Daffodil International University

Department of Computer Science and Engineering
Faculty of Science and Information Technology
Final Examination, Semester: Summer- 2018
Course Code: ACT-301 Course Title: Financial and Managerial Accounting
Level & Term: L3T3 Section: All
Course Teacher (with Initial): **SK/AH/SMR/UK/MAR**

Time: 120min **Marks: 40**

Part - A
(Answer any Four questions)

1. Write down the differences between direct and indirect material. **(2)**
2. What do you mean by depreciation? Why we charge depreciation? **(2)**
3. Define accrual and cash basis accounting. **(2)**
4. Write down the differences between Going concern and Economic entity assumption **(2)**
5. Write short note: Revenue recognition principle, Cost principle **(2)**

Part - B
(Answer any FOUR questions) [8*4=32]

1. Nahid started her own consulting firm , Nahid Consulting, on April 1, 2007. On April 30 the balance sheet showed cash Tk 28000 , accounts receivable Tk. 25000, accounts payable Tk. 19000 and capital is Tk.34000 .The following transactions occurred during the month of May:

May	1	Paid Tk. 1000 for office rent of the month.
	3	Purchased Tk. 1000 of supplies for cash.
	5	Paid Tk. 150 for advertisement in the Daily Star.
	9	Received Tk. 3000 for the services provided.
	12	Withdrew Tk. 800 cash for personal use.
	15	Performed Tk. 5000 of services and billed.
	17	Paid Tk. 3000 for employee' salaries.
	20	Paid for the supplies purchased on account on May 3.
	23	Received a cash payment of Tk. 2000 for services provided on account on May 15.
	26	Borrowed Tk. 6000 from the bank on a note payable.
	29	Purchased office equipment for Tk. 2800 on account.

Instruction: Show the effects of the previous transactions on the accounting equation in tabular form.

2. The Adventure Park was started on April 1 by Al Rosssy. The following events and transactions occurred during the April:

April	1	Rosssy invested Tk. 60,000 cash in the business.
	4	Purchased Land for Tk.30, 000 for cash.
	8	Incurred Advertising expenses of Tk. 1,800 on account
	11	Paid salaries to employees Tk. 1,500.
	12	Hired park manager at a salary of Tk. 4,000 per month effective from May 1.
	13	Paid Tk. 1,500 cash for a one year insurance policy.

17 Withdrew Tk. 600 cash for personal use.
20 Earned Tk. 5,700 for admission fees but not yet received
25 Sold 100 coupon books for Tk. 25.00 each. Each book contains 10 coupons that entitled the holder to one admission to the Park.
30 Cash received from customer TK 5000.
30 Paid Tk. 700 for advertising incurred at April 8
31 Received Tk. 1000 cash for future service

Requirement:

a. Journalize the transactions.

b. Post the journal entries to ledger [Control Ledger Accounts are Cash, Accounts Payable]

3. Muddy River Resort opened for business on April 1, 2008 with eight air conditioned units. Its trial balance before adjustment on August 31, 2008 is as follows:

Muddy River Resort
Trial Balance at August 31, 2008

Number	Particulars	Debit	Credit
1	Cash	65,600	
2	Supplies	3,300	
3	Prepaid Insurance	6,000	
4	Land	25,000	
5	Cottages	125,000	
6	Furniture	26,000	
7	Account Payable		6,500
8	Unearned Rent		7,400
9	Mortgage Payable		80,000
10	P.S. Capital		100,000
11	P.S. Drawing	5,000	
12	Rent Revenue		80,000
13	Repair Expense	3,600	
14	Salaries Expense	5,000	
15	Utility Expense	9,400	
		273,900	273,900

Other information: (1) Insurance policy is for 2 years (2) Account on August 31 Shows Tk. 600 of supplies has used (3) Furniture has 5 years life with salvage value 1000 which cost is Tk 26000 (4) Tk. 2,500 of the balance in the unearned rent revenue account remain unearned at the end of the month. (5) Salaries Expense is accrued Tk1200 per month (6) Rentals of Tk. 800 were due from tenants at August 31(7)Invoice represents Tk 5000 of dividend revenue has earned but not yet recorded 8)Raw material purchased on account Tk 10000

Instructions:

Prepare the adjusting journal entries

4. Volter company manufactures and sells a specialized cordless telephone for high electromagnetic radiation environments. The company's contribution format income statement for the most recent year is given below:

	Total	Per unit
Sales	600000	40
Less Variable expense	420000	28
Contribution Margin	180000	12
Less Fixed expense	150000	
Net income	30000	

1. What is the breakeven point in units and sales
2. How many units have to be sold to earn a minimum target profit of 50000?
3. Without resorting to computation what will be the contribution margin at break even point?
4. What will be the degree of operating leverage?
5. If in the next year sales increase by 25% then what will be the expected percentage increase in net operating income?(use degree of operating leverage)

5. The following selected account balances for the year ended December 31 are provided for Valenko Company:

Advertising expense	$ 215,000
Insurance, factory equipment	8,000
Depreciation, sales equipment	40,000
Rent, factory building	90,000
Utilities, factory	52,000
Sales commissions	35,000
Clearing supplies, factory	6,000
Depreciation, factory equipment	110,000
Administrative salaries	85,000
Maintenance, factory	74,000
Direct labor	?
Purchases of raw materials	260,000
Depreciation, office equipment	10,000
Dividend Revenue	20,000
Loss on sale of Investment	5,000

Inventory balances at the beginning and end of the year were as follows:

	Beginning of Year	Ending of Year
Raw materials	$ 50,000	$ 40,000
Work in process	?	33,000
Finished goods	30,000	?

The total manufacturing costs for the year were $ 675,000; the goods available for sale totaled $ 720,000; and the cost of goods sold totaled $ 635,000.

Required:

1. Prepare a schedule of cost of goods manufactured and the cost of goods sold section of the company's income statement for the year.
2. Assume that the dollar amounts given above are for the equivalent of 30,000 units produced during the year. Compute the average cost per unit for direct materials used, and compute the average cost per unit for rent on the factory building.
3. Assume that in the following year the company expects to produce 50,000 units. What average cost per unit and total cost would you expect to be incurred for direct materials? For rent on the factory building?