

**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: _____

Copy No: _____

**KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION JUNE 2016; AFFILIATED COLLEGES
PRINCIPLES OF ACCOUNTING BA (H) – 331
BBA – I**

Date: June 17, 2016

Max Time: 2 Hrs

Max Marks: 40

INSTRUCTIONS:

1. Attempt any 4 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) Trial balance of Omer Enterprises at 30th June 2015 has been extracted from its books after the accountant had prepared the trading account for the year ended on that date. It is as follows:

Particulars	Debit Rs (000's)	Credit Rs (000's)
Fixed Assets	42,000	
Stock at 30 th June 2015	9,000	
Trade Debtors	3,600	
Trade Creditors		2,400
Bank	4524	
Long term loan		10,000
Gross profit		32,000
Prepaid Rent	2,600	
Electricity Expense	926	
Stationery	405	
Motor expenses	725	
Interest on loan	500	
Drawings	5120	
Capital		25,000
Total	69,400	69,400

Further Information:

1. At 30th June 2015, rent had been prepaid in the sum of Rs.600, 000.
2. The following amounts owed at 30th June 2015: electricity Rs.242, 000; motor expenses Rs.160, 000.
3. Debts amounting to Rs.100, 000 were to be written off and company decided to create a provision for doubtful debts equal to 5% of the remaining debtors.
4. The stock of unused stationery on hand at 30th June 2015 was valued at cost Rs.100, 000.

Required: Prepare Income Statement for the year ended 30th June 2015 & Balance Sheet as on 30th June 2015.

Q.2) On January 3, 2013 a company purchased a machine for Rs.220, 000 with an expected life of 5 years. Straight line method of depreciation is used by the Company. At the beginning of year 3, the Company incurred expenses on major technical improvements amounting to Rs.80, 000. This enhanced the useful life of the machine by three years. The expected residual value at the end of 8th year is Rs. 6000

Required:

- 1- What is the depreciable amount of the asset after technical improvements have been made?
- 2- Calculate depreciation expense for the 1st, 2nd and 3rd year. Also find the book value at the end of 3rd year.
- 3- On May 31, 2016 the machine was exchanged with the new model after paying cash of Rs. 200,000. Trade in allowance was Rs. 100,000. Record the exchange of old machine with the new one.

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Q.3 (a) A business had a bank balance of Rs. 12.5 million at the start of the month. During the following month, it paid for materials invoiced at Rs. 18.0 million less trade discount of 25% and cash discount of 20%. It received a cheque from a debtor in respect of an invoice for Rs. 12.0 million, subject to cash discount of 10%.

Required :

What was the balance at the bank at the end of the month? Show calculations to support your answer.

(b) After calculating the company's profit for the year ended June 30, 2001, the Accounts Manager discovered that:

- a. Fixed assets costing Rs. 25 million have been included in the purchases account;
- b. Stationery costing Rs. 0.50 million has been included as closing inventory, instead of stock of stationery.

Required:

What effects the aforementioned facts discovered by the Manager Accounts had on the Company's gross and net profits? (Ignore the impact of depreciation on fixed assets).

Q.4) The cash account for IT ICON at April 30, 2016, indicated a balance of Rs. 13,290.95. The bank statement indicated a balance of Rs. 18,016.30 on April 30, 2016. Comparing with the bank statement and the accompanying canceled checks and memorandums with the records revealed the following reconciling items:

- a. Checks outstanding totaled Rs.7,169.75
- b. A deposit of Rs.5189.40, representing receipts of April 30, had been made too late to appear on the bank statement.
- c. The bank had collected Rs.3,240 on a note left for collection. The face of the note was Rs.3,000.
- d. A check for Rs. 1960 returned with the statement had been incorrectly recorded by Pak Store as Rs. 1,690. The check was for the payment of an obligation to Arbab for the purchase of office equipment on account.
- e. A check drawn for Rs.1,680 had been erroneously charged by the bank as Rs.1,860.
- f. Bank service charges for April amounted to Rs.45.

Required: Prepare a bank reconciliation statement. Also prepare necessary adjusting entries.

Q.5) Record the following transactions in the general journal form for Ahmed Enterprises.

- i. Ahmed started a business with cash in Hand Rs. 5,00,000, Nabil Bank Balance Rs. 40,0000, Citizen Bank Balance Rs. 1,00,000 And Loan From Suzi Bank Rs. 2,00,000.
- ii. Goods purchased from Aslam Traders of Rs. 30,000 on Credit.
- iii. Goods Sold to star Enterprises Pvt. Ltd. Of Rs. 30,000 & Cash received Rs. 16,000.
- iv. Plant & Machinery purchased from Mustafa Co. of Rs. 2, 50,000 & Made partial Payment of Cash Rs. 1, 00,000.
- v. Furniture purchase on Cash Rs. 20,000.
- vi. Interest on Investment money was collected Rs.2800 & Paid in to Nabil Bank by Cheque No. 1285.
- vii. A cheque of Rs. 1700 as commission provided to Ahmed by an Agent for providing him services of solution for technology.
- viii. Nabil Bank charges the Amount of Interest Rs. 20,000.
- ix. Salary due was recorded Rs. 35,000 during the end of year.
- x. Interest received Rs. 2500.

END OF SUBJECTIVE PAPER