

International Islamic University Chittagong
Department of Economics & Banking
Semester Ending Examination: Autumn-2022
Program: BSS(Honors)

Course Code: ACC-2301

Course Title: Principles of Accounting

Time: 02 Hours & 30 Minutes

Full Marks: 50

Answer following questions. All parts of a question must be answered sequentially. Figures in the right margin indicate full marks.

QN	Description of questions	Marks																
1.	Required: Prepare a Multiple Step Income Statement. (Use the information provided in TABLE 1)	10																
2.	Required: 1. Prepare an Owner's Equity Statement 2. Prepare a Balance Sheet. (Use the information provided in TABLE 1) Net Income of Portland Textile Ltd. for the year ended 31 Dec is Tk. 52,250	10																
3.	The December 31 bank statement of Premier Inc. has just arrived from NRBC Bank. To prepare the bank reconciliation statement, you gather the following data: 1. The Dec bank balance is Tk. 4,330.82. 2. The bank statement includes two charges for return cheques from customers. One is an NSF cheque in the amount of Tk. 67.50 from Shawon Imtiaz, a customer, recorded on the books by a debit to Cash, and deposited on Dec 19. The other is a Tk. 195.03 cheque received from Mannan Inc. and deposited on Dec 21. It was returned by Mannan's bank with imprint "unauthorised signature". 3. The following Premier cheques are outstanding at Dec 31:	10																
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Cheque No.</th> <th style="text-align: left;">Amount (Tk.)</th> </tr> </thead> <tbody> <tr> <td>616</td> <td>403.00</td> </tr> <tr> <td>802</td> <td>74.25</td> </tr> <tr> <td>806</td> <td>36.60</td> </tr> <tr> <td>809</td> <td>161.38</td> </tr> <tr> <td>810</td> <td>229.05</td> </tr> <tr> <td>811</td> <td>48.91</td> </tr> <tr> <td>Total</td> <td>953.19</td> </tr> </tbody> </table>	Cheque No.	Amount (Tk.)	616	403.00	802	74.25	806	36.60	809	161.38	810	229.05	811	48.91	Total	953.19	
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	4. The bank statement includes two special deposits: Tk. 899.14, which is the amount of dividend revenue the bank collected from General Electronics Co. on behalf of Premier and Tk. 16.86, the interest revenue premier earned on its bank balance during Dec. 5. The bank statement lists a Tk. 6.25 subtraction for the bank service charge. 6. On Dec 31 the Premier Treasurer deposited Tk. 381.14 but this deposit does not appear on the bank statement. 7. The bank statement includes a Tk. 410.00 deduction for a cheque drawn by Pressure Inc. Premier promptly notifies the bank of its error. 8. Premier's cash account shows a balance of Tk. 3,521.55 on Dec 31.																	
	Required: 1. Prepare a bank reconciliation statement for Premier Inc. on Dec 31. 2. Give journal entries necessary to adjust the cash book.																	

Bichitra Book Store engaged in the following transactions during January of the current year:
January-2: Purchased inventory for cash, Tk. 800, less a quantity discount of Tk. 150.

10

January-3: Purchased store supplies on credit terms of net eom (end of month), Tk. 2,300.

January-8: Purchased inventory of Tk. 3,000 less a quantity discount of 10%, plus freight charges of Tk. 230. Credit terms are 3/15 n/30.

January-9: Sold goods for cash, Tk. 1,200.

January-11: Returned Tk. 200 (net amount after the quantity discount) of the inventory purchased on July 8. It was damaged in shipment.

January-12: Purchased inventory on credit terms of 3/10 n/30, Tk. 3,300.

January-14: Sold inventory on credit terms of 2/10 n/30, Tk. 9,600 less a quantity discount of Tk. 600.

January-16: Paid the electricity and water bills, Tk. 275.

January-20: Received returned inventory from July 14 sale, Tk. 400 (net amount after the quantity discount). Bichitra shipped the wrong goods by mistake.

January-21: Borrowed the amount owed on the July 8 purchase: Signed a note payable to the bank for Tk. 2,655 which takes into account the return of inventory on Jan 11.

January-21: Paid supplier for goods purchased on Jan 8 less the discount and the return.

Required: Journalise the above transactions.

Or

4((a) The Delta company uses a periodic inventory system. The beginning balance of inventory and purchases made by the company during the month of July, 2022 are given below: 7.5

- July 01: Beginning inventory, 500 units @ \$20 per unit.
- July 18: Inventory purchased, 800 units @ \$24 per unit.
- July 25: Inventory purchased, 700 units @ \$26 per unit.

The Delta company sold 1,400 units during the month of July.

Required: Compute inventory on July 31, 2022 and cost of goods sold for the month of July using following inventory costing methods:

1. First in, first out (FIFO) method
2. Last in, first out (LIFO) method
3. Average cost method.

4(b) The inventory of Buenos Aires Company at the end of the current year is to be recorded at the lower of cost and net realizable value. 2.5

Item	Unit	Cost(\$)	NRV(\$)
A	1000	120	150
B	1500	110	120
C	1200	150	140
D	1800	140	160
E	1700	130	160

Required: Determine the inventory value applying the lower of cost and net realisable value. Show your workings.

5. HUC purchased a photocopy machine at cost Tk. 50,000 in the year 2022. Its estimated useful life is 5 years and at the end of its useful life, its residual value would be Tk. 5,000. It is also estimated that the machine would produce 100,000 units. It can produce for 5 years as follows; 2022: 15,000 units, 2023: 30,000 units, 2024: 20,000 units, 2025: 25,000 units and 2026: 10,000 units respectively. 10

Required: Prepare a schedule of depreciation expense per year for the photocopy machine under the following methods.

1. Sum of Years Digit Method

2. Units of Activity Method

Or

5. A delivery truck was acquired on January 2, 2021, for Tk. 12,000. 10
expected to remain in service for 4 years and last 88,000 miles. At the end of company officials estimated that the truck's residual value would be Tk. 1,000. The truck traveled 24,000 miles in the first year, 28,000 in the second year, 21,000 in the third year, and 15,000 in the fourth year.

Required: Prepare a schedule of depreciation expense per year for the truck under the following methods.

1. Straight-Line Method

2. Declining Balance Method

TABLE 1			
Portland Textile Ltd. Trial Balance December 31, 2021			
SL No.	Title of Accounts	Amount (Tk.)	Amount (Tk.)
1	Cash	5,670	
2	Accounts Receivable	37,100	
3	Inventory	60,500	
4	Supplies	3,930	
5	Prepaid Rent	6,000	
6	Furniture and Fixtures	26,500	
7	Accumulated Depreciation		21,200
8	Accounts Payable		46,340
9	Unearned Sales Revenue		3,500
10	Note Payable, Long -Term		35,000
11	Portland Textile, Capital		23,680
12	Portland Textile, Withdrawals	48,000	
13	Sales Revenue		3,46,700
14	Sales Discounts	10,300	

15	Sales Returns and Allowances	8,200	
16	Purchases	1,75,900	
17	Purchase Discounts		6,000
18	Purchase Returns and Allowances		7,430
19	Freight In	9,300	
20	Salary Expense	82,750	
21	Rent Expense	7,000	
22	Utilities Expense	5,800	
23	Interest Expens	2,900	
	Total	<u>4,89,850</u>	<u>4,89,850</u>

Additional data at December 31, 2021

- a) Supplies used during the year, \$2,580.
- b) Prepaid rent in force, \$1,000.
- c) Unearned sales revenue still not earned \$2,400.
- d) Expected useful life of Furniture and Fixtures is 10 years, residual value is Zero.
- e) Accrued salaries, \$1,300.
- f) Accrued interest expense, \$600.
- g) Inventory on hand, \$65,800.