

**CMA JUNE, 2020 EXAMINATION
 PROFESSIONAL LEVEL-II
 SUBJECT: 201. ADVANCED FINANCIAL ACCOUNTING-I**

Time: Three hours

Full Marks: 100

- ❖ All questions are to be attempted.
- ❖ Show computations, where necessary.
- ❖ Answer must be brief, relevant, neat and clean.
- ❖ Start answering each question from a fresh sheet.

Q. No. 1

- (a) "Single entry in fact is an admixture of single entry, Double entry and no entry" – Explain the statement.
- (b) Mr. Khan desires you to prepare accounts for the year ended 31st March 2020, no books have been kept but the following facts are ascertained:
- (i) The bank Pass-book showed lodgments during the year of Tk.60,100 and withdrawals of Tk.59,250.
 - (ii) Tk.5,000 had been placed on deposit account on 31st December 2018 at 8% per annum and withdrawn with interest on 30th June 2019.
 - (iii) 3.50% National Defense Certificate of Tk. 10,000 (interest due dates 31st March and 30th September each year) had been purchased on 1st April 2019. Interest was collected on due dates.
 - (iv) The foreign transactions and all payments for business purchases were passed through the bank account. The takings were banked after meeting business expenses Tk.3,500 and personal expenses Tk.4,000.
 - (v) The Assets and Liabilities on 31st March 2020 were:

		<u>Taka</u>
Stock	5,500	
Book Debts	5,750	
Bank Balance	1,600	
Freehold Cottage	10,000	
Trade Creditors		2,000

- (vi) On 1st April 2019 the balance were:

		<u>Taka</u>
Stock	5,000	
Book Debts	5,250	
Trade Creditors		1,000

Required:

From the above information, Mr. Khan requests you to help him Prepare his Profit and Loss Account for the year ended 31st March 2020 and a Balance Sheet on that date.

[Marks: {5+(10+5)} = 20]

Q. No. 2

- (a) Define and distinguish the following:
- (i) Principal and Agent in consignment business, and
 - (ii) Consignment and Joint Venture.
- (b) Hannan and Mannan are involved in a consignment business where Hannan sends goods as consignor from Narayangonj to Mannan of Barishal for retail sale. The goods are sent by barge. Following are the transactions relating to consignment business:

500 units were sent @ Tk.1,000 each	Tk.500,000
Fright charge paid by consignor	Tk.150,000
Loading charge paid by consignor	Tk. 50,000
Unloading charge paid by consignee	Tk. 24,000
Insurance charge paid by consignor	Tk. 10,000
Carrying charge to warehouse paid by consignee	Tk. 16,000
Warehouse rent paid by consignee	Tk. 20,000

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Q. No. 2(cont'd...)

100 units were lost by fire in transit by barge and remaining goods were unloaded from barge. Insurance claim received Tk.120,000. They arranged for remaining 400 units to carry from barge to warehouse and paid carrying charges. But 350 units were received at the warehouse in good condition with no trace of the remaining. 300 units were sold (@ Tk.2,000) at Tk.600,000 and 50 units were left in warehouse.

10% of good units received at warehouse are considered normal loss.

Due to decrease in market price, sales price of stock estimated to be @ Tk.1,400. Commission is paid to the consignee @ 5% on sales.

Required:

Draw a consignment account in the books of Hannan.

[Marks: (6+14) = 20]

Q. No. 3

Following is the Receipt & Payment Account of Chittagong Club for the year ending 31st December 2019:

Receipts	Taka	Payments	Taka
Balance at Bank and in hand	2,000	Salaries	5,600
Subscriptions, Arrears	200	Printing and Stationary	1,750
Subscriptions, Current year	7,500	Investments (at par)	4,000
Subscriptions, Next year	400	Expenditure on Refreshments	3,200
Sale of Furniture at book value	200	Expensed of last year	200
Donation for a stage	4,000	Improvements to Buildings	3,000
Interest on Investments	900	Cost of Gold Medal	350
Charges for Refreshments	4,300	Balance at Bank and in hand	1,400
Total	19,500	Total	19,500

In addition to the above, the following further information is available from the accounts of the club:-

- (i) The assets on 1st January 2019 include Building Tk.20,000, 6% Investments Tk.10,000 at par (including Prize Fund) and Furniture Tk.1,000. Liabilities as on 1st January 2019 include an account styled "Prizes Fund Account" Tk.8,000.
- (ii) Of salaries Tk.400 pertains to last year and Tk.500 still owes. As regards subscriptions in arrears of Tk.200 received during the year, a provision of Tk.150 was made in the accounts last year. Tk.400 subscriptions for 2019 are outstanding.
- (iii) Stock of Refreshments at the end of the year was valued at Tk.100.
- (iv) Sports Equipment worth Tk.1,000 was donated during the year by a member.
- (v) Printers bill Tk.100 is outstanding on 31-12-2019.
- (vi) A bill for Tk.500 for purchase of furniture is outstanding.
- (vii) The investments (6%) were purchased during the second half and the interest has not been collected.
- (viii) The opening balance of general fund on 1st January 2019 was Tk.24,850.

Required:

- (a) An Income and Expenditure Account for the year ending 31st December 2019.
- (b) A Balance Sheet as at 31st December 2019.

[Marks: (10+10) = 20]

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Q. No. 4

- (a) What are the provision with regard to “Loan Loss Provision” and “Interest Suspense” of a Banking Company as per IAS/BAS-30?
- (b) From the following figures taken from the books of New Asia Insurance Co. Ltd. doing fire underwriting business, prepare the set of final accounts as on 30 June 2020:

	Taka		Taka
Fire Fund (as on 1-7-2019)	11,80,000	Commission on Direct Business	2,99,777
General Reserve	4,50,000	Commission on reinsurance accepted	60,038
Investments	36,00,000	Outstanding Premium	22,300
Premium	26,01,533	Claims intimated but not paid (1.7.2019)	60,000
Claims Paid	6,02,815	Expenses on Management	4,31,947
Share Capital-Dividend into Equity Shares of BDT 100 each	10,00,000	Audit Fees	36,000
Profit and Loss Account (Cr.)	25,000	Rates & Taxes	5,804
Reinsurance Premium	1,12,525	Rents	67,500
Claim Recovered from re-insurers	21,119	Income from Investments	1,53,000
Commissions on reinsurance ceded	48,016	Sundry Creditors	22,500
Advance Income Tax paid	2,50,000	Agent Balances (Dr.)	20,000
		Cash in Hand and Bank Balance	1,32,462

The following further information may also be noted:

- (a) Expenses of management include survey fees and legal expenses of Tk. 36,000 and Tk. 20,000 relating to claims,
- (b) Claims intimated but not paid on 30 June 2020, Tk. 1,04,000.
- (c) Income-tax to be provided at 40%.
- (d) Transfer of Tk. 2,19,000 to be made from current profit to General Reserve.
- (e) The company maintains a reserve for unexpired risk @ 50% of net premium income.
- (f) The directors propose a dividend @ 30 %. Dividend distribution tax is payable @ 17%.

Required:

- (i) Revenue Account
- (ii) Balance Sheet

[Marks: 4+(8+8) = 20]

Q. No. 5

- (a) What is the difference between Joint venture and partnership?
- (b) Explain the difference between joint venture and consignment.
- (c) Adroit and Brown were partners in a joint venture sharing profits and losses in the proportion of four-fifth and one-fifth respectively. Adroit supplies goods to the value of Taka 50,000 and incurs expenses amounting to Taka 5,400. Brown supplies goods to the value of Tk 14,000 and his expenses amount to Tk 800. Brown sells goods on behalf of the joint venture and realizes Tk. 92,000. Brown is entitled to a commission of 5 per cent on sales. Brown settles his account by bank draft.

Give the journal entries and the necessary accounts in the books of Adroit and only the important ledger accounts in the books of Brown.

[Marks: 2+2+(8+8) = 20]

= THE END =