

International Islamic University Chittagong
Department of Business Administration
BBA 2nd Semester
Spring 2018
Financial Accounting-1202
Final-term Examination

Time: 2:30 hours

Full Marks: 50

Instructions:

- a) Answer four set of questions including question no.6.
- b) Show calculations & give notes where necessary.
- c) Answer different parts of a question serially.

01. (a) Mention the elements of payroll.

02+08

(b) A, B, C and D are workers of a manufacturing concern. The basic hourly wage rate and overtime wage rate are tk. 12 and tk. 12 respectively. They receive 20% of basic wages as tiffin allowance, 50% as house rent 10% conveyance allowances. The weekly contribution to welfare fund tk. 10, provident Fund 10% of basic wages and group insurance fund tk. 15.

Hours worked by the workers during first week of January as:

A: Normal 40 hours and overtime 20 hours;

B: Normal 40 hours and overtime 18 hours;

C: Normal 34 hours and overtime 24 hours;

D: Normal 32 hours and overtime 22 hours;

Required: Prepare payroll register showing total wages and net wages for the first week of January.

02. (a) What are the usefulness of the of cash flow statement?

03

(b) Comparative financial statement data for Holly Company are given below:

07

	December 31	
	2017	2016
Cash	-	\$ 7
Account receivable	36	29
Inventory	75	61
Plant and equipment	210	180
Accumulate depreciation	(40)	(30)
Total assets	\$285	\$247
Accounts payable	45	39
Common stock	90	70
Retained earnings	150	138
Total liabilities and stockholders' equity	\$285	\$247

Net income \$20, Dividend of \$8 were declared and paid during 2017. There were no sales of plant and equipment during the year. Required: Using the indirect method, prepare a statement of cash flows for 2017.

03. (a) Differentiate Trade discount and Cash discount?

02

(b) What are the difference account receivables and notes receivables?

02

(c) Accounts Receivable of the ABC Co. December 31st 2017 had a balance of 200000.

06

The allowance for doubtful accounts 5500 dr. balance. Sales in 2017 were 1125000 less sales discount taken of 19000. Give the adjusting entry for estimated doubtful accounts, assuming:

- i. One half of 1% of 2017 net sales will probably never be collected.
- ii. 2% of 2017 net sales will probably never be collected.
- iii. 5% of outstanding accounts receivables are doubtful

04. The Ivar Company's accounts receivable subsidiary ledger reveals the following information. 10

Buyer	Account Balance	Invoice Amount & dates	
	December 31, 2017		
Alford Inc	\$8795	\$ 3500	12.6.17
		5295	12.29.17
Banks Bros Inc	5230	3000	9.27.17
		2230	8.20.17
Krop & Co	7650	5000	12.8.17
		2650	10.25.17
Marr Inc	11285	5785	11.17.17
		5500	10.09.17
Sage Inc.	7900	4800	12.12.17
		3100	12.2.17
Westring Co.	4350	4350	9.12.17

Ivar Company's receivable collection experience indicates that losses have occurred as follows:

<u>Age of Accounts</u>	<u>Uncollectible percentage</u>
0-30 days	.7%
31-60 days	2.4%
61-90 days	3.5%
91-120 days	9.2%
121 days and over	60%

The Allowance for doubtful accounts balance on 31st December, 2017 was \$3245 before adjustment

- Preparing an account receivables aging schedule.
- Using the aging schedule from part (1), compute the Allowance for doubtful accounts balance as of December 31, 2017
- Prepare the end of year adjusting entry

05. (a) What are the elements of Financial Statement.? 02

(b) What are the objectives of IAS-1? 02

(c) Write the rules for preparation of financial position and the statement of comprehensive income as per IAS-1 06

06. The authorized capital of ABC Ltd is tk. 5, 00,000 consisting if 2000 6% preference shares of tk. 100 each and 30,000 shares of tk. 10 each. The following was the trial balance of X ltd.

ABC Ltd
Trial Balance
As on 31st March, 2014

Debit	Taka	Credit	Taka
Stock 01/04/2013	145,200	Accounts Payable	87,850
Investment in share	50,000	6% preference share capital	2,00,000
Purchase	4,90,500	Equity share capital	2,00,000
Selling price	79,100	5% Mortgage Debenture secured on	
Salaries & Wages	52,000	freehold property	1,50,000
Cash in Hand	12,000	Dividend revenue	4,250
Interim preference dividend for half year	6,000	Retained earnings	28,500
Discount on issue of Debenture	2,000	Sales	6,70,350
Preliminary Expenses	1,000	Bank overdraft	150,000
Bills receivable	41,500		
Interest on Bank overdraft	7,800		
Interest on Debenture up to 30/09/2013	3,750		
Account receivable	50,100		
Freehold property at cost	3,50,000		
Furniture less depreciation(15000)	35,000		
Income tax paid in advance	10,000		
Technical know how fees	1,50,000		
Audit fees	5,000		
Total.....	<u>14,90,950</u>		<u>14,90,950</u>

Additional Information:

1. Closing Stock was valued at tk. 152,500
2. Purchase includes tk. 4,000 worth of goods and articles distributed among valued customer.
3. Bills receivable includes tk. 1500 being dishonored bills.
4. Depreciation on Furniture 20%.
5. Tk 1,000 of discount on Debenture to be written off.
6. Provided provision for taxation tk. 8,000.
7. Technical know how fees to be written off over the period of 10 years.
8. Tk 500 of preliminary expenses to be written off.
9. Board of directors declared 20% dividend.
10. Bank dishonored a check of tk. 4000.

Prepare: A) Multiple –Step Income Statement
B) Statement of Retained earnings
C) Classified Balance sheet