

**CMA JUNE-2020 EXAMINATION  
FOUNDATION LEVEL  
SUB: 001.PRINCIPLES OF ACCOUNTING**

**Model Solutions**

**Solution of the Question No. 1(b)(i)**

MAXIS CO. Ltd.

WORK SHEET

For the year ended December 31, 2019

Accounts Title	Trial Balance		Adjustments		Adjusted T/B		Income Statement		Balance Sheet	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Cash	90,000	-	-	-	90,000	-	-	-	90,000	-
Furniture & Fixtures	75,000	-	-	-	75,000	-	-	-	75,000	-
Accumulated Depreciation – Furniture & Fixtures	-	15,000	-	3,750	-	18,750	-	-	-	18,750
Accounts receivable	130,000	-	-	-	130,000	-	-	-	130,000	-
Allowances for Bad debts	-	2,000	-	3,780	-	5,780	-	-	-	5,780
Inventory (01.01.2019)	80,000	-	-	-	80,000	-	80,000	-	-	-
Unexpired Insurance	15,000	-	-	10,000	5,000	-	-	-	5,000	-
Supplies on hand	12,000	-	-	5,000	7,000	-	-	-	7,000	-
Accounts Payable	-	64,000	-	-	-	64,000	-	-	-	64,000
Common Stock	-	190,000	-	-	-	190,000	-	-	-	190,000
Retained Earning	-	50,000	-	-	-	50,000	-	-	-	50,000
Sales	-	390,000	-	-	-	390,000	-	390,000	-	-
Sales Return & Allowances	12,000	-	-	-	12,000	-	12,000	-	-	-
Purchase	220,000	-	-	-	220,000	-	220,000	-	-	-
Transportation in	20,000	-	-	-	20,000	-	20,000	-	-	-
Operating Expenses	43,000	-	-	-	43,000	-	43,000	-	-	-
Interest Expenses	25,000	-	-	-	25,000	-	25,000	-	-	-
Interest Revenue	-	11,000	-	-	-	11,000	-	11,000	-	-
<b>Total:</b>	<b>722,000</b>	<b>722,000</b>								
Depreciation Expenses			3,750	-	3,750	-	3,750	-	-	-
Bad Debt Expenses			3,780	-	3,780	-	3,780	-	-	-
Insurance Expenses			10,000	-	10,000	-	10,000	-	-	-
Supplies Expenses			5,000	-	5,000	-	5,000	-	-	-
<b>Net Profit/Loss</b>							-	<b>21,530</b>	<b>21,530</b>	-
<b>Total</b>			<b>22,530</b>	<b>22,530</b>	<b>729,530</b>	<b>729,530</b>	<b>422,530</b>	<b>422,530</b>	<b>328,530</b>	<b>328,530</b>

**Solution of the Question No. 1(b)(ii)**

Particulars	Debit Taka	Credit Taka
Office Salaries Expense To Office Salaries Payable	3,000	3,000
Bad Debts Expenses To Allowance for bad debt expense	3,780	3,780
Depreciation Expenses – Furniture & Fix To Accumulated Depreciation – Fur & Fix	3,750	3,750
Insurance Expense To Unexpired Insurance	10,000	10,000
Supplies Expense To Supplies	5,000	5,000

**Solution of the Question No. 2(i)**

**MAXIS CO. Ltd.  
Bank Reconciliation Statement  
December 31, 2019**

Balance as per bank statement December 31, 2019		Tk.	141,717
Add: Deposit of December 31 not recorded by bank		Tk.	14,250
Wrongly deducted by bank		Tk.	<u>800</u>
		Tk.	156,767
Deduct: outstanding cheque		Tk.	<u>7,294</u>
Adjusted Cash Balance		Tk.	<u>149,473</u>

Balance as per cash book		Tk.	113,675
Add: Notes Receivable	Tk. 36,000		
Interest earned	<u>Tk. 400</u>	Tk.	36,400
Interest credited		Tk.	<u>960</u>
		Tk.	151,075
Deduct: NSFcheque	Tk. 1,140		
Errors by bank	Tk. 396		
Bank charges	<u>Tk. 26</u>	Tk.	<u>1,562</u>
Adjusted Cash Balance		Tk.	<u>149,473</u>

**Solution of the Question No. 2 (ii)**

Cash	Tk.	36,400		
To N/R			Tk.	36,000
To Interest Income			Tk.	<u>400</u>
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Cash	Tk.	960		
To Interest Income			Tk.	960
Advertisement expenses	Tk.	396		
To Cash			Tk.	<u>396</u>
<hr/>				
A/R	Tk.	1,140		
To Cash			Tk.	<u>1,140</u>
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Bank Service Charge	Tk.	26		
To Cash			Tk.	<u>26</u>
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**Solution of the Question No. 3 (a)**

In a merchandising company, inventory consists of many different items. These items have two common characteristics (1) they are owned by the company, and (2) they are in a form ready for sale to customers in the ordinary course of business. In a manufacturing company/firm, some inventory may not yet to e ready for sale. As a result, manufacturing firm usually classify inventory into three categories: finished goods, work in process and raw materials.

**(b)(i)**

Winner Distribution Ltd.  
Cost of Goods Available for Sale

Date	Explanation	Units	Unit Cost	Total Cost
July, 1	Beginning Inventory	2,000	Tk. 7	Tk. 14,000
3	Purchase	2,500	8	20,000
9	Purchase	3,500	9	31,500
19	Purchase	3,000	10	30,000
25	Purchase	4,000	11	44,000
	Total	15,000		139,500

**(b)(ii)**

**Ending Inventory (FIFO)**

Date	Unit	Units Cost	Total Cost
July 25	4,000	Tk. 11	Tk. 44,000
July 19	100	10	1,000
	4,100*		45,000

\*15,000-10,900 = 4,100

**Cost of Goods Sold (FIFO)**

Cost of goods	Tk.
Available for sale	139,500
Less: Ending Inventory	45,000
Cost of goods	94,500

**Proof of Cost of Goods Sold (FIFO)**

Date	Units	Unit Cost	Total Cost
Oct. 1	2,000	Tk. 7	Tk. 14,000
3	2,500	8	20,000
9	3,500	9	31,500
19	2,900	10	29,000
			94,500

**Ending Inventory (LIFO)**

Date	Units	Unit Cost	Total Cost
Oct. 1	2,000	Tk. 7	Tk. 14,000
Oct. 3	2,100	8	16,800
	4,100		30,800

### Cost of Goods Sold (LIFO)

Cost of goods available for sale	Tk. 139,500
Less: Ending Inventory	30,800
Cost of goods sold	108,700

### Proof of Cost of Goods Sold (LIFO)

Date	Units	Unit Cost(Tk.)	Total Cost
Oct. 25	4,000	11	44,000
19	3,000	10	30,000
9	3,500	9	31,500
3	400	8	3,200
Total	10,900		Tk. 108,700

**(b)(iii)** FIFO results the highest inventory amount for the balance sheet, Tk. 45,000. LIFO results in the highest cost of goods sold Tk. 1,08,700.

### Solution of the Question No. 04. (i)

#### MAXIX Co. Ltd. Computation of wages

	WORKER A	WORKER B	Total
Basic wages	840	1,320	2,160
Less: Leave without pay	-	220	220
	840	1,100	1,940
10% dearness Allowance	120	110	230
	960	1,210	2,170
Overtime	80	-	80
House Rent Allowance	420	660	1,080
Medical Allowance	120	120	240
Conveyance Allowance	60	30	90
Total	1,640	2,020	3,660
Deductions:			
Contribution to Provident Fund	84	110	194
Union Dues	16	16	32
Eid Deductions	20	20	40
	120	146	266
Take home pay	1,520	1,874	3,394

### Solution of the Question No. 04. (ii)

Journal Entries:

1. Factory Wages	3,660		
Contribution to Provident Fund		194	
Union Dues		32	
Eid Deductions		40	
Cash		3,394	
2. Contribution to provident Fund	194		
Union Dues	32		
Cash		226	

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