International Islamic University Chittagong
Department of Business Administration
Program: BBA
Final Examination, Spring 2019
Course: Principles of Accounting (ACC-1101)

Time: $2^1/_2$ Hours **Full Marks: 50**

[N. B. Answer any 4 (four) questions including question number 5]

Question: 1

a) Define Islamic Accounting. 1
b) Identify the features of Islamic Accounting. 2
c) Differentiate between Islamic Accounting and Conventional Accounting. 7

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: 8
(transactions are placed below as per chronological order in May)

i) Purchased inventory on credit terms of 1/10 net eom, $18000. ii) Returned 20% of the inventory purchased on May 3. It was defective. Iii) Sold goods for cash, $9500.iv) Purchased merchandise of $8100 less a $100 quantity discount. Credit terms were 3/15 net 30. v) Paid a $250 fright bills on goods purchased. vi) Returned $400 (net amount after the quantity discount) of the inventory purchased on May 15. It was defective. vii) Sold inventory on credit terms of 2/10 n/30, $7,000. Viii) Received damage merchandise from the customer whom the May 18 was made, $1200. ix) Borrowed money 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. x) Paid supplier for goods purchased on may 15, less all discount. Xi) Received cash in full settlement of the account from the customer who purchased inventory on May 18. Xii) Paid the amount owed on account from the purchase of May 3. Xiii) Purchased inventory for cash, $9000 less a quantity discount of 10%.

Required:
Journalize the above merchandising transactions.

Question: 3

a) Define the term *Depreciation*. Why depreciation is charged. 2
b) ABC Company purchases a factory machine at a cost of $20,000 on January 1, 2008 and the transportation cost was $2000 and installation cost was $5000. The machine is expected to have a salvage value of $2,000 at the end of its 5 years of useful life. During its useful life, the machine is expected to be used for maximum 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. 8

Required:
Prepare depreciation schedules under the following methods:

a) The Straight Line Method
b) Units of Activity Method
c) Reducing Balance Method.

Question: 4

a) Identify the causes of difference between the cash book balance and the bank statement balance. 2
b) On May 31, 2010, 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 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. No interest has been accrued on the note.
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:

a) Prepare the bank reconciliation at May 31, 2010. 6
b) Prepare the necessary adjusting entries for Logan Company at May 31, 2010. The 2

Question: 5

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		286,370
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	
	Total	$454,100	$454,100

Additional data at December 31, 2011:

a) Insurance expense for the year, $15000. 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, $1550. (d) Accrued interest expense at December 31, $870 and utility expense $520. (e) Store supplies on hand at December 31, $990. (f) Inventory on hand at December 31, $125,250.

Required: 8
a) Prepare the multiple step income statement. 4
b) Prepare the statement of owner' equity. 8
c) Prepare the balance sheet

Question No. 6 10

The trial balance of **M.A. Paribahan** for the Quarter ended at March 31, 2013 is as follows.

M.A. Paribahan
Trial Balance
March 31, 2010

Account Titles	Debit	Credit
Cash	$11,400	
Accounts Receivable	5,620	
Supplies	1,050	
Prepaid Insurance	2,400	
Equipment	30,000	
Notes Payable		$10,000
Accounts Payable		12,350
Capital		20,000
Withdrawal		600
Service Revenue		13,620
Salaries Expense		2,200
Travel Expense		1,300
Rent Expense		1,200
Miscellaneous Expense		200
Total	$55,970	$55,970

Additional information:
1. Supplies on hand total $380.
2. Depreciation is $1,000 per quarter.
3. Interest accrued on 6-month note payable, issued January 1, $300.
4. Insurance expires at the rate of $200 per month.
5. Services provided but unbilled at March 31 total $530.

Required

Prepare a Worksheet and Closing entries.