

**Diploma in Islamic Banking Examination, October-2021**

**PART-I**

**103: Principles of Accounting**

**Time: 3 Hours**

**Full Marks: 100**

**Pass Marks: 45**

(N.B.: Answer **any five** of the questions given below.

The figures in the right margin indicate full marks.)

1. a) What is Accounting Information? Who are the users of Accounting Information? 6
- b) State the scopes of accounting. 7
- c) Describe the differences between Book-keeping and Accounting. 7
2. a) What do you mean by the term 'Transaction'? Discuss the nature of business transaction with example. 6
- b) What is Trail Balance? Distinguish between Trial Balance and Balance Sheet. 6
- c) Explain the different types of errors that usually arise in accounting process. What steps would you take to discover each types of error in case of disagreement of a trial balance? 8
3. Mr. Ahmad Abdullah started his consultancy firm on August 1, 2021 with cash investment of Tk.300,000. Following events and transactions occurred during the month.

August-2	: Hired a secretary at salary of Tk.20,000 per month.
August-3	: Purchased supplies of Tk.12,000 on account.
August-8	: Paid office rent of Tk.25,000 cash for the month.
August-11	: Completed a tax assignment and billed the client Tk.15,000 for the services provided.
August-12	: Received Tk.12,000 advance as management consulting engagement.
August-17	: Received Tk.5000 cash for the service provided on August 11, 2021.
August-31	: Paid secretary Tk.20,000 as salary for the month.
August-31	: Paid 50% of the due for purchasing of supplies on August 3, 2021.

**Required:**

- i) Journalize the transactions; 7
- ii) Post to the ledger accounts and 7
- iii) Prepare a trial balance as of August 31,2021. 6
4. a) Distinguish between Cash Basis Accounting and Accrual Basis Accounting. 3
- b) Describe principles of accounting for intangible assets. 3
- c) State different methods of computing depreciation. 5
- d) A transport company purchased 03(Three) buses details of which are summarized as under : 9

Bus	Date of acquisition	Cost (Tk.)	Useful life	Salvage Value (Tk.)	Depreciation Method (Applied)
1	01.01.2015	73,00,000	5 Years	300,000	Straight line
2	01.01.2016	62,00,000	4 Years	200,000	Double Declining Balance
3	01.01.2016	70,50,000	5 Years	50,000	Unit of activity

For bus 3, total kilometers were expected to be 120,000. Actual kilometers of use were 24,000 in 2016; 34,000 in 2017; 30,000 in 2018; 20,000 in 2019 and 12,000 in 2020.

**Requirement: Prepare depreciation schedule for each of the buses.**

5. Write short notes on any **5 (Five)** of the following 5x4=20
  - i) Forensic Accounting
  - ii) Capital Expense and Revenue Expense
  - iii) Ethics in Accounting
  - iv) Statutory Reverse
  - v) Sukuk
  - vi) IFRS & IAS
  - vii) Preference Share
  - viii) Non-Banking Assets of Banks

6. a) What is Inventory Valuation? 4  
 b) Why FIFO method is better for inventory management? 4  
 c) From the following information, compute the cost of goods sold and the value of ending inventory under : i) FIFO ii) LIFO iii) Weighted Average Cost Method: 12

June 01, 2021	: Beginning inventory of 100 units @ Tk.10
June 15, 2021	: Purchase 200 units @ Tk.11
June 24, 2021	: Purchase 300 units @ Tk.12
June 26, 2021	: Sales 550 units @ Tk.18
June 30, 2021	: Purchase 440 units @ Tk.13

7. The Trail balance of M/S. Chemical Engineering Co. Ltd. as on June 30, 2021 is stated below:

**M/S. Chemical Engineering Co. Ltd.**  
**Trail Balance**  
**As on June 30, 2021**

Particulars	Debit (Tk.)	Credit (Tk.)
Paid up capital		10,00,000
Investment from banks		50,00,000
Cash in hand	20,000	
Cash at bank	1,10,000	
Land and building	38,00,000	
Machinery	17,00,000	
Inventory (Raw material-Tk.100,000, Work in Progress-Tk.200,000, Finished goods- Tk.280,000)	580,000	
Sales		16,00,000
Purchases	200,000	
Account receivable	200,000	
Carriage inward	16,000	
Account payable		126,000
Returns outward		9,000
Banks profit and charges	500,000	
VAT on sales	5,000	
Carriage outward	8,000	
Wages	7,000	
Other manufacturing cost	4,000	
Office supplies	6,000	
Salary	150,000	
Returns inward	4,000	
Furniture	302,000	
Bad debts	3,000	
Prepaid expenses	1,20,000	
<b>Total</b>	<b>77,35,000</b>	<b>77,35,000</b>

**Adjustments:**

- a) Opening inventory: Raw materials Tk. 300,000; Work in Progress Tk. 100,000; and Finished goods Tk.200,000.  
 b) Office supplies worth Tk.1000 was unused.  
 c) Depreciation on Machinery 20% per annum.  
 d) Provision for bad debts Tk.5000.

**Required :**

- a) Prepare an Income Statement for the year 2020-2021. 8  
 b) Prepare the Balance Sheet as on June 30, 2021. 12

8. The Baraka Islamic Bank Ltd. has provided the following Trail balance and additional information as at December 31,2020:

**The Baraka Islamic Bank Ltd.**

**Trial Balance**

**As at December 31, 2020**

Particulars	Debit (Tk.)	Credit(Tk.)
Al Wadeah Current Deposit and Others		21,420
Auditors fee	9,000	
Balance of Profit and Loss account		8,500
Balance with Bangladesh Bank	54,000	
Balance with other Bank	83,000	
Bills payable		43,230
Bills purchased & discounted	7500	
Cash in hand	23,350	
Charges on Investment Losses	150	
CEO's salary & fees	15,000	
Commission, Exchange & Brokerage		30,300
Director's fees and expenses	6200	
General Investment	4,05000	
Income from Investment in Securities		47,000
Investment in Government Securities	155,000	
Investment income		101,000
Legal expenses	1140	
Placement with bank and other Financial Institutions (Money at call and short notice)	31,000	
Mudaraba Savings Deposit		32,950
Mudaraba Term Deposit		85,900
Non-banking assets	7,000	
Other assets	44,750	
Other expenses	7,000	
Other Mudaraba Deposit		25,200
Other operating income		14,840
Paid up capital (5,000 Shares @Tk.100)		5,00,000
Postage, Stamps and Telecommunication	6,250	
Premises and fixed assets	105,000	
Profit paid to depositors	29,950	
Rent, Taxes, Insurance & Electricity	10,000	
Repair to bank assets	3,250	
Salaries & allowances	52,000	
Share premium account		90,000
Shariah Supervisory Committee fees and expenses	2,500	
Stationary, Printing & Advertisement	9,000	
Statutory reserve		71,700
Zakat expenses	5,000	
<b>Total</b>	<b>10,72,040</b>	<b>10,72,040</b>

**Additional Information:**

- i) Provision for investment Tk.1320 and provision for other asset Tk.840.
- ii) Provide depreciation to bank's fixed assets Tk.10,500.
- iii) Provision for taxes is estimated at Tk.14,000.

**Required:**

- a) Prepare a Profit and Loss Account for the year ended December 31, 2020; and
- b) Prepare a Balance Sheet as at December 31, 2020.

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**The End**