

Diploma in Islamic Banking Examination, May-2023

Part : I Subject Code:103

Subject Name: Principles of Accounting

Full Marks: 100 Pass Marks: 45

Time: 3 Hours

(N.B.: Answer any five of the following questions. The figures in the right margin indicate full marks.)

1. a) What are the branches of Accounting? Describe in brief. 7
b) Discuss the components of a complete set of financial statements. 7
c) Mention the objectives of financial statements. 6
2. a) Explain the steps in recording process. 7
b) What are the purposes of Subsidiary Ledger? 7
c) Discuss the errors that are committed in recording process. 6
3. a) What are the objectives of charging Depreciation? 5
b) To what context, Diminishing Balance Method of depreciation is better than that of the Straight Line Method? 5
c) ABC Company purchased a machinery on January 01, 2020 at a price of TK.650,000, useful life of which is 5 years and residual value is TK.50,000. The transportation cost of the machine was TK.20,000 and the installation cost was TK.30,000. Calculate depreciation for the machinery under Diminishing Balance Method. 10
4. a) Why and when adjusting entries are made in accounting? 3
b) What are the purposes of Trial Balance? 3
c) The following transactions were made by Mr. Rifat Owner of M/s Rifat Enterprise during the month of March 2023:

March 1	The owner invest Tk.2,50,000/- in cash and Furniture Tk.90,000/-.
March 5	Appointment a manger Tk.30,000/- per month.
March 10	Purchase of goods Tk.1,20,000/- by cash and Tk.30,000/- on credit
March 16	Sales of goods to Mr. Nihal Tk.2,00,000/- and received cash Tk.1,50,000/-
March 20	Purchase Furniture Tk.20,000/- by cash.
March 23	Received cash Tk.40,000/- from Mr. Nihal
March 30	Paid monthly expenses: Office Rent Tk.10,000/- , Manager Salary Tk.30,000/-

 - i. Pass the Journal entries with narration. 6
 - ii. Transfer the entries in proper Ledger accounts; and 5
 - iii. Prepared Trail Balance. 3
5. a) Explain the Double Entry System of accounting. 5
b) What is a Ledger and why it is prepared? 6
c) Show the effect of the following transaction in an accounting equation creating a tabular summary: 9x1=9
 - i) Investment of the owner TK.100,000 in the business.
 - ii) Purchase a furniture from Hasan Traders for TK.70,000 on credit.
 - iii) Providing consultancy services to the customer for TK.50,000 in cash.
 - iv) Payment made to Hasan Traders TK.70,000.
 - v) Provided consultancy services to Mr. Kibria TK.40,000.
 - vi) Paid TK.20,000 as rent for the period.
 - vii) Cash received from Mr. Kibria TK.20,000.
 - viii) Provided services to Mr.Zakaria of TK.80,000 and out of which TK.30,000 was in cash.
 - ix) The owner paid TK.20,000 as a tuition fees for his child from the business.

6. Write short notes on any 5 (Five) of the following:

5x4=20

- i) Sukuk
- ii) IFRS
- iii) AAOIFI
- iv) Modern rules for identifying debit and credit
- v) Zakat calculation for Islamic Banks
- vi) Perpetual Inventory System
- vii) Contingent Liability
- viii) Capital Expenditure Vs Revenue Expenditure

7. The Trial Balance of M/S. XYZ Company for the year ended on December 31,2022 was as follows:

M/S XYZ Company
Trail Balance
As on December 31, 2022

Particulars	Debit (TK.)	Credit (TK.)
Opening Stock	25,300	
Purchase	1,200,000	
Sales		2,000,000
Accounts Receivable	300,000	
Accounts Payable		400,000
Building	2,000,000	
Accumulated Depreciation		300,000
Furniture	85,000	
Accumulated Depreciation on Furniture		15,000
Salary	220,000	
Accruals Salary		20,000
Office Rent	120,000	
Utilities	30,000	
Prepaid Expenses	20,000	
Unearned Revenue		30,000
Stationary	10,000	
Cash and bank balance	85,000	
Capital and Drawing	50,000	1,000,000
Retained Earning		380,300
Total	4,145,300	4,145,300

Additional Information:

- i. Closing Stock TK.30,000.
- ii. Depreciation for furniture TK.5,000.
- iii. Depreciation for building TK.20,000.
- iv. Corporate tax rate 25%

Required:

- i. Prepare an Income Statement for the year ended December 31, 2022;
- ii. Prepare a Balance Sheet as of December 31, 2022.

10
10

8. The following Trial Balance was extracted from the books of Glory Islamic Bank Ltd. as on December 31, 2022.

Glory Islamic Bank Ltd.
Trial Balance
As on December 31, 2022

Particulars	Debit (TK.)	Credit(TK.)
Cash in Hand	450,000	
Balance with Bangladesh Bank	380,000	
Balance with other BFIs and NBFIs	100,000	
Investment in Shares & Securities	320,000	
Investment Income		500,000
Income from investments in Shares & Securities		30,000
Commission, Exchange & Brokerage		40,000
Other Operating Income		4000
Placement with BFIs and NBFIs	170,000	
General Investment	6,013,000	
Bills Purchased and Discounted	300,000	
Fixed Assets	575,000	
Other Assets	220,000	
Non Banking Assets	5000	
Mudaraba Term Deposit Account		4,000,000
Mudaraba Saving Deposit Account		2,000,000
Al Wadeah Current Deposit Account		1,000,000
Bills Payable		200,000
Profit Paid Deposit	200,000	
Salary & Allowances	70,000	
MD/CEO Salary	1200	
Directors' Fees & Expenses	500	
Shari'ah Supervisory Committee's (SSC) Fees	50	
Auditors' Fees	120	
Other Operating Expenses	230	
Other Liabilities		150,000
Statutory Reserve		220,000
General Reserve		170,000
Retained Earnings		130,000
Paid-up Capital		361,100
Total	8,805,100	8,805,100

Additional Information:

- i. Additional provision for NPI TK.20000.
- ii. Corporate Tax Rate 30% on profit before tax.
- iii. Dividend declared but not paid TK.30000.

Required:

- a) Prepare a Profit and Loss Account for the year ended December 31, 2022 and
- b) Prepare a Balance Sheet as on December 31, 2022.

10
10