

**International Islamic University Chittagong**  
 Department of Business Administration  
 Program: BBA  
 Assignment for Final Examination, Spring 2021  
 Course: Principles of Accounting (ACC-1101)

**Time: 5 Hours**

**Full Marks: 30**

**[N. B. Prepare assignment by answering all of the following questions]**

<b>Question: 1</b>		
	<p>Suppose a merchandising company engaged in the following transactions during May 2019:  <i>(Transactions are placed below as per chronological order in May)</i></p> <p>3 Purchased inventories on credit terms of 2/10 net eom, \$16000.                      9 Returned 40% of the inventory purchased on May 3. It was defective.                      9 Sold goods for cash, \$19200.                      15 Purchased merchandises of \$81000 less a \$1200 quantity discount. Credit terms were 3/15 net 30.                      16 Paid a \$2600 freight bills on goods purchased.                      18 Sold inventory on credit terms of 2/10 n/30, \$52,000.                      22 Received damage merchandise from the customer whom the May 18 was made, \$1800.                      24 Borrowed moneys from the Bank to take the advantage of the discount offered on the May15 purchase. A Note payable was signed to the bank for the net amount.                      24 Paid suppliers for goods purchased on may 15, less all discount.                      28 Received cash in full settlement of the account from the customer who purchased inventory on May 18.                      29 Paid the amount owed on account from the purchase of May 3.                      30 Purchased inventories for cash, \$29000 less a quantity discount of \$1000.</p> <p><b>Required:</b>                      Journalize the above merchandising transactions.</p>	4
c)	<p>Differentiate among depreciation, amortization and depletion.</p> <p>ABC Company purchases a factory machine at a cost of \$15,000 on January 1, 2016 and the transportation cost was \$1000 and installation cost was \$2000. The machine is expected to have a salvage value of \$2,000 at the end of its 4th year useful life. During its useful life, the machine is expected to be used for 1,60,000 hours. Actual annual hourly usages were: 40,000 in 2016; 60,000 in 2017; 35,000 in 2018; and 25,000 in 2019.</p> <p><b>Required:</b>                      Prepare depreciation schedules under the following methods for first two years of useful life:</p> <ol style="list-style-type: none"> <li>a) The straight-line method.</li> <li>b) Units of activity method.</li> <li>c) Double declining balance method.</li> <li>d) Sum of the year digits method.</li> </ol>	6
<b>Question: 2</b>		
a)	<p>What is the main causes Bank Reconciliation statement?</p> <p>On May 31, 2020, James Logan Company had a cash balance per books of \$6,781.50. The bank statement from Jamuna Bank Ltd. on that date showed a balance of \$6,404.60. A</p>	4

- comparison of the statement with the cash account revealed the following facts.
- i. The statement included a debit memo of \$40 as service charge for the printing of additional company checks.
  - ii. Cash sales of \$836.15 on May 12 were deposited in the bank. The cash receipts journal entry and the deposit slip were incorrectly made for \$886.15. The bank credited Logan Company for the correct amount.
  - iii. Outstanding checks at May 31 totaled \$576.25. Deposits in transit were \$1,916.15.
  - iv. On May 18, the company issued check No. 1181 for \$685 to Barry Trest, on account. The check, which cleared the bank in May, was incorrectly journalized and posted by Logan Company for \$658.
  - v. A \$2,500 note receivable was collected by the bank for Logan Company on May 31 plus \$80 interest. The bank charged a collection fee of \$20.
  - vi. Included with the cancelled checks was a check issued by Bridgetown Company to Tom Lujak for \$800 that was incorrectly charged to Logan Company by the bank.
  - vii. On May 31, the bank statement showed an NSF charge of \$680 for a check issued by Sandy Grifton, a customer, to Logan Company on account.

**Required:**

Prepare the bank reconciliation at May 31, 2020.

b)

**Flora Tailoring Service**

Trial Balance  
April 30, 2019

6

SL. No	Accounts Title	Ref.	Debit	Credit
	Cash		2,370	-
	Accounts Receivable		23,540	-
	Supplies		10,570	-
	Prepaid Insurance		7,660	-
	Equipment		63,930	-
	Accumulated Depreciation- Equipment		-	21,730
	Building		74,330	-
	Accumulated Depreciation-Building		-	15,050
	Accounts Payable		-	19,550
	Interest Payable		-	-
	Wage Payable		-	-
	Unearned service revenue		-	8,840
	N/P-Long Term		-	69,900
	M. Lpoez, Capital		-	46,200
	M. Lopez, Withdrawals		47,500	-
	Service revenue		-	92,170
	Depreciation expense-Equipment		-	-
	Depreciation expense-Building		-	-
	Wages expense		28,970	-
	Insurance expense		-	-
	Interest expense		5,890	-
	Utilities expense		5,670	-
	Property Tax expense		3,010	-
	Supplies expense		-	-
	<b>Total</b>		<b>2,73,440</b>	<b>2,73,440</b>

Additional data at April 30, 2019:

- a. Supplies on hand Tk.6,000.

- b. Prepaid insurance still in force Tk.5,000.
- c. Accrued Interest expense Tk.2,080.
- d. Accrued service revenue Tk.2,200.
- e. Depreciation for the year: equipment Tk.6,500; building 3,210.
- f. Accrued wage expense Tk.830.
- g. Unearned service revenue earned during the year Tk.5,180.

**Required:**

Prepare a ten-column worksheet.

**Question: 3**

10

XYZ Paint Company  
Trial Balance  
December 31, 2019

No.	Account Titles	Amount	Amount
1	Cash	\$1025,000	
2	Accounts receivable	860,000	
3	Inventory	150,000	
4	Store Supplies	10,000	
5	Prepaid insurance	30,000	
6	Store fixtures	165,000	
7	Accumulated depreciation		\$35,000
8	Accounts payable		126,500
9	Note payable, long term		300,500
10	Capital		1537,400
11	Withdrawals	136,800	
12	Sales revenue		1400,000
13	Sales return	5,000	
14	Sales discount	10,000	
15	Purchase	750,000	
16	Purchase discount		5,000
17	Purchase return		3,000
18	Freight in	8,000	
19	Salary expense	131,500	
20	Rent Expense	106,600	
21	Utilities expense	16,700	
22	Insurance expense	15,300	
23	Interest expense	13,500	
24	Unearned sales revenue		26,000
	Total	<u>\$3433,400</u>	<u>\$3433,400</u>

Additional data at December 31, 2019:

- a) Insurance expense for the year, \$18,000
- b) Store fixtures have an estimated useful life of 20 years and are expected to be worthless when they are retired from service.
- c) Accrued salaries at December 31, \$15,600
- d) Accrued interest expense at December 31, \$9,700 and utility expense \$5,200.
- e) Store supplies on hand at December 31, \$7,600.
- f) Inventory on hand at December 31, \$140,550.
- g) Unearned sales revenue still unearned at December 31 \$6,000.

	<p><b>Required:</b></p> <ul style="list-style-type: none"><li>a) Prepare the multiple step income statement.</li><li>b) Prepare the statement of owner' equity.</li><li>c) Prepare the balance sheet</li></ul>	
--	--	--