

## 2nd Mid-term Examination (21-22)

Marks: 10

### 1. Define Asset. Point out and briefly state the assumptions in Accounting. [03]

**Answer:** Asset refers to any resource owned or controlled by a business that has future economic benefits. Examples: cash, equipment, buildings, inventory, accounts receivable, etc.

#### Assumptions in Accounting:

- 1) **Business Entity Assumption:** The business is separate from the owner, so only business transactions are recorded.
- 2) **Money Measurement Assumption:** Only events that can be expressed in money are included in accounting records.
- 3) **Going Concern Assumption:** The business is expected to continue operating in the future, not close soon.
- 4) **Accounting Period Assumption:** Business life is divided into fixed periods (month/year) to determine financial results.

### 2. Mr. Rashed started his business on June 1, 2025. The balance showed: Cash Tk. 4,800, Accounts Receivable Tk. 5,000, Equipment Tk. 10,000.

#### Transactions:

June 2: Collected Tk. 3,800 of Accounts Receivable.

June 4: Earned revenues of Tk. 16,000 of which Tk. 6,000 is collected in cash.

June 5: Purchased office equipment for Tk. 2,000, paying Tk. 800 in cash and the balance on account.

June 6: Paid salaries Tk. 6,000, rent Tk. 1,500, advertisement expense Tk. 800, utility bill Tk. 1,500.

June 8: Borrowed Tk. 10,000 from AB Bank.

June 10: Performed Tk. 10,000 of service on account.

June 11: Received a cash payment of Tk. 6,000 for service provided on June 10.

June 18: Service rendered and earned Tk. 9,000 but not yet received.

June 30: Paid cash for insurance premium 3 months in advance including current month Tk. 1,500.

#### Requirement:

### Prepare a tabular analysis. [07]

#### **Answer:** Tabular Analysis of Mr. Rashed's business on June 1, 2025

Month	Assets				=	Liabilities	+ Owner's Equity				Explanation
June	Cash	+Equipment	+Supply	+A/R		A/P	Capital	-Drawings	+Revenue	-Expense	
1	4800	10000		5000			19800				Serv. Rev.
2	3800			(3800)							
4	6000			10000					16000		Earn. Rev.
5	(800)	2000				1200					

June	Cash	+Equip ment	+Supply	+A/R		A/P	Capital	-Drawings	+Revenue	-Expense	Explan- ation
6	(9800)									(6000)	Sal. Exp.
										(1500)	Rent Exp.
										(800)	Adv. Exp.
										(1500)	Utility Exp.
8	10000					10000					
10				10000					10000		Serv. Rev.
11	6000			(6000)							
18				9000					9000		Serv. Rev
30	(500)									(500)	Ins. Exp.
Total	19500	12000		24200		11200	19800		35000	(10300)	
Sum	55700				=	55700					