

**APPEARANCE OF MOBILE PHONE(S) / SMART DEVICE(S) SUBJECT TO CONSIDERED AS AN
ACT OF CHEATING**

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College Name: _____

Student Name: _____ Seat No: _____

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**KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION JUNE 2015; AFFILIATED COLLEGES
PRINCIPLES OF ACCOUNTING; BA (H)-331
BS - I**

Date: June 3, 2015

Max Time: 2 Hrs

Max Marks: 40

INSTRUCTIONS:

1. Attempt all questions. Do not write anything on the question paper.
2. Mobile phones or any other communicating device will not be allowed in the examination room. Students will have to remove the batteries of these devices before entering the examination hall.

Q.1 From the following Trial Balance of Muneeb Traders prepare Income Statement for the year ended 31-3-2015 and the Balance Sheet as on that date:

Debit Balance	Rs.	Credit Balance	Rs.
Purchases	196,000	Sales	424,000
Wages	42,000	Capital	220,000
Inventory 1-4-2014	50,000	Accounts Payable	70,000
Printing	34,000	Returns	4,600
Insurance Paid (upto 30-9-2015 for 1 year)	4,400	Loan	36,000
Salaries	64,000	Rent received	6,400
Carriage Inwards	20,000		
Stationery	28,000		
Advertising	24,000		
Building	70,000		
Machinery	120,000		
Accounts receivable	60,000		
Returns	4,000		
Cash in hand	4,600		
Patents	40,000		
Total	761,000		761,000

Adjustments:

- i. Closing Stocks valued at Rs. 52,000.
- ii. Outstanding Expenses are: Wages Rs. 3,600, Salaries Rs. 7,600, and Printing Bill Rs. 2,400.
- iii. Depreciate Machinery at 10% p.a on cost.
- iv. Patents are to be revalued on 31-3-2015 at Rs. 36,400.
- v. Rent earned Rs. 3,000

Q.4 On 1st April, 2008, Zaheer Engineering Co. Ltd. Purchased secondhand machine for Rs. 800,000 and spent Rs. 200,000 on its installation.
The residual value at the end of its expected useful life of 4 years is estimated at Rs. 400,000. On 30th September, 2010, this machine was sold for Rs. 500,000. Depreciation is to be charged according to Straight Line Method.

Required:

- Pass necessary journal entries and prepare Machinery Account and Depreciation Account for first three years assuming that the accounts are closed on 31st march every year.

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Q.5: In June 2014, Scott organized a crop dusting business. The Company, a sole proprietorship, called Scott Crop Dusting began operations immediately. Transactions during the month of June were as follows:

- June 1: Scott deposited \$60,000 cash in a bank account in the name of the business.
- June 2: Purchased a crop-dusting aircraft from Utility Aircraft for \$225,000. Made a \$45,000 cash down payment and issued a note for the remaining balance.
- June 4: Paid Woodrow Airport \$2,500 to rent office and hangar space for the month.
- June 15: Billed customers \$8320 for crop dusting services rendered during the first half of June.
- June 18: Paid Hannigan’s hangar \$1890 for maintenance and repair services.
- June 25: Collected \$4910 of the amounts billed on June 15.
- June 30: Billed customers \$16450 for crop dusting services rendered during the second half of the month.
- June 30: Received a memo from marketing department which enclosed a requisition of services of \$9800 to be provided in July.
- June 30: Paid salaries to employees \$6000.
- June 30: Received a fuel bill from Henry’s Feed and Fuel for \$2510 of aircraft fuel purchased during the month. This amount is due by July.
- June 30: Scott withdrew \$2000 cash from the business for personal use.

Required:

- Prepare journal entries, general ledger and trial balance for the month of June.

Q.6: Prepare bank reconciliation statement and adjusting entries. Carson reports the following information concerning cash balances and cash transactions for the month of September.

- 1- Cash balance as per bank statement as of September 30 was 20893.25
- 2- Two debit memoranda accompanied the bank statement one for \$10 was for service charges for the month the other for 64.6 was attached to an NSF cheque from A.Smith.
- 3- Included with the bank statement was \$69 credit memorandum for interest earned on the bank account in September.
- 4- The paid cheques returned with the September bank statement disclosed an error in Carson’s cash records. Check no. 851 for \$77.44 telephone expense had erroneously been listed in cash payment journal as \$44.77.
- 5- A collection charge for \$26(not applicable to Carson) was erroneously deducted from the account by the bank.
- 6- Cash receipts of September 30 amounting to \$585.25 were mailed to the bank too late to be included in the September bank statement.
- 7- Checks outstanding as of September 30 were as follows: no. 860 for \$151.93, no.867 for \$82.46 and no. 869 for \$123.61.
- 8- The cash account showed the following entries during September:

		Cash	
Sep 1	Balance b/d	18,341.82	
Sep30	Month’s receipts	14,441.58	Sep 30 Month’s Payments 11,598.63

END OF SUBJECTIVE PAPER