

## 1<sup>st</sup> Mid-term Examination (21-22)

Marks: 10

### 1) Why Journal is referred as the primary book of Accounting? [2]

**Answer:** Journal is prepared because it is the primary book where all transactions are first recorded in chronological order. It helps to maintain a complete record, supports the double-entry system, assists in posting to the ledger, and helps detect errors in the recording process.

### 2) Following entries were revealed in the books of Talha incorporation for the month ended May 31, 2025: [8]

#### Transaction:

- **May 01:** Start their business with Cash 90,000; Furniture 10,000; and loan 10,000.
- **May 07:** Purchase on credit for Tk. 3,000.
- **May 08:** Sales of Tk. 5,000 and received cash of Tk. 2,000.
- **May 15:** Payment of Tk. 1,000 as electricity bill.
- **May 18:** Purchase of laptop for official use Tk. 20,000
- **May 22:** Bank charges 250 as interest.
- **May 25:** Received due amount of credit sales.
- **May 27:** Service provided but not received for Tk. 3,000
- **May 30:** Depreciation of furniture Tk. 1,000.

#### Requirements:

- I. Prepare journal entries to record the above transactions.
- II. Post the journal entries to ledger.

#### Answer of (i):

### Talha Incorporation Journal Entries For the Month Ended May 31<sup>st</sup>, 2025

Date	A/C Titles & Explanation	Debit (Dr.)	Credit (Cr.)
2025, May 01	Cash Furniture Loan Payable Capital (to record initial investment)	90000 10000	10000 90000
May 07	Purchase A/C payable (to record purchases on credit)	3000	3000
May 08	Cash A/C receivable Sales Revenue (to record sales revenue)	2000 3000	5000
May 15	Electricity Expense Cash (to record the payment of electricity bill)	1000	1000
May 18	Office Equipment Cash (to record the purchase of office equipment)	20000	20000
May 22	Interest Expense Cash (to record interest expense)	250	250

AVAILABLE AT:

Date	A/C Title & Explanation	Debit	Credit
May 25	Cash A/C Receivable (to record received the due amount of credit sales)	3000	3000
May 27	A/C receivable Sales Revenue (to record service provided on credit)	3000	3000
May 30	Depreciation Expense Accumulated Depreciation (Furniture)	1000	1000
<b>Total</b>		<b>136250</b>	<b>136250</b>

### Answer of (ii): General Ledger

#### Cash

Date	Explanation	Debit	Credit	Balance
May 01	Capital	90000		90000
May 08	Sales Revenue	2000		92000
May 15	Electricity Expense		1000	91000
May 18	Office Equipment		20000	71000
May 22	Interest Expense		250	70750
May 25	A/C receivable	3000		73750

#### Furniture

Date	Explanation	Debit	Credit	Balance
May 01	Capital	10000		10000

#### Loan Payable

Date	Explanation	Debit	Credit	Balance
May 01	Cash		10000	10000

#### Capital

Date	Explanation	Debit	Credit	Balance
May 01	Cash		90000	90000

#### Purchase

Date	Explanation	Debit	Credit	Balance
May 07	A/C Payable	3000		3000

### A/C Payable

Date	Explanation	Debit	Credit	Balance
May 07	Purchase		3000	3000

### A/C Receivable

Date	Explanation	Debit	Credit	Balance
May 08	Sales Revenue	3000		3000
May 25	Cash		3000	0
May 27	Sales Revenue	3000		3000

### Sales Revenue

Date	Explanation	Debit	Credit	Balance
May 08	Cash + A/R		5000	5000
May 27	A/C Receivable		3000	8000

### Electricity Expense

Date	Explanation	Debit	Credit	Balance
May 15	Cash		1000	1000

### Office Equipment

Date	Explanation	Debit	Credit	Balance
May 18	Cash	20000		20000

### Interest Expense

Date	Explanation	Debit	Credit	Balance
May 22	Cash		250	250

### Depreciation Expense

Date	Explanation	Debit	Credit	Balance
May 30	Accumulated Depreciation (Furniture)	1000		1000

### Accumulated Depreciation

Date	Explanation	Debit	Credit	Balance
May 30	Depreciation Expense		1000	10000

### Extra Note: Trial Balance

**Talha Incorporation**  
**Trial Balance**  
**For the Month Ended May 31<sup>st</sup>, 2025**

Serial No	Account Titles	Debit	Credit
1	Cash	73750	
2	Furniture	10000	
3	Loan Payable		10000
4	Capital		90000
5	Purchase	3000	
6	A/C Payable		3000
7	A/C Receivable	3000	
8	Sales Revenue		8000
9	Electricity Expense	1000	
10	Office Equipment	20000	
11	Interest Expense	250	
12	Depreciation Expense	1000	
13	Accumulated Depreciation		1000
<b>Total</b>		<b>112000</b>	<b>112000</b>