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

College Name: ____

Student Name: ______________________ Seat No: ______________________________

Copy No: ________________________

KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION, JUNE 2016; AFFILIATED COLLEGES
FINANCIAL ACCOUNTING; BA (H)–332
BS – II

Date: June 11, 2016 **Max Marks: 60**
Max Time: 2 Hrs

INSTRUCTIONS:

1. **Attempt any FOUR 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.**

Q1: The following data are taken from the record of the Sam Company at the end of the year 2012. Cash Rs 24,000; Marketable Securities 15,000; Ending Inventory 40,000; Accounts Receivable Ending 50,000; Shares Capital 300,000; Retained Earnings 150,000; Purchases (net) 160,000; Sales(net) 270,000; Selling Expenses 34,000, General Expenses 18,000; Unexpired Insurance12,000; Accounts Payable 30,000; Total Assets (net) 750,000; Accrued Expenses 10,000; Debenture Payable 260,000.

Assume that Merchandise Inventory and Account Receivable opening of the year were Rs 25,000 and Rs 60,000 respectively.

Required:

1. Rate of Gross Profit on Sale
2. Inventory turnover
5. Acid Test Ratio
6. Accounts Receivable Turnover
3. Average days of operating cycles
4. Debt to Equity Ratio
7. Book value each share
8. Current Ratio
9. Equity ratio on Assets
10. Working Capital

Q2 a): When Multi Sys Inc, was formed, the company was authorized to issue 6,000 shares of Rs100 par value, 8% cumulative preferred stock, and 120,000 shares of Rs4 stated value common stock .The preferred stocks callable at Rs 104.
Half of the preferred stock was issued at a price of Rs 102 per share and 75,000 shares of the common stock were sold for Rs15per share. At the end of the current year, Multi Sys Inc, has Retained earnings of Rs 305,000.

Required:

1. Prepare the stockholders equity section of the Company's Balance Sheet at the end of the current year.
2. Assume Multi Sys common stock is trading at Rs24 per share and its preferred stock is trading at Rs108 per share at the end of the current year. Would the stockholders equity section prepared in part **a,** be affected by this additional information?

b): Transactions affecting stockholders' equity during 2013 are as follows:

Mar 31	The stock was split 5 for 4 and the par value reduced from Rs. 10 to Rs. 8 per share. The corporation's issued shares were 40,000
Apr 1	The company purchased 2,000 shares of its common stock on the open market at Rs. 37 per share.
Jul 1	The company reissued 1,000 shares of treasury stock at Rs. 45 per share.
Jul 1	Issued for cash 20,000 shares of previously unissued Rs. 8 par value common stock at a price of Rs. 45 per share.
Dec 1	A cash dividend of Rs. 1 per share was declared payable on December 30 to stockholders of record at December 14.
Dec 22	A 10 % stock dividend was declared; the dividend shares to be distributed on January 24, 2014. The market price of the stock on December 22 was Rs. 48 per share.

The net income for the year ended December 31, 2013 amounted to Rs. 177,000, after an extraordinary loss of Rs. 35.400 (net of related tax effects).

Required:

Prepare journal entries to record the transactions relating to stockholders' equity that took place during 2013.

Q3: The accounting records of Zong limited showed the following balances at the end of year 2011 and 2012.

	2012	**2011**
Cash	90,000	70,000
Accounts receivable	170,000	140,000
Merchandise inventory	300,000	400,000
Equipment	1,200,000	800,000
Land	250,000	120,000
Accumulated depreciation	260,000	180,000
Accounts payable	120,000	70,000
Accrued expense	10,000	30,000
Long term bonds payable	300,000	400,000
Capital stock Rs 10 par	600,000	400,000
Premium on capital stock	220,000	150,000
Retained Earnings	500,000	300,000

Additional information:

- Cash dividend of Rs 75,000 were declared and paid during 2012.
- Equipment costing Rs 80,000 was sold at Rs 50,000 and at the time of sales book value of equipment was Rs 60,000.

Required: Prepare Cash Flow Statement under Indirect Method.

Q4: On December 31, 2011 Basit Corporation sold some of its product to Fahad Company, accepting a 3%, four-year promissory note having a maturity value of Rs 500,000 (interest payable annually on December 31). Basit Corporation pays 6% for its borrowed funds. Fahad Company, however, pays 8% for its borrowed funds. The product sold is carried on the books of Basit at a manufactured cost of Rs 310,000. Assume Basit uses a perpetual inventory system.

Required:

(a) Prepare the journal entries to record the transaction on the books of Basit Corporation at December 31, 2011.

(b) Make all appropriate entries for 2012 on the books of Basit Corporation.

(c) Make all appropriate entries for 2013 on the books of Basit Corporation.

Q5: The information below relates to Hilton Company's trading securities in 2012 and 2013.

(a) Prepare the journal entries for the following transactions.

January 1, 2012	Purchased Rs 300,000 par value of CLIF Company bonds at 97 plus accrued interest. The bonds pay interest annually at 9% each December 31. Broker's commission was Rs 3,000.
September 1, 2012	Sold Rs 150,000 par value of CLIF Company bonds at 94 plus accrued interest. Broker's commission, taxes, and fees were Rs 1,500.
September 5, 2012	Purchased 5,000 shares of Hayes, Inc. common stock for Rs 30 per share. The broker's commission on the purchase amounted to Rs 2,000.
December 31, 2012	Make the appropriate entry for the CLIF Company bonds.
December 31, 2012	The market prices of the trading securities at December 31 were: Hayes, Inc. common stock, Rs 31 per share; and CLIF Company bonds, 99. Make the appropriate entry.
July 1, 2013	Hilton sold 1/2 of the Hayes, Inc. common stock at Rs 32 per share. Broker's commissions, taxes, and fees were Rs 1,000.
December 1, 2013	Hilton purchased 600 shares of Ramirez, Inc. common stock at Rs 45 per share. Broker's commission was Rs 500.
December 31, 2013	Make the appropriate entry for the CLIF Company bonds.
December 31, 2013	The market prices of the trading securities at December 31 were: Hayes, Inc. common stock, Rs 34 per share; CLIF Company bonds, 98; and Ramirez, Inc. common stock, Rs 47 per share. Make the appropriate entry.

(b) Present the financial statement disclosure (balance sheet and income statement) of Hilton Company's transactions in trading securities for *each* of the years 2012 and 2013. Appropriate financial statement subheadings must be disclosed.

END OF EXAM PAPER