

4

BBA in TM, 1st Sem.

Date: January 6, 2026 (Afternoon)

ISLAMIC UNIVERSITY OF TECHNOLOGY (IUT)
ORGANISATION OF ISLAMIC COOPERATION (OIC)

DEPARTMENT OF BUSINESS AND TECHNOLOGY MANAGEMENT (BTM)

Mid Semester Examination

Winter Semester, A. Y. 2024-2025

Course No: BTM 4107

Time : 2 Hours

Course Title: Financial Accounting I

Full Marks : 120

Answer all 4 (four) questions. All questions carry equal marks. Marks of each question and corresponding CO, PO, and Bloom's Taxonomy levels (Cognitive) are written in the right margin.

- | | | |
|-------|--|--------------------------------|
| 1. a) | Explain the basic steps in the accounting process. | 05 (CO1)
(PO1)
(Level 2) |
| b) | Explain accounting and users of accounting information with examples. | 05 (CO1)
(PO1)
(Level 2) |
| c) | <p>Mary started her own consulting firm, Matrix Consulting, on May 1, 2020. The following transactions occurred during the month of May.</p> <p>May 1: Trixie invested \$7,000 cash in the business.</p> <p>May 2: Paid \$900 for office rent for the month.</p> <p>May 3: Purchased \$600 of supplies on account.</p> <p>May 5: Paid \$125 to advertise in the County News Company.</p> <p>May 7: Received \$4,000 cash for services performed.</p> <p>May 8: Withdrew \$1,000 cash for personal use.</p> <p>May 10: Performed \$5,400 of services on account.</p> <p>May 12: Paid \$2,500 for employee salaries.</p> <p>May 15: Paid for the supplies purchased on account on May 3.</p> <p>May 16: Received a cash payment of \$4,000 for services performed on May 10.</p> <p>May 20: Borrowed \$5,000 from the bank on a note payable.</p> <p>May 22: Purchased equipment for \$4,200 on account.</p> | 20 (CO3)
(PO1)
(Level 3) |

Instructions:

Prepare a tabular analysis of transactions using the following accounts:

Cash, accounts receivable, supplies, equipment, accounts payable, notes payable, owner's capital, owner's drawings, revenue and expense.

- | | | |
|----|--|--------------------------------|
| 2. | Emily Valley is a licensed dentist. The business started on 1 st April 2017. During the first month of the operation of her business, the following events and transactions occurred. | 30 (CO3)
(PO1)
(Level 3) |
|----|--|--------------------------------|

- 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.

Instructions:

- I. Journalize the transactions. [15 marks]
- II. Post journal accounts to the ledger accounts. [10 marks]
- III. Prepare a trial balance. [05 marks]

3. a) What is a trial balance? What are the limitations of trial balance?

05 (CO1)
(PO1)
(Level 1)

- b) The trial balance of Avtar Sandhu Co. shown below does not balance.

15 (CO3)
(PO1)
(Level 3)

Avtar Sandhu Co.
 Trial Balance
 June 30, 2017

Account	Debit	Credit
Cash		\$3,340
Accounts Receivable	\$2,812	
Supplies	1,200	
Equipment	2,600	
Accounts Payable		3,666
Unearned Service Revenue	1,100	
Owner's Capital		8,000
Owner's Drawings	800	
Service Revenue		2,480
Salaries and Wages Expense	3,200	
Utilities Expense	810	
	\$12,522	\$17,486

Each of the listed accounts has a normal balance per the general ledger. An examination of the ledger and journal reveals the following errors:

- I. Cash received from a customer in payment of its account was debited for \$580, and Accounts Receivable was credited for the same amount. The actual collection was for \$850.
- II. The purchase of a computer on account for \$710 was recorded as a debit to Supplies for \$710 and a credit to Accounts Payable for \$710.

- III. Services were performed on account for a client for \$980. Accounts Receivable was debited for \$980, and Service Revenue was credited for \$98.
- IV. A debit posting to Salaries and Wages Expense of \$700 was omitted.
- V. A payment of a balance due for \$306 was credited to Cash for \$306 and credited to Accounts Payable for \$360.
- VI. The withdrawal of \$600 cash for Sandhu's personal use was debited to Salaries and Wages Expense for \$600 and credited to Cash for \$600.

Instructions:

Considering the errors, prepare a correct trial balance.

- c) Diana Co. was organized on July 1, 2017. Quarterly financial statements are prepared. The unadjusted and adjusted trial balances as of September 30 are shown below:

10 (CO3)
(PO1)
(Level 3)

Diana Co.
Trial Balance
September 30 2017

Account	Unadjusted		Adjusted	
	Debit	Credit	Debit	Credit
Cash	\$8,700		\$8,700	
Accounts Receivable	10,400		11,500	
Supplies	1,500		650	
Prepaid Rent	2,200		500	
Equipment	18,000		18,000	
Accumulated Depreciation – Equipment				\$700
Notes Payable		\$10,000		10,000
Accounts Payable		2,500		2,500
Salaries and Wages Payable				725
Interest Payable				100
Unearned Rent Revenue		1,900		450
Owner's Capital		22,000		22,000
Owner's Drawings	1,600		16,00	
Service Revenue		1,6000		17,100
Rent Revenue		1,410		2,860
Salaries and Wages Expense	8,000		8,725	
Rent Expense	1,900		3,600	
Depreciation Expense			700	
Supplies Expense			850	
Utilities Expense	1,510		1,510	
Interest Expense			100	
	\$53,810	\$53,810	\$56,435	\$56,435

Instructions:

- I. **Journalize** the adjusting entries that were made.
- II. If the note bears interest at 12%, **calculate** how many months it has been outstanding.

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

30 (CO3)
(PO1)
(Level 3)

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

Account Titles	Unadjusted Trial Balance	
	Debit	Credit
Cash	\$4500	
Accounts Receivable	6000	
Supplies	1500	
Prepaid insurance	3600	
Equipment	36000	
Accounts Payable		\$1500
Unearned Service Revenue		5900
Sara, Capital		47000
Service Revenue		9500
Salaries Expense	6400	
Rent Expense	900	
	<u>\$63,900</u>	<u>\$63,900</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:

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



Required:

- I. Prepare Adjusting entries on January 31, 2023. [10 marks]
- II. Prepare adjusted trial balance for the month ended January 31, 2023. [05 marks]
- III. Prepare an income statement for the month ended January 31, 2023. [05 marks]
- IV. Prepare owner's equity statement for the month ended January 31, 2023. [05 marks]
- V. Prepare a balance sheet on January 31, 2023. [05 marks]