International Islamic University Chittagong

Department of Business Administration
Program: BBA
Exam: Final, Semester: Autumn - 2018
Course Title: Advanced Financial Accounting, Course Code: ACC- 4804

Full Marks: 50 Time: $2^1/_2$ hours

Answer any **Five** questions. All parts of a question must be answered serially.

1. On 1st July 2016, Rimzim Corporation of Chittagong sent 150 cases at a cost of Tk.750 per case to Kakoli Ltd. of Comilla on Consignment basis and paid Tk.1,900 for insurance premium, Tk.3,500 for freight and Tk.2,600 for dock charges. On arrival of the goods, Kakoli sent a bank draft for Tk.10,000 to Rimzim on 30th July, 2016 and paid Tk.2,500 for clearing charges, Tk.870 for cartage and Tk.750 for godown rent. 10 Cases were damaged in transit and a sum of Tk.3,500 was realized by way of compensation from the Insurance Company. Up to 31st December, 2016, 100 cases were sold for Tk.105,000 incurring a bad debt of Tk.1,150. Kakoli was entitled to a commission of 5% of the gross sales with further 3% as del credere commission. The amount due to Rimzim up to 31st December, 2016 was remitted by a bank draft. **10**
Prepare (a) Consignment to Comilla Account; (b) Kakoli Ltd. Account; and (c) Loss in Transit Account.

2. A of Dhaka and B of Chittagong enter into a Joint Venture to consign 250 bales of cotton to C of Khulna to be sold by the latter on the joint risk of A and B and sharing in proportion of ¾ and ¼ respectively. A sends 160 bales at Tk.1,500 each, paying freight and other charges amounting to Tk.1,000. B sends 90 bales at Tk.1,450 each, and pays for freight and other charges Tk. 1,000. All the bales are sold by the consignee for Tk.400,000, out of which he deducts Tk.2,500 for his expenses and his commission at 5%. He remits bank draft for Tk. 232,000 to A and the balance to B.
Prepare ledger accounts to record these transactions in the books of A and B. **10**

3. Royalty is Tk.2 per kg. with a minimum lease payment of Tk. 20,000. Shortworkings can be recouped only within three years following the year in which the shortworkings occur. In case of abnormal situation, shortworkings need to be adjusted accordingly. Production is as follows: 2013: 8,000 Kg., 2014: 13,500 Kg., 2015: 18,500 Kg., 2016: 22,500 Kg., 2017: 23,000 Kg., and 2018: 30,000 Kg. In the year 2017, there was a strike lasting for 3 months.
Pass journal entries in the book of lessee. **10**

4. On April 1, 2015, Modhumoti Co. purchased a machine from Rongdhanu Traders on hire purchase basis. The cash price of the machine was Tk. 25,000. The payment was to be made Tk. 5,000 on the date of contract and the balance in four annual installments of Tk. 5,000 plus interest at 5% per annum payable on 31st December each year, the first installment being payable on December 31, 2015. Show journal entries in the book of Modhumoti Co. assuming depreciation at 10% per annum on original cost. Also show how the items will appear in their balance sheet as on December 31, 2018. **10**

5. (a) What do you know about consignment business? Distinguish between consignment and sale. **5**
(b) Write notes on (i) Proforma invoice; and (ii) Accounts Sales. **5**