Rahul started his Consulting Firm, Rahul Consulting Firm, on May 1, 2025. The trial balance at 31 July 2025 is as follows: (see below)	[6]	CO4

Rahul Consulting Firm
Trial Balance
31 July 2025

Account Title	Debit (Tk)	Credit (Tk)
Cash	1,50,000	
Accounts Receivable	35,000	
Supplies	14,000	
Prepaid Insurance	24,000	
Furniture	60,000	
Accounts Payable		45,000
Unearned Service Revenue		35,000
Owner's Capital		1,10,000
Service Revenue		60,000
Salaries expense	20,000	
Notes payable		68,000
Rent Expense	15,000	
Total	3,18,000	3,18,000

Other data:

1. A physical count showed that Tk. 8,000 of supplies remained on hand.
2. The Insurance policy is for 12 months.
3. Tk. 12,000 of unearned service revenue remained unearned as of July 31
4. Annual depreciation on office furniture is Tk. 12000, with no salvage value.
5. The company performed services worth Tk. 5000 for a client that have not yet been recorded
6. The interest rate on the note payable is 12%. The note was issued on June 1, 2025.

Requirements:
Analyze the accounting data and prepare the necessary adjusting entries for the quarter.