

University of Asia Pacific
Department of Civil Engineering
Final Examination, Spring- 2012
Program: B. Sc. Engineering (Civil)

Course Title: Principles of Accounting

Course Code: ACN 301

Time: 2.00 Hours

Full Marks: 100

There are **Six** Questions. Answer any **Four**. All questions are of equal value. Figures in the right margin indicate marks.

1. (a) Explain "Monetary Unit Assumption" and "Economic Entity Assumption". 05
(b) State the "Cost Principle". 04
(c) Mr. Mehadi started his own consulting firm and state the following transactions for the month of December 2011: 16

Dec-1: Invested Tk.20,000 cash and equipment Tk. 15,000 in the business.
Dec-3: Paid Tk.2,000 cash for office rent.
Dec-7: Purchase equipment for Tk.8,000 on account.
Dec-8: Incurred Tk.500 of advertising cost on account.
Dec-10: Purchase office supplies for cash Tk.1,500.
Dec-15: Performed Tk. 7,000 of service on account.
Dec-18: Paid for the equipment purchase on December 7.
Dec-20: Received a cash payment of Tk. 5,000 for service provided on account on Dec-15.

Required: Show the effect of the above transactions on the accounting equation/ prepare a tabular summary of the above transactions.

2. (a) What is a ledger? When is it prepared? 05
(b) Miss Afroza Rahman is a licensed architect. During the first month of the operation of her business, the following transactions and events occurred.

Nov-1: Invested cash Tk. 30,000 and equipment Tk. 10,000 in the business.
Nov-3: Hired a secretary at a salary of Tk. 4,000 payable monthly.
Nov-8: Purchase architectural supplies on account Tk.2,500.
Nov-10: Performed services and billed on a client Tk.15,000 for services,
Nov-11: Received Tk. 6,000 cash advance from a client.
Nov-18: Received 80% of balance due from customers for services performed on Nov-10.
Nov-22: Purchase equipment for Tk. 8,000 and paid 3,000 cash.

- Required: (a) Journalize the transactions. 15
(b) Post the transaction into the ledger accounts. 05

3. (a) Is the preparation of Trail Balance a mandatory part of accounting system ? 08

(b) The Trial Balance of Tonni Massai Company at June 30, 2012 is shown below- 17

Tonni Massai Company
Trial Balance
June 30, 2012

Accounts Title	Debit(Tk.)	Credit (Tk.)
Cash	7,150	
Accounts Receivable	6,000	
Supplies	2,000	
Prepaid Insurance	3,000	
Office Equipment	15,000	
Accounts Payable		4,500
Unearned Service Revenue		4,000
Capital		21,750
Service Revenue		7,900
Salaries Expense	4,000	
Rent Expense	1,000	
Total	38,150	38,150

Analysis reveals the following additional data:

- i. Supplies on hand Tk. 600
- ii. A utility bill for Tk. 150 has not been recorded and will not be paid until next month.
- iii. The insurance policy is for a year.
- iv. Tk. 2,500 of unearned service revenue has been earned at the end of the month.
- v. Salaries of Tk. 2,000 are unpaid at June 30.
- vi. Service provided to a customer but not collected Tk. 1,000.
- vii. Rent is accrued but not paid Tk. 1,000.
- viii. Office equipment depreciates 100 per month.

Required: Prepare the adjusting entries for June 30, 2012.

4. (a) What is meant by the term Degree of Operating leverage? 05

(b) Z ltd is planning to sell certain product in the market. The product will be sold at Tk. 20 per unit. The variable cost for the product will be Tk. 12 per unit and fixed cost would be Tk. 80,000.

Required: 20

- i. Calculate Break- even point in terms of quantity.
- ii. Calculate Break- even point in terms of Tk.
- iii. Calculate Margin of Safety at a sales level 2,50,000 units.
- iv. Calculate the profit if 80,000 units are sold.

5. (a) What is Opportunity cost and Sunk cost? Explain with examples.

05

(b) The following information is available for Munnu Trading Company:

Munnu Trading Company
September 30, 2011
Trial Balance

Particular	Debit	Credit
Cash	5,400	
Accounts Receivable	2,800	
Prepaid Insurance	2,400	
Supplies	1,300	
Equipment	60,000	
Notes Payable		40,000
Accounts Payable		2,400
Capital		30,000
Drawing	1,000	
Service Revenue		4,900
Salaries Expense	3,200	
Utility Expense	800	
Advertising expense	400	
Total	77,300	77,300

Other data consist of the following:

- a. Insurance expires at the rate of Tk. 200 per month.
- b. There is Tk. 1,000 of supplies on hand at Sep, 30.
- c. Monthly depreciation on the equipment is Tk. 900.
- d. Interest of tk. 500 on the notes payable has accrued during September.

Required:

- i. Prepare a Classified Balance Sheet assuming 30,000 of the notes payable in long term. 15
- ii. Prepare an income statement. 05

6. Answer any five: 25

- (a) What is Double Entry System?
- (b) What is Bank Reconciliation Statement? Why is Bank Reconciliation Statement prepared?
- (c) What is the difference between Cost, Expense and Loss?
- (d) Explain behavioral classification of cost.
- (e) State the steps in Bank Reconciliation Procedure.
- (f) State the Accounting Procedure or Accounting cycle.
- (g) What is the basis for comparison in Ratio Analysis?