

International Islamic University Chittagong

Department of Business Administration

Program: BBA

Final Examination, Spring 2018

Course: Principles of Accounting (ACC-1101)

Time: 2½ Hours

Full Marks: 50

[N. B. Answer any 4 (four) questions including question # 6]

Question: 1		
a)	Define Islamic Accounting. What do you think that Islamic Accounting is important?	2
b)	Identify the features of Islamic Accounting.	2
c)	Differentiate between Islamic Accounting and Conventional Accounting.	6
Question: 2		
a)	Discuss FOB shipping point and FOB shipping destination.	2
b)	Suppose a merchandising company engaged in the following transactions during May 2012: (transactions are placed below as per chronological order in May) 3 Purchased inventory on credit terms of 1/10 net eom, \$1,610. 9 Returned 40% of the inventory purchased on May 3. It was defective. 9 Sold goods for cash, \$920. 15 Purchased merchandise of \$5100 less a \$100 quantity discount. Credit terms were 3/15 net 30. 16 Paid a \$260 freight bills on goods purchased. 18 Sold inventory on credit terms of 2/10 n/30, \$2,000. 22 Received damage merchandise from the customer whom the May 18 was made, \$800. 24 Borrowed money from the Bank to take the advantage of the discount offered on the May 15 purchase. A Note payable was signed to the bank for the net amount. 24 Paid supplier 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 inventory for cash, \$900 less a quantity discount of \$35. Required: Journalize the above merchandising transactions.	8
Question: 3		
a)	Differentiate among depreciation, depletion and amortization	3
b)	ABC Company purchases a factory machine at a cost of \$15,000 on January 1, 2008 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 2008; 60,000 in 2009; 35,000 in 2010; and 25,000 in 2011. Required: Prepare depreciation schedules under the following methods: a) The Straight Line Method b) Units of Activity Method c) Reducing Balance Method.	7

Question: 4

a)	Identify the causes of difference between the cash book and the pass book.	2
b)	<p>The cash in bank account for Matin Co. at July 31, of the current year indicated a balance of Tk. 12,192.50 after both the cash receipts journal and check register for July had been posted. The bank statement indicated a balance of Tk. 19,955.65 on July 31. Comparison with the records revealed the following reconciling items:</p> <ol style="list-style-type: none"> 1. A deposit of Tk. 4,015.20, representing receipts of July 31, had been made too late to appear on the bank statement. 2. Checks outstanding total Tk. 9090.75. 3. The bank had collected for Matin Co. Tk. 3,045.00 on a note left for collection. The face value of the note was Tk. 3,000.00. 4. A check drawn for Tk. 470.00 had been erroneously charged by the bank as Tk. 740.00 5. A check for Tk. 72.50 had been recorded in the check register as Tk. 7.25. The check was for the payment of an obligation to Shams Equipment Co. for the purchase of office equipment on account 6. Bank service charges for July amounted to Tk. 22.15 <p>Required:</p> <p>a) Prepare a bank reconciliation statement for Matin Co. at July 31, 2017.</p> <p>b) Give journal entries necessary to adjust the cash book.</p>	6 2

Question: 5

Write short notes:	2x5
<ol style="list-style-type: none"> i) Quantity discount and cash discount ii) Merchandising business iii) Bank reconciliation iv) Importance of charging depreciation expense v) Cost of goods sold 	

Question: 6

XYZ Paint Company Trial Balance December 31, 2011				
No.	Account Titles	Amount	Amount	
1	Cash	\$2,910		
2	Accounts receivable	6,560		
3	Inventory	101,760		
4	Supplies	1,990		
5	Prepaid insurance	3,200		
6	Store fixtures	63,900		
7	Accumulated depreciation		\$37,640	
8	Accounts payable		29,770	
9	Note payable, long term		37,200	
10	Rahman capital		63,120	
11	Rahman, withdrawals	36,300		
12	Sales revenue		200,370	

13	Purchase	161,090		
14	Salary expense	46,580		
15	Rent Expense	14,630		
16	Utilities expense	6,780		
17	Insurance expense	5,300		
18	Interest expense	3,100		
19	Unearned sales revenue		86,000	
	Total	\$454,100	\$454,100	
<p>Additional data at December 31, 2011:</p> <ul style="list-style-type: none"> a) Insurance expense for the year, \$6090 b) Store fixtures have an estimated useful life of 10 years and are expected to be worthless when they are retired from service. c) Accrued salaries at December 31, \$1260 d) Accrued interest expense at December 31, \$870 and utility expense \$520. e) Store supplies on hand at December 31, \$760 f) Inventory on hand at December 31, \$99350. g) Unearned sales revenue still unearned at December 31 \$6,000. <p>Required:</p> <ul style="list-style-type: none"> a) Prepare the multiple step income statement. 8 b) Prepare the statement of owner' equity. 4 c) Prepare the balance sheet 8 				