

Bangladesh Open University

BBA Program

Semester: 162 (8th Level-Accounting)

Course Title: Advanced Accounting

Due on: 04 August, 2017

Instructions

- Answer the all questions in your own handwriting on A4 size white paper.
- Fill-in the cover page of your assignment with care.
- Enclose the photocopy of your ID Card with the assignment (next to the cover page).
- Don't make spiral binding. Instead, make soft binding.
- Submit the assignment to the respective course tutor and ensure his/her signature on your Assignment Acknowledgement Form (see page#3 of Semester Calendar).

Questions

1. What do you understand by the an “independent branch”? Differentiate between a dependent branch and an “independent branch”. Explain briefly the system of accounting that you will adopt in each case.
2. XY and Co. commenced business on 1.1.2013 with Head Office at Calicut and a branch at Trichur. All goods were purchased by the Head Office and normally packed immediately but on December 31 2013, goods costing Tk.5,000 remained unpacked.

Only packed goods were sent to the branch which was charged at selling price less 10%.

The following information is furnished to you as on December 31, 2013 from the Head Office and branch office books.

	H.O (Tk)	Branch (Tk)		H.O(Tk)	Branch (Tk)
Capital Account	40,000	–	Clerks' salary wages etc	20,000	3,000
Drawings by Proprietor	10,000	–	Sundry Debtors	28,000	4,200
Purchases	4,00,000	–	sundry Creditors	26,600	5,000
Packing materials bought	6,000	–	Current Accounts:		
Sales	3,20,000	–	Head Office (credit balance)		12,000
Despatch of goods to Branch	1,13,400	–	Branch office (debit balance)	19,000	–
Selling expenses	16,000	1,00,000	Bank balance	1,000	1,000
		–	Goods received from Head office		1,08,000
		800			

You are further informed that:

- (a) Sales by Head Office were at a uniform gross profit, after charging packing materials of 20% on the fixed selling price.
- (b) Sales at branch were at fixed selling price.
- (c) Goods invoiced and despatched by Head Office to branch on December 2013 for Tk.5,400 were received by the branch only on January 10, 2014.
- (d) Stock of packing materials on hand as on December 31, 2013 was valued at Tk.1,000.
- (e) Remittance of Tk.1.600 from the branch to the Head Office was in-transit on 31.12.2013.
- (f) Tk.2,000 worth of stock at selling price was damaged at the branch. For valuing stock, this was reduced by Tk.1,090 below the invoice cost to the branch. It was decided that the Head Office and the branch would share equally the loss occasioned by this and also the deficit in stock, ascertained on actual stock taking at the branch of goods at selling price of Tk.500.

Prepare the Profit and Loss Account of the Trichur and Calicut offices and also a Balance Sheet as on 31.12.2013 of the business.

3. A firm had two departments X and Y. Department Y (which was a Manufacturing Department) received goods from Department X as its raw materials. Department X supplied the said goods to Y at cost price. From the following particulars you are required to prepare a Departmental Trading and Profit and Loss Account for the year ended on 31st December, 1992. (all figures in taka).

Particulars	Dept X	Dept Y
Opening Stock (as on 1.1.1992)	2,50,000	75,000
Purchases (from outside suppliers)	10, 00,000	20,000
Sales (to outside customers)	12,00,000	3,00,000
Closing stock (as on 31.12.1992)	1,50,000	50,000

The following information is to be taken into account:

- Depreciation of Building to be provided at 20% p.a. The value of the Building occupied by both the Departments was Tk. 1,05,000 (Department X occupying two-third portion and Departments Y occupying the rest).
- Goods transferred from Department X to Department Y Tk. 2,50,000 at cost.
- Manufacturing Expenses amounts to Tk. 10,000.
- Selling expenses amounted to Tk. 15,000 (to be apportioned on the basis of sales of respective departments).
- General expenses of the business as a whole amounted to Tk. 58,000.

Bangladesh Open University
BBA Program
Semester: 162 (8th Level-Accounting)

Course Title: Advanced Accounting

Due on: 15 September, 2017

1. What is meant by Hire Purchase System and how does it differ from the Installment Payment System?
2. On January 1, 2011, Sharda purchased a machine from Kusum on a hire-purchase basis. The particulars are as follows:
 - (a) Cash price Tk.10,000.
 - (b) Tk.4,000 to be paid on signing the contract.
 - (c) Balance in three instalments of Tk.2,000 plus interest.
 - (d) Interest charged on outstanding balance at 5%.
 - (e) Depreciation at 5% p.a. on the Straight-line Method.

Give Journal Entries and the necessary Ledger Accounts for the year ended on 31st December, 2011, 2012 and 2013 in the books of both the parties.

3. The following are the figures extracted from the books of New Era Bank Limited, as on 31.3.1995: (figures in taka.)

Interest and Discount received	37,05,738	Commission, exchange and brokerage	1,90,000
Interest paid on Deposits	20,37,452	Rent received	65,000
Issued and Subscribed Capital	10,00,000	Profit on sale of investments	2,00,000
Salaries and Allowances	2,00,000	Depreciation on Bank's properties	30,000
Directors' fees and allowances	30,000	Stationery expenses	40,000
Rent and taxes paid	90,000	Preliminary expenses	25,000
Postage and telegrams	60,286	Auditors fees	5,000
Statutory reserve fund	8,00,000		

Other information:

- (a) A customer to whom a sum of Tk. 10 lakhs had been advanced has become insolvent and it is expected that only 50% can be recovered from his estate.
- (b) Also there were other debts, for which a provision of Tk. 1,50,000 was found necessary by the auditors.
- (c) Rebate on bills discounted on 31.3.1994 was Tk. 12,000 and on 31.3.1995 was Tk. 16,000.
- (d) Provide Tk. 6,50,000 for Income tax.
- (e) The directors desire to declare 10% dividends.
Prepare the Profit and Loss Account of New Era Bank Ltd. for the year ended on 31, 31995.

4. The following Trial Balance has been extracted from the books of Vikram Tyres Limited as on 31st March 2009.

Particulars	Dr	Cr	Particulars	Dr	Cr
Land	2,00,00		Share Premium		1,00,000
Building (original cost Tk.30,00,000)	12,00,000		Debenture redemption reserve		4,00,000
Furniture (original cost Tk.1,50,000)	80,000		Cash in hand	20,000	
Plan & Mach.(original cost Tk.30,00,000)	10,00,000		Preliminary expenses	40,000	
Stock (31 st March 2009)	12,80,000		Cash at bank	2,20,000	
Salaries	80,000		Gross profit		10,40,000
Share Capital		20,00,000	Profit and Loss Account (bal. no 1.4.2008)		85,000
General reserve		3,00,000	Advance Income tax	80,000	
12% Debentures		10,00,000	Interest	20,000	
Bank overdraft		15,000	Debenture interest	60,000	
Printing and Stationery	12,000		Directors' Fees	20,000	
Sundry Debtors and Creditors	7,00,000	1,60,000	Rent, Rates and Insurance	28,000	
Investments (at cost)	60,000				

The following further information is also available:

- (i) Depreciation is to be provided on the written-down value method as under.
Building – 5%; Furniture – 10%; and Plant and Machinery – 15%.
- (ii) Of the sundry debtors, Tk.6,00,000 of amount due is less than 6 month old. Out of the remaining, debts worth Tk.50,000 are considered bad for which full provision is to be made.
- (iii) The authorized share capital consists of Tk.1,00,000 equity shares of Tk.100 each, of which 40,000 shares have been issued at Tk.50 per share and are called and paid-up.
- (iv) Provide for outstanding audit fees- Tk.25,000; Provision for income-tax – Tk.2,40,000.
- (v) Insurance is prepaid to the extent of Tk.8,000.
- (vi) The directors have recommended:
 - (a) Transfer of Tk.1,00,000 to debenture redemption reserve.
 - (b) Transfer of Tk.40,000 to general reserve; and
 - (c) Equity dividend at 8% on paid-up capital.
- (vii) Half of the preliminary expenses are to be written-off.

You are required to prepare the Profit and Loss Account for the year ending 31st March 2009 and the Balance Sheet as on 31st March 2009.

Bangladesh Open University
BBA Program
Semester: 162 (8th Level-Accounting)

Course Title: Advanced Management Accounting

Due on: 04 August, 2017

Instructions

- Answer the all questions in your own handwriting on A4 size white paper.
- Fill-in the cover page of your assignment with care.
- Enclose the photocopy of your ID Card with the assignment (next to the cover page).
- Don't make spiral binding. Instead, make soft binding.
- Submit the assignment to the respective course tutor and ensure his/her signature on your Assignment Acknowledgement Form (see page#3 of Semester Calendar).

Questions

1. (a) Briefly describe Six Sigma.
- (b) Matin Company makes two products and uses a traditional costing system in which a single plant wide predetermined overhead rate is computed based on direct labor-hours. Data for the two products for the upcoming year follow:

	<u>A</u>	<u>B</u>
Direct materials cost per unit	Tk. 13.00	Tk. 22.00
Direct labor cost per unit	Tk. 6.00	Tk. 3.00
Direct labor-hours per unit	0.40	0.20
Number of units produced	20,000	80,000

These products are customized to some degree for specific customers.

Required:

- (i) The company's manufacturing overhead costs for the year are expected to be Tk.567,000. Using the company's traditional costing system, compute the unit product costs for the two product.
 - (ii) Management is considering an activity-based costing system in which half of the overhead would continue to be allocated on the basis of direct labor-hours and half would be allocated on the basis of engineering design time. This time is expected to distributed as follows during the upcoming year:

	<u>A</u>	<u>B</u>	<u>Total</u>
Engineering design time (in hours)	3,000	3,000	6,000
 - (iii) Compute the unit product cost for the two products using the proposed ABC system.
 - (iv) Explain why the product costs differ between the two systems.
2. (a) What is a flexible budget and how does it differ from a static planning budget?

- (b) NOVO Flyovers offers scenic over flights in Chittagonj that explosively erupted in 2015. Data concerning the company's operations in July appear below:

**NOVO Flyovers
Operating Data
For the Month Ended July 31**

	Planning Budget	Flexible Budget	Actual Results
Flights (<i>q</i>)	50	48	48
Revenue (Tk.320.00 <i>q</i>)	<u>Tk.16,000</u>	<u>Tk.15,360</u>	<u>Tk.13,650</u>
Expenses:			
Wages and salaries (Tk.4,000 + Tk.82.00 <i>q</i>)	8,100	7,936	8,430
Fuel (Tk.23.00 <i>q</i>)	1,150	1,104	1,260
Airport fees (Tk.650 + Tk.38.00 <i>q</i>)	2,550	2,474	2,350
Aircraft depreciation (Tk.7.00 <i>q</i>)	350	336	336
Office expenses (Tk.190 + Tk.2.00 <i>q</i>)	<u>290</u>	<u>286</u>	<u>460</u>
Total expense	<u>12,440</u>	<u>12,136</u>	<u>12,836</u>
Net operating income	<u>Tk.3,560</u>	<u>Tk.3,224</u>	<u>Tk.814</u>

The company measures its activity in terms of flights. Customers can buy individual tickets for overflights or hire an entire plane for an overflight at a discount.

Required:

- (i) Prepare a flexible budget performance report for July.
- (ii) Which of the variances should be of concern to management? Explain.

Bangladesh Open University
BBA Program
Semester: 162 (8th Level-Accounting)

Course Title: Advanced Management Accounting

Due on: 15 September, 2017

- 1 (a) Distinguish between a cost center, a profit center, and an investment center.
(b) Selected sales and operating data for three divisions of different structural engineering firms are given as follows:

	Division A	Division B	Division C
Sales	Tk.12,000,000	Tk.14,000,000	Tk.25,000,000
Average operating assets	Tk.3,000,000	Tk.7,000,000	Tk.5,000,000
Net operating income	Tk.600,000	Tk.560,000	Tk.800,000
Minimum required rate of return	14%	10%	16%

Required:

- (i) Compute the return on investment (ROI) for each division using the formula stated in terms of margin and turnover.
(ii) Compute the residual income for each division.
(iii) Assume that each division is presented with an investment opportunity that would yield a 15% rate of return.
- a. If performance is being measured by ROI, which division or divisions will probably accept the opportunity? Reject? Why?
b. If performance is being measured by residual income, which division or divisions will probably accept the opportunity? Reject? Why?
2. (a) “All future costs are relevant in decision making.” Do you agree? Why?
(b) Imperial Jewelers is considering a special order for 20 handcrafted gold bracelets to be given as gifts to members of a wedding party. The normal selling price of a gold bracelet is Tk.189.95 and its unit product cost is Tk.149.00 as shown below:

Direct materials	Tk.84.00
Direct labor	45.00
Manufacturing overhead	<u>20.00</u>
Unit product cost	<u>Tk.149.00</u>

Most of the manufacturing overhead is fixed and unaffected by variations in how much jewelry is produced in any given period. However, Tk.4.00 of the overhead is variable with respect to the number of bracelets produced. The customer who is interested in the special bracelet order would like special filigree applied to the bracelets. This filigree would require additional materials costing Tk.2.00 per bracelet and would also require acquisition of a special tool costing Tk.250 that would have no other use once the special order is completed. This order would have no effect on the company's regular sales and the order could be fulfilled using the company's existing capacity without affecting any other order.

Required:

What effect would accepting this order have on the company's net operating income if a special price of Tk.169.95 per bracelet is offered for this order? Should the special order be accepted at this price?

Bangladesh Open University
BBA Program
Semester: 162 (8th Level-Accounting)

Course Title: Corporate Financial Reporting

Due on: 04 August, 2017

Instructions

- Answer the all questions in your own handwriting on A4 size white paper.
- Fill-in the cover page of your assignment with care.
- Enclose the photocopy of your ID Card with the assignment (next to the cover page).
- Don't make spiral binding. Instead, make soft binding.
- Submit the assignment to the respective course tutor and ensure his/her signature on your Assignment Acknowledgement Form (see page#3 of Semester Calendar).

Questions

1. (a) Why is corporate financial reporting made? Briefly explain.
(b) What are the qualitative characteristics of accounting information? Discuss the hierarchy of accounting qualities.
(c) What is the main theme of accrual accounting? Briefly explain the components of accounting equation with examples.
2. (a) What is the main theme of going concern assumption and matching principle? Why is its important?
(b) Discuss the criteria for recognizing revenue.
(c) What is balance sheet and why is it prepared? Prepare a consolidated balance sheet showing assets only with imaginary figures.
3. (a) What is profitability ratios measure?
(b) How do companies estimate their uncollectible accounts?

Bangladesh Open University
BBA Program
 Semester: 162 (8th Level-Accounting)

Course Title: Corporate Financial Reporting

Due on: 15 September, 2017

1. (a) What do you mean by natural resources? What are the different types of cost involved to these types of resources?
 (b) Distinguish between active investment and passive investment.
 (c) Why does the relationship between sales and inventory investment vary from time to time?
2. (a) What are the four different types of auditors opinion? Explain.
 (b) How can an auditor investigate and detect frauds?
 (c) Explain different types of fraudulent financial reporting with examples.
3. The Oliver Company sells tropical radios treated with a special condensation inhabiting paint. The company uses LIFO for inventory accounting. The paint inventory on January 1, 2007, consisted of 3,000 gallons costed at Tk.45 per gallon. Purchases and ending inventories in the subsequent years were as follows:

<u>Year</u>	<u>Average Purchase Price per Gallon</u>	<u>Cost of Gallon Purchased</u>	<u>Dec. 31 Inventory</u>
2007	Tk. 50	Tk. 384,000	3600 gallons
2008	51	352,000	2600
2009	52	448,000	4000

Because of temporary scarcities, the paint is expected to cost Tk.62 per gallon in the year 2010. Sales for 2010 are expected to require 7,000 gallons of paint. The purchasing agent suggests that the inventory be allowed to decrease to 600 gallon by the end of 2010 and be replenished to 4,000 gallons in early 2011. The controller argues that such a policy is foolish, if inventories are allowed to decrease, the company will pay a very large amount in income taxes (as its current income-tax rate of 40 percent). Instead, she suggests that the company maintain a year 2010 ending inventory of 4,000 gallon.

Required:

- (i) Calculate the cost of goods sold and the taka value of ending inventory for the year 2010, assuming the purchasing agent's advice is followed and the controller's advice is followed.
- (ii) Calculate the tax savings for the year 2010 if the controllers advice is followed rather than the purchasing agents.
- (iii) If you were making the decision what other information might you consider in choosing whose advice to follow?

Bangladesh Open University
BBA Program
Semester: 162 (8th Level- AIS)

Course Title: Business Research Methods

Due on: 04 August, 2017

Instructions

- Answer the all questions in your own handwriting on A4 size white paper.
- Fill-in the cover page of your assignment with care.
- Enclose the photocopy of your ID Card with the assignment (next to the cover page).
- Don't make spiral binding. Instead, make soft binding.
- Submit the assignment to the respective course tutor and ensure his/her signature on your Assignment Acknowledgement Form (see page#4 of Semester Calendar).

Questions

1. (a) "The purpose of research is to solve business problems." - Comment.
(b) Distinguish between basic research and applied research.
(c) Distinguish between evaluation research and performance-monitoring research.
(d) Describe your understanding about managerial value of business research.
2. (a) Narrate the characteristics of valuable information.
(b) What makes a decision support system successful? Briefly discuss.
(c) Define knowledge management. What is its purpose within an organisation?
(d) What is the difference among data, information and intelligent?
3. (a) How do concepts differ from variables?
(b) What is latent construct? How do propositions and hypotheses differ?
(c) Compare and contrast deductive logic with inductive logic. Give an example of both.
(d) Define research project and research program. Distinguish between Forward linkage and Backward linkage.
4. (a) What are the major components of a research proposal? How does a research proposal assist a researcher?
(b) Write at least three examples of hypotheses that involve a managerial action statement. Provide a corresponding decision statement for each.
(c) A professor has decided to use a weighted average in figuring final grads for his students. The homework average will count for 20 percent of a student's grade; the midterm 25 percent, the final 35 percent, the term paper 10 percent; and quizzes 10 percent. From the following data, compute the final average for the five students.

Student	Homework	Quizzes	Paper	Midterm	Final
1	85	89	94	87	90
2	78	84	88	91	92
3	94	88	93	86	89
4	82	79	88	84	93
5	95	90	92	82	88

Bangladesh Open University
BBA Program
Semester: 162 (8th Level-AIS)

Course Title: Business Research Methods**Due on: 15 September, 2017**

1. (a) What is the sampling distribution? How does it differ from the sample distribution?
- (b) Suppose a fast-food restaurant wishes to estimate average sales volume for a new menu item. The restaurant has analyzed the sales of the item-at a similar outlet and observed following results:
 $\bar{X} = 500$ (mean daily sales)
 $S = 100$ (Standard deviation of sample)
 $n = 25$ (Sample Size)

The restaurant manager wants to know into what range the mean daily sales should fall 95 percent of the time. Perform this calculation.

- (c) FundInfo provides information to its subscribers to enable them to evaluate the performance of mutual funds they are considering as potential investment vehicles. A recent survey of funds whose stated investment goal was growth and income produced the following data on total annual rate of return over the past five years:

Annual Return (%)	11.0–11.9	12.0–12.9	13.0–13.9	14.0–14.9	15.0–15.9	16.0–16.9	17.0–17.9	18.0–18.9
Frequency	2	2	8	10	11	8	3	1

Required:

- (i) Calculate the mean, variance and standard deviation of the annual rate of return for this sample of 45 funds.
- (ii) Because the distribution is roughly bell-shaped, between what values would you expect to find 68 percent of the observations? What percentage of the observations actually do fall in that interval?
2. (a) What is a significance level? How does a researcher choose a significance level?
- (b) Assume you have the following data:
 $H_1: \mu \neq 0$
 $S = 30; n = 64; \text{ and } \bar{X} = 218$

Conduct a two-tailed hypotheses test at the 0.05 significance level.

- (c) The following contingency table shows the classifications of 2000 workers in a factory according to the disciplinary action taken by the management and their promotional experience:

Disciplinary Action	Promotional Experience	
	Promoted	Not Promoted
Not-Offenders	146	462
Offenders	54	1338

Test whether the disciplinary action taken and promotional experience are independent.