

ISLAMIC UNIVERSITY OF TECHNOLOGY (IUT)
ORGANISATION OF ISLAMIC COOPERATION (OIC)
Department of Computer Science and Engineering (CSE)

SEMESTER FINAL EXAMINATION**WINTER SEMESTER, 2017-2018****DURATION: 3 Hours****FULL MARKS: 150****Hum 4705: Accounting****Programmable calculators are not allowed. Do not write anything on the question paper.**There are **8 (eight)** questions. Answer any **6 (six)** of them.

Figures in the right margin indicate marks.

1. a) "Accounting is the language of business". Discuss on this statement. 5
b) Describe the cost principle and entity concept with examples. What is Generally Accepted Accounting Principles (GAAP)? 5 + 5
c) Who are the internal and external users of accounting information? Draw a diagram showing the users of accounting information. 5 + 5
2. a) What is journal? Why do we record transactions? 5 + 20
b) Mr. Khalid established a business named Khalid & Co. on January 1, 2017. The following transactions were completed during the month.

January 2016 Transactions

- 1 Khalid invested Tk. 20,000 cash and deposited with the bank in the name of business.
- 2 Paid Tk. 3000 cash for January office rent
- 3 Purchased office equipment for Tk. 4,500 cash
- 4 Incurred Tk. 1000 of advertising costs in the The Daily Star, on account
- 5 Paid Tk. 1500 cash for office supplies
- 6 Earned Tk. 10,000 for services rendered: Cash of Tk. 2,000 is received from customers, and the balance of Tk. 8,000 is billed to customers on account.
- 7 Withdrew Tk. 500 cash for personal use.
- 9 Paid employees' salaries. Tk. 1,200
- 10 Received Tk. 8,000 in cash from customers who have previously been billed in transaction dated January 6.

Journalize the above transaction.

3. Prepare ledger balances using the following journal entries.

		Journal	
Date	Particulars	Dr. Amount Tk.	Cr. Amount Tk.
2017			
January 1	Cash Account	3,00,000	
	Capital Account		3,00,000
2	Bank Account	50,000	
	Cash Account		50,000
5	Furniture Account	30,000	
	Cash Account		30,000
5	Purchase Account	40,000	
	Cash Account		40,000

9	Cash Account	16,000	
	Sales Account		16,000
14	Computer Account	40,000	
	Payable for Computer		40,000
25	Account Receivable	24,000	
	Sales Account		24,000
27	Wages Account	10,000	
	Cash Account		10,000
27	Rent Account	20,000	
	Cash Account		20,000
28	Salaries Account	50,000	
	Cash Account		50,000
30	Cash Account	20,000	
	Bank Account		20,000
30	Account Receivable	10,000	
	Sales Account		10,000
30	Cash Account	30,000	
	Account Receivable		30,000

4. a) What is meant by trial balance? What are the limitations of the trial balance?
b) Prepare a trail balance form the following ledger balances of the Y Ltd on 31 Dec 2017

SL	Items	Tk.
1	Capital	90,000
2	Salaries	46,455
3	Wages	18,291
4	Carriage inward	2,787
5	Carriage outward	6,012
6	Sales	3,48,738
7	Sales returns	23,463
8	Purchase	1,54,374
9	Purchase Returns	4,038
10	Land & Buildings	60,000
11	Drawings	30,000
12	Accounts payable	31,203
13	Loan	28,500
14	Interest on Loan	900
15	Goodwill	15,000
16	Cash at Bank	7,665
17	Cash in Hand	150
18	Accounts receivables	60,300
19	Reserve for bad debts	2,130
20	Rent	6,000
21	Opening stock	14,517
22	Machineries	24,000
23	Bad Debts	1,575
24	Dividend received	750
25	Notes receivables	5,400
26	Gas & water	2,160
27	Insurance premium	513
28	Advertisement	9,792
29	Bills payable	16,341
30	Trade expenses	10,467
31	Investments	23,499
32	Discount paid	1,680
33	Discount received	3,300

5. Write short notes: (Any five)

5×5

- a) Conservatism principle; b) Suspense Accounts; c) Debit and credit balance; d) Fixed and current assets; e) Job Costing; f) Cost Centre; g) Product costing; h) Opportunity Cost
i) Cost of Capital; k) Normal and Abnormal loss

6. a) "Process costing is a type of operation costing which is used to ascertain the cost of a product at each process or stage of manufacture" – Discuss on this statement. 5
b) Jammy Ltd is a manufacturing organization with two processes. Information for the period ended 31 July 2017 is as follows: 20

	Process 1	Process 2
Opening WIP	Nil	200kg
Costs for the period:		
Material 1000kg costing	Tk. 25,650	Nil
Labour	Tk. 12,750	Tk. 6,950
Overheads	Tk. 5,950	Tk. 3,475
Transferred to Process 2	700kg	—
Transferred to Finished Goods	—	800kg
Closing WIP	200kg	150kg

Normal losses are expected to be 5% of input for each process. Losses in Process 1 have no scrap value, whilst losses in Process 2 can be sold for Tk. 10 per kg. Losses are deemed to arise at the end of the process.

Opening WIP is 60% complete with regard to Labour and Overheads. Closing WIP in Process 1 is 100% complete with regard to Material and 50% complete for Labour and Overheads. Closing WIP in Process 2 is 50% complete with regard to Labour and Overheads.

Prepare the Process Accounts for each process.

7. a) What is time value of money? Does it exist in the real world? 10
b) A person deposits Tk. 5000 with a bank at an interest rate of 10% which is compounded annually. What will be the amount after 2 years? What will be the amount after 2 years if the interest is compounded semi-annually and quarterly? 5
c) A person is supposed to get throughout the next three years (Year 1, Year 2, and Year 3) Tk. 2000, Tk. 3000 and Tk. 3500 respectively. What will be the present value of this inflow of fund if the discounting rate is 10% and compounded annually? 5
d) Suppose you deposit Tk. 4000 on Jan 1 of each year for next four years at an interest rate of 10% and compounded annually. What will be the terminal value of the annuity? What will be the terminal value if he deposits money on 31 Dec? 5

8. Prepare an Income Statement (Trading and Profit Loss Account) and Balance Sheet from Mr. Hasan's book.

25

M/S Sattar & Co. Provides the following trail balance at the end of Dec 31, 2017.

Trail Balance: dated 31 Dec., 2017

SL	Items	L.F	Dr. Tk.	Cr. Tk.
1	Capital			
2	Cash in hand		10,000.00	55,000.00
3	Bank Overdraft			
4	Goodwill		10,000.00	7,000.00
5	Leasehold property (for 10 years)		30,000.00	
6	Furniture		7,000.00	
7	Drawings		3,000.00	
8	Opening Stock		10,000.00	
9	Accounts Receivable		20,000.00	
10	Accounts payable			
11	Wages			20,000.00
12	Salaries		3,000.00	
13	Insurance		5,000.00	
14	Purchase		4,000.00	
			40,000.00	
15	Sales			
16	Freight			70,000.00
			1,000.00	
17	Purchase discount			
18	Investment			1,000.00
19	Travelling expenses		10,000.00	
			500.00	
20	Apprenticeship received			
21	Bad Debts			1,500.00
22	Office Expenses		500.00	
			1,000.00	
25	Reserve for bad debts			500.00
			155,000.00	155,000.00

Adjustments

- Closing stock: Cost Price Tk. 30,000.00 and market price Tk. 25,000.00.
- Unpaid wages and salaries Tk. 500.00 and Tk. 600.00 respectively.
- Insurance premium paid in advance Tk.1,000.00.
- Tk. 500.00 has been proved as bad and create 5% reserve for bad debts.
- Interest on investment to be calculated at 5%.
- Depreciate 10% on Furniture.