

# Financial Accounting and Cost Accounting

Time allowed–3 hours

Maximum marks–100

[N.B.–The figures in the margin indicate full marks. Questions must be answered in English. Examiner will take account of the quality of language and of the way in which the answers are presented. Separate answer scripts should be used for each section. Different parts, if any, of the same question must be answered in one place in order of sequence.]

## Section I

Marks 50

- Marks
1. (a) What conditions need to be satisfied as per BAS for dividends to be treated as revenue? 4  
(b) What is the name and purpose of BASs followed for (i) Borrowing Costs (ii) Accounting of Income Taxes? 6
2. (a) What is consignment? Describe the difference between sales and consignment. 3  
(b) Doha and Chowdhury entered into a Joint Venture sharing profits and losses as 3:2. They opened a Bank Account by depositing Tk.4,000 each. Doha purchased 8 tons of an item @Tk.600 and his expenses were Tk.1,300. Chowdhury purchased a second item of 100 tons @Tk.21 and his expenses were Tk.1,100. Expenses were met from private sources, and purchases were paid from Bank Account. Chowdhury sold 6 tons of the first item @Tk.1,000 and his selling expenses were Tk.1,150. Doha sold 80 tons of the second item @Tk.50 and his selling expenses were Tk.1,200. All the sale proceeds were deposited in Bank Account and expenses were met from private sources.  
  
Prepare necessary accounts in the books of the Venture. 10
3. (i) Following information have been extracted from the recently published Financial Statements of a bank:
- |                                      | Taka          |
|--------------------------------------|---------------|
| Paid up Capital                      | 1000,000,000  |
| General Reserve                      | 24,000,000    |
| Statutory Reserve                    | 96,161,395    |
| Retained Earnings                    | 14,129,544    |
| General Reserve – Unclassified loans | 212,205,999   |
| Total Risk weighted Assets           | 1,473,624,872 |
- Calculate Tier 1 and Tier II Capital from the above showing the Capital surplus or deficiency of the bank. 5
- (ii) Following information relate to a bank at the end of its recent accounting year:
- |                     | Taka(million) |
|---------------------|---------------|
| Loans and advances: |               |
| Unclassified-       |               |
| Standard            | 17398         |
| Special Mention A/c | 6.4           |
| Classified-         |               |
| Sub-standard        | 40            |
| Doubtful            | 2.4           |
| Bad and loss        | 1210          |
- Calculate the surplus or deficiency of the loan-loss provision at the year end when the brought forward balance of such provision has been Tk.1000 million. 5
- (iii) Why an Interest Suspense Account has to be maintained by a bank? How subsequent realization of principal and/or interest is to be listed in the accounts of a bank? 3

[Please turn over]

4. Almas Trading of Dhaka bought 1000 tons of rice at Tk.3500 per ton on 15 January, 2008 and incurred Tk.125,000 and Tk.150,000 for the transportation and storage. Immediately it sent 500 tons to Aziz Borthers at Chittagong on consignment basis. Transportation charge of Tk.250,000 being borne by Almas. The goods were uninsured both at transportation and storage point. One truck loaded with 10 tons of rice was hijacked in Comilla on its way to Chittagong.

Aziz Brothers upon receipt of the balance consignment reported 0.49 tons short receipt where such transit loss has been previously established at 0.36 tons on the consignment actually received. It also incurred Tk.20,000 and Tk.25,000 for unloading and storage costs respectively.

Upto 31 March, 2008 the accounting year date of Almas Trading, Aziz Brothers reported sales of 400 tons of rice at Tk.4,500 per ton and sent a cheque for Tk.15,00,000 on account to Almas. His commission has been fixed at 2% of sales.

Almas Trading sold the stock of rice at Tk.4,700 per ton within March 2008.

You are required to prepare:

- (i) Consignment Account in the books of Almas Trading. 7  
 (ii) Trading Account of Almas for the year ended 31 March, 2008. 7

## Section II

Marks 50

1. (a) What is Bin Card and Store Ledger? Write three reasons of discrepancy between Bin Card Balance and Store Ledger Balance. 4  
 (b) The following information is provided by JIB Limited for the fortnight of April, 2006: 10

Material Px:

Stock on 01 April, 2006 : 100 units at Tk.5 per unit.

**Purchases:**

5-Apr-06      300 units at Tk.6  
 8-Apr-06      500 units at Tk.7  
 12-Apr-06     600 units at Tk.8

**Issues:**

6-Apr-06      250 units  
 10-Apr-06     400 units  
 14-Apr-06     500 units

Required:

- (a) Calculate using FIFO and LIFO methods of pricing the issues:  
 (i) the value of materials consumed during the period  
 (ii) the value of stock of materials on 15 April, 2006  
 (b) Explain why the figures in (i) and (ii) in part (a) of this question are different under the two methods of pricing of materials used.

Note: You need not draw up the Store Ledger.

2. (a) The production section of a factory working on the job-order system pays their workers under the Rowan premium bonus Scheme. Workers also get a dearness allowances of Tk.120 per week of 48 hours.

A worker's basic wage is Tk.20 per day of 8 hours and his time sheet for a week is summarised below:

<u>Job No.</u>	<u>Time allowed</u>	<u>Time taken</u>
1001	25 hours	20 hours
1013	30 hours	20 hours
Idle time (waiting)		<u>8 hours</u>
		48 hours

Calculate the gross wages he has earned for the week and indicate the accounts to which the wage amounts will be debited.

[Please turn over]

- (b) The following information relates to the activities of a production department of a factory for a certain period:

Direct Materials used	Tk.40,000
Direct Wages	Tk.60,000

Direct labour hours worked 25,000 (including 20,000 hours of machine operation).

Overhead chargeable to the department Tk.50,000.

For order No.156 carried out in the department, the relevant data were:

Direct material used	Tk.3,000
Direct wages	Tk.2,100
Direct labour hours	820 (including 800 hours of machine operation)

You are required to calculate the overhead chargeable to Order No.156 by five different cost rates (The rates you select should be between them, utilize all the data shown above in connection with Order No.156).

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- (c) The estimated departmental factory overhead for producing Departments S and T and Service Departments E, F and G (before any service department allocations) are:

<u>Producing Department</u>		<u>Service Departments</u>		
<u>S</u>	<u>T</u>	<u>E</u>	<u>F</u>	<u>G</u>
Tk.60,000	Tk.90,000	Tk.20,000	Tk.20,000	Tk.10,000

The interdependence of the departments is tabulated as follows:

<u>Departments</u>	<u>Service provided</u>		
	<u>E</u>	<u>F</u>	<u>G</u>
Producing – S	-	30%	40%
Producing – T	50%	40%	30%
Service – E	-	20%	-
Service – F	20%	-	-
Service – G	30%	10%	-
Marketing	-	-	20%
General Office	-	-	10%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Required:

- (1) The final amount of estimated overhead of each service department after reciprocal transfer cost have been calculated algebraically. 4
  - (2) The total factory overhead of each producing department and the amount of department G cost assigned to the Marketing Department and the General Office. 4
3. (a) Write short notes on the following:
- (i) Job Order Costing, (ii) Back flush Costing, (iii) Operation Costing, (iv) Activity Based Costing. 4
- (b) ABC Limited uses Job Costing. The following are the cost figures relating to the calendar year 2007:

	<u>Taka</u>
Direct Materials	120,000
Direct Wages	100,000
Factory Overhead	60,000
Administrative overhead	56,000
Selling and distribution overhead	42,000

[Please turn over]

- (i) Prepare a Job Cost Sheet for the year, showing therein the prime cost, work costs, cost of production, cost of sales and selling price, adding 20% to cost. 5
- (ii) Work out the overhead recovery rates, assuming the factory overhead is recovered as a percentage of direct wages and administration, selling and distribution overheads as a percentage of works cost. 4
- (iii) Ascertain the selling price of a job to be executed in 2008 on the basis of the overhead recovery rates worked out as above and also the same percentage of profit on cost as in 2007. The Job, it is estimated, shall consume materials worth Tk.60,000 and wages Tk.40,000. 4

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