

KARACHI UNIVERSITY BUSINESS SCHOOL

University of Karachi

FINAL EXAMINATION; JUNE 2010: AFFILIATED COLLEGES

PRINCIPLES OF ACCOUNTING: BA (H) – 331

BS – I

**BS Four Years
Program**

Date: June 24, 2010

Max. Marks: 60

Max Time: 2.5 Hours

- I. In May, Ahmed Haroon, a physician, decided to open his own medical practice. During May, the new business engaged in the following transactions:
- May 04 Haroon opened a bank account in the name of his medical practice, Ahmed Haroon, MD., by depositing Rs.36,000 cash.;
 - May 16 Purchased a small medical office. The purchase price was Rs.95,400, which included land value @ Rs.50,000 and a building valued at Rs.45,000. A cash down payment was made for Rs.21,000, and a note payable was issued for the balance of the purchase price.
 - May 19 Purchased office furniture on account from Modern Office Company, Rs.2,340.
 - May 22 Purchased medical supplies for cash from Kamal Labs, Rs.1,630.
 - May 23 Returned to Kamal Labs Rs.225 of the medical supplies purchased yesterday as these items were not exactly what Haroon had ordered. Kamal Labs agreed to refund the Rs.225 within 10 days.
 - May 30 Made a Rs.1,170 partial payment on the account payable to Modern Office Company.
 - May 31 Received the Rs.225 refund from Kamal Labs for the supplies on May 23.
- Instructions Prepare journal entries to record the above transactions. Select the appropriate account titles from the following chart of accounts:
2. Shown below is the information needed to prepare a bank reconciliation for Data Flow, Inc., at December 31.
- i. At December 31, cash per the bank statement was Rs.15,981; cash per the company's record was Rs.17,445
 - ii. Two debit memoranda accompanied the bank statement; service charges for December of Rs.24, and a Rs.600 check drawn by Saif Ahmed marked "NSF."
 - iii. Cash receipts of Rs.4,353 on December 31 were not deposited until January.
 - iv. The following checks had been issued in December but were not included among the paid checks returned by the bank: no.620 for Rs.978, no.630 for Rs.2,052, and no.641 for Rs.483.
- Instructions
- a. Prepare a bank reconciliation at December 31
 - b. Prepare the necessary journal entry or entries to update the accounting records of Data Flow, Inc.

3. The credit manager of Jaffar Sports Goods has gathered the following information about the company's accounts receivable and credit losses during the current year.

Net credit sales for the year	Rs.3,000,000
Accounts receivable at the year-end	360,000
Uncollectible accounts receivable:	
Actually written off during the year	Rs.43,650
Estimated portion of year-end receivables expected to prove uncollectible (per aging schedule) <u>18,000</u>	61,650

Instruction Prepare one journal entry summarizing the recognition of uncollectible accounts expense for the entire year under each of the following independent assumptions:

- Uncollectible accounts expense is estimated at an amount equal to $1\frac{1}{2}\%$ of net credit sales.
 - Uncollectible accounts expense is recognized by adjusting the balance in the Allowance for Doubtful Accounts to the amount indicated in the year-end aging schedule. The balance in the allowance account at the beginning of the current year was Rs.15,000. (Consider the effect of the write-offs during the year upon the balance in the Allowance for Doubtful Accounts).
 - The company uses the direct write-offs method of accounting for uncollectible accounts.
4. A tractor which cost Rs.30,000 had an estimated useful life of 5 years and an estimated salvage value of Rs.10,000. Straight-line depreciation was used. Give the entry (in general journal form) required by each of the following alternative assumptions:
- The tractor was sold for cash of Rs.19,500 after 2 years' use.
 - The tractor was traded in after 3 years on another tractor with a fair market value of Rs.37,000. Trade-in allowance was Rs.21,000. (Record any implied gain or loss)
 - The tractor was scrapped after 7 years' use. Since scrap dealers were unwilling to pay anything for the tractor, it was given to a scrap dealer for his services in removing it.

KARACHI UNIVERSITY BUSINESS SCHOOL
 University of Karachi
FINAL EXAMINATION DECEMBER 2010: AFFILIATED COLLEGES
PRINCIPLES OF ACCOUNTING BA (H) – 331
BS – I

Date: January 4, 2011

Max Time: 2.5 Hrs

Instructions: Attempt all questions. All questions carry equal marks

Max Marks: 40

Q.1

The account balances appearing on the trial balance (below) were taken from the general ledger of Muslim's Copy Shop at September 30.

Additional information for the month of September which has not yet been recorded in the accounts is as follows:

- (a) A physical count of supplies indicates Rs 200 on hand at September 30.
- (b) The amount of insurance that expired in the month of September was Rs 300.
- (c) Depreciation on equipment for September was Rs 400.
- (d) Rent owed on the copy shop for the month of September was Rs 800 but will not be paid until October.

Instructions

Using the above information, complete the work sheet on the following page for Muslim's Copy Shop for the month of September.

MUSLIM'S COPY SHOP
Work Sheet
For the Month Ended September 30, 2010

Account Titles	Trial Balance	
	Debit	Credit
Cash.....	1,000	
Supplies.....	1,100	
Prepaid Insurance.....	2,200	
Equipment.....	24,000	
Accumulated Depreciation — Equipment.....		5,000
Accounts Payable.....		1,400
Notes Payable.....		4,000
Muslim, Capital.....		15,300
Muslim, Drawing.....	2,400	
Copy Revenue.....		5,400
Utilities Expense.....	400	
Totals.....	31,100	31,100

Q2

Taimoor Company purchased equipment on January 1, 2001 for Rs 90,000. It is estimated that the equipment will have a Rs 5,000 salvage value at the end of its 5-year useful life. It is also estimated that the equipment will produce 100,000 units over its 5-year life.

Instructions

1. Compute the amount of depreciation expense for the year ended December 31, 2008, using the straight-line method of depreciation.
2. If 16,000 units of product are produced in 2008 and 24,000 units are produced in 2009, what is the book value of the equipment at December 31, 2009? The company uses the units-of-activity depreciation method.
3. If the company uses the double-declining-balance method of depreciation, what is the balance of the Accumulated Depreciation—Equipment account at December 31, 2010?

Q.3

Rameez Food Store developed the following information in recording its bank statement for the month of March.

Balance per books March 31	Rs 3,622
Balance per bank statement March 31	Rs 11,400

- (1) Checks written in March but still outstanding Rs 8,000.
- (2) Checks written in February but still outstanding Rs 3,200.
- (3) Deposits of March 30 and 31 not yet recorded by bank Rs 7,200.
- (4) NSF check of customer returned by bank Rs 700.
- (5) Check No. 210 for Rs 591 was correctly issued and paid by bank but incorrectly entered in the cash payments journal as payment on account for Rs 519.
- (6) Bank service charge for March was Rs 50.
- (7) A payment on account was incorrectly entered in the cash payments journal and posted to the accounts payable subsidiary ledger for Rs 834 when Check No. 318 was correctly prepared for Rs 384. The check cleared the bank in March.
- (8) The bank collected a note receivable for the company for Rs 4,000 plus Rs 150 interest revenue.

Instructions

- Prepare a bank reconciliation at March 31.

Q.4

On October 1, 2010, Fahad Company establishes an imprest petty cash fund by issuing a check for Rs 150 to Khalil, the custodian of the petty cash fund. On October 31, 2010, Khalil submitted the following paid petty cash receipts for replenishment of the petty cash fund when there is Rs 6 cash in the fund:

Freight-in	Rs 20
Office Supplies Expense	40
Entertainment of Clients	60
Postage Expense	20

Instructions

- Prepare the journal entries required to establish the petty cash fund on October 1 and the replenishment of the fund on October 31.

Q.5

Parvez Company often requires customers to sign promissory notes for major credit purchases.

Instructions:

Journalize the following transactions for Pervez Boat Company.

- Feb. 12 Accepted a Rs 40,000, 12%, 60-day note from Laiq company for a 24-foot motorboat built to his specifications.
- April 14 Received notification from Laiq company that he was unable to honor his promissory note but that he expects to pay the amount owed in May.
- May 26 Received a check from Laiq company for the total amount owed.
- June 10 Received notification by the bank that Laiq Company's check was being returned "NSF" and that Mr. Laiq had declared personal bankruptcy.

KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION, JUNE 2009: AFFILIATED COLLEGES
PRINCIPLES OF ACCOUNTING – I: BA (H) – 331
BS – I

Date: June 20, 2009
 Instruction: Attempt all questions.

Max Marks: 60
 Max Time: 3 Hours

Q.1 Ahmed & Co. records the acquisition of Vehicles in the account titled as "Delivery Equipment". Following are details of Vehicles purchased.

Date of Purchase	Type of Vehicles	Cost
January 1, 2006	Truck	Rs 500,000
July 1, 2006	Car	Rs 250,000
October 1, 2007	Van	Rs 300,000

It was decided to depreciate Delivery equipment at 10% per annum on the Straight Line Method.

REQUIRED:

- Write up Delivery Equipment account, Depreciation Expense account and Allowance for Depreciation for year ended December 31, 2006, 2007 and 2008. Close and balance (as the case may be) the accounts at each year end. Show computations of each year depreciation charges.
- Prepare balance sheet (partial) on December 31, 2008 showing the relevant account.

Q.2 Following is the Pre closing Trial balance taken from the books of Abid & Co on Dec 2008

	DEBIT	CREDIT
Cash	26,000	
Office Supplies	14,000	
Prepaid Rent	24,000	
Equipment (at cost)	36,000	
Salaries Expense	20,000	
Insurance Expense	16,000	
Allowance for Depreciation – Equipment		10,000
Abid Capital		50,000
Commission Income		76,000
TOTAL	136,000	136,000

DATA FOR ADJUSTMENTS:

- Commission receivable Rs 5000.
- Unearned Commission Rs 3000.
- Prepaid Rent expired Rs 18000.
- Unpaid Insurance Expense Rs 4000
- Office supplies consumed Rs 8,000
- Provide depreciation on office equipment at 15% of cost.
- Prepaid Salaries Rs 5000.

REQUIRED:

- Prepare Ten column Work Sheet.
- Pass necessary Adjusting Entries.

Q3. M/S Ali Traders started business on April 1, 2008 with cash investment of Rs 500,000. He completed the following transactions during the month.

1. April 02, 2008 : Paid shop rent in advance for 10 months Rs 60000.
2. April 04, 2008 : Purchased computer for the business worth Rs 25,600 in cash.
3. April 05, 2008: Purchased goods on account for Rs 110,000.
4. April 05, 2008 : Paid for advertising Rs 17,000.
5. April 10, 2008 : Purchased merchandise for cash Rs 25,000.
6. April 19, 2008 : Purchase office supplies for Rs 50,000 on account .
7. April 20, 2008 : Sold merchandise on credit for Rs 10,000.
7. April 22, 2008 : Proprietor purchased gold ring from business cash worth Rs 5000.
8. April 25, 2008: Sold goods for cash Rs 100,000.
9. April 29, 2008 : Paid salary to the salesman Rs 7000.
10. April 30, 2008 : Opened a bank account with Rs 50,000.

REQUIRED:

1. Record the above transaction in General Journal of M/s Ali Traders in proper form.

Q.4 A comparison of cash and bank records of Ahmed Corporation revealed the following information .

1. Balance as per cash book Rs 25,000.
2. Balance as per bank statement Rs 50000.
3. Cheques deposit but not shown in bank statement Rs 15,000.
4. Cheques issued but not presented at the bank Rs 32,000.
5. Direct deposit by customer in bank Rs 8000.
6. Dishonored cheque Rs 1500.
7. Bank service charge Rs 500.
8. Profit given by the bank Rs.2000.

REQUIRED:

- 1- Prepare the Bank Reconciliation Statement on Dec 31,2008.
- 2- Prepare necessary adjusting entries.

Q.5 Aslam & Co uses perpetual system and uses LIFO Inventory Valuation method. The records of the company show the following purchases and Sales transaction for the month of September 2008.

September	1 Inventory	5000 units @ Rs 5
	9 Purchase	2500 units @ Rs 6
	14 Sales	2500 units @ Rs 12
	19 Purchase	1600 units @ Rs 7
	21 Sales	2200 units @ Rs 12
	24 Purchases	3000 units @ Rs 8
	29 Sales	2500 units @ Rs 12

REQUIRED:

Give entries in the General Journal to record total purchases, total cost of goods sold and total sales on September 30, Assume that all transactions were on account.

UNIVERSITY OF KARACHI ①
FINAL EXAMINATION: AFFILIATED COLLEGES
FUNDAMENTALS OF ACCOUNTING: BA (P) - 321
BBA-I (Pass)

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Max Marks: 60

Time Allowed: 3 Hours

Date:

1. Attempt any five questions:
2. Question No. 1 is compulsory.

Q #1

Mr. Akram opens an apartment location business near a University of Karachi Campus. He is the Sale Owner of proprietorship, which he names Campus Apartment. During the first month of operations November 2006, Akram engages in the following transactions.

- a. Akram invested Rs.35,000 cash to start the business.
- b. Purchased Rs.350 of office supplies on account.
- c. Paid Rs.30,000 to acquire land as a future building site.
- d. Earned service revenue and received cash of Rs.1,900.
- e. Paid Rs.100 on account.
- f. Paid for a personal vacation, which is not a business transaction.
- g. Paid cash expenses for rent, Rs.400, and utilities, Rs.100.
- h. Sold office supplies for cost of Rs.150.
- i. Withdrew Rs.1,200 cash for personal use.

REQUIRED:

1. Analyze the preceding transactions in terms of their effects on the accounting equation of Campus Apartment.
2. Prepare the income statement.
3. Statement of owner's equity.
4. Balance Sheet of the business.

Q #2

From the following data prepare the bank reconciliation for the E.O. Akram Company as of April 30, 2006: balance per bank statement April 30, Rs.1,150.25; balance per books April 30, Rs.1,048.34; outstanding checks, Rs.342.85; interest income earned on average balance, Rs.12.40; deposit in transit, Rs.246.34; check printing charge, Rs.7.00 In addition, prepare any necessary journal entries.

Q #3

Which of the following posting errors would cause the debit and credit columns of the trial balance not to balance? Briefly explain your reasoning.

- a. A receipt of cash from a payment on account was posted by debiting Cash for Rs. 2,500 and crediting Accounts Receivable for Rs.25,000.
- b. A purchase of equipment on account was posted by debiting Equipment for Rs.1,000 and crediting Cash for Rs.1,000.
- c. Which the following journal entry was posted, the debit to Accounts Payable was left out by mistake:

Accounts Payable	6,00	
Cash		6,00

*cash 25000
AR 25*

- d. The purchase of supplies for cash was posted as a debt to Cash and credit to Supplies for Rs.500, respectively.
- e. When the following journal was posted, the debt to Cash was actually posted as a credit:

Cash	5,000	
Nascem, Capital		5,000

b

73
 20
 25

(2)

Q #4.

On September, 30, Akram Nurseries had a Rs.28,000 debit balance in Accounts Receivable. During October the company had sales of Rs.137,000, which include Rs.90,000 in credit sales. October collections were Rs.91,000, and write-offs of uncollectible receivables totaled Rs.1,070. Other data include:

- September 30 credit balance in Allowance for Uncollectible Accounts, Rs.2,100.
- Uncollectible account expense, estimated as 2 percent of credit sales.

REQUIRED:

1. Prepare journal entries to record sales, collections, uncollectible account expense by the allowance method (using the percentage of sales approach) and write-offs of uncollectibles during October.
2. Show the ending balances in Accounts Receivable, Allowance for Uncollectible Accounts, and net accounts receivable at October 31. How much does Akram expect to collect?

Q #5.

An unadjusted trial balance for ABC Company at March 31 follows. Also provided are adjustments data at March 31. The firm uses a monthly accounting period. No additional capital was contributed by the owner during March.

ABC Company Unadjusted Trial Balance March 31, 2006			
A/C#	Account	Debit	Credit
11	Cash	600	
12	Accounts Receivable	1,000	
13	Supplies	90	
15	Truck	6,800	
015	Accumulated Depreciation - Truck		340
21	Accounts Payable		800
22	Interest Payable		--0--
23	Note Payable		4,000
31	Capital		2,550
32	Withdrawals	500	
41	Fees Earned		2,000
51	Rent Expense	700	
52	Interest Expense	--0--	
53	Supplies Expense	--0--	
54	Depreciation Expense	--0--	
		9,690	9,690

Adjustment Data

- a. Fees earned but unbilled and unrecorded at March 31, Rs.150.
- b. Accrued interest on note payable at March 31, Rs.40.
- c. Supplies on hand at March 31, Rs.20.
- d. Truck depreciation for March, Rs.170.

REQUIRED:

1. Prepare an income statement and a statement of owner's capital for March as well as a classified balance sheet in report form at March 31.
2. Prepare adjusting journal entries at March 31.

Q #6.

- a. Identify four outside groups that would be interested in a company's financial statements, and indicate their particular interest.
- b. Financial statements are described as the major product of the accounting information system. Explain this statement and state the four principal financial statements.
- c. What happens to the owner's Capital account if there is a loss during a certain period? Can withdrawals be made if there is a loss during the period?

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KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI

BBA-1
E

FINAL EXAMINATION : AFFILIATED COLLEGES
FUNDAMENTALS OF ACCOUNTING : BA (P) - 321

BBA - I (Pass)

Max Marks: 60
 Date : January 18, 2006

Time Allowed: 3 Hours

Instruction:

1. Attempt any SIX questions.
2. All questions carry equal marks.

Q.No.1. Explain the following terms with the significance of accounting:

- | | |
|--------------------------------|--------------------------------|
| a) Statement of Owner's Equity | b) Accrual Basis of Accounting |
| c) Basic Accounting Model | d) Business Entity Concept |
| e) Chart of Accounts | f) Accounting Cycle |
| g) G.A.A.P | h) Subsidiary Ledger |

Q.No.2(a) Distinguish between:

- a) Fiscal Year and Calendar Year
- b) Interim Statement and Income Statement
- c) Closing Entries and Reversing Entries
- d) Current Assets and Fixed Assets
- e) Trade Discount and Cash Discount

(b) Calculate the missing elements below:

<u>Assets</u>	<u>Liabilities</u>	<u>Owner's Equity</u>
?	50,000	75,000
40,000	?	15,000
<u>Revenue</u>	<u>Expenses</u>	<u>Net Income</u>
?	200,000	30,000

(c) Prepare a Balance Sheet:

Cash	Rs. 600
Supplies	85
Calculator	410
Automobile	6100
Note Payable	2600
Bank Loan	1600

Q.No.3. Mohsin Microchips buys microchips from Hashim Electronics and sells them to computer manufacturers. The following information relates to microchip stock no. 8099 for the month of December.

		Units Sold	Units Purchased	Cost Each	Total Cost
December	01 Beginning Inventory	-	8	Rs. 200	Rs. 1,600
	10 Purchase	-	9	225	2,025
	18 Sale	7	-		
	20 Purchase	-	7	240	1,680
	29 Sale	6	-		
	Totals	13	24		Rs. 5,305

Required

Calculate the cost of ending inventory and cost of goods sold under periodic LIFO, Weighted Average, and FIFO.

Q.No.4. Taufiq company was formed on May 1, 2006 and experienced the following transactions during May.

1. Taufiq invested Rs. 20,000 cash in the business.
1. Tools were purchased for Rs. 1,600 on credit from Salim Company.
2. A wrecker truck was purchased for a down payment of Rs. 4,000, and an Rs. 16,000 note was signed for the remaining cost.
- Taufiq withdrew Rs. 400 for personal use.
- The Rs. 1,600 due to Salim Company was paid.
- A payment of Rs. 600 was made on the note that was signed when the truck was purchased.
- Taufiq invested an additional Rs. 4,000 cash into the business.

Required

1. Journalize the transaction on journal.
2. Setup ledger accounts and posts the entries you made for requirement (1).
3. Prepare a balance sheet at May 31.

Q.No.5. Presented below is the unadjusted trail balance of The Shams Company as of December 31, 2005.

THE SHAMS COMPANY
Unadjusted Trial Balance
December 31, 2005

Cash		
Account Receivable	Rs. 1,700	
Advertising Supplies on Hand	7,200	
Office Equipment	1,380	
Note Payable, 12%, due April 30	20,000	
Account Payable		Rs. 12,000
Unearned Advertising Revenue		1,300
Shams Capital		2,400
Shams, Withdrawals		10,000
Advertising Revenue	1,400	
Salary Expense		55,600
Rent Expense	42,300	
Miscellaneous Expense	6,000	
	1,320	
Totals	81,300	81,300

On December 31, 2005, the company had the following items that needed adjustments:

- a) Office equipment on July 1, 2005, for Rs. 20,000 has an estimated life of 10 years.
- b) Advertising supplies in the amount of Rs. 1,380 were acquired on March 15, 2005. At the year-end only Rs. 275 of supplies remained.
- c) Shams Company received Rs. 2,400 on October 1, 2005, for advertising that Shams will perform commencing October 1, and ending September 30, 2006.
- d) At the year-end, salaries earned in the amount of Rs. 1,040 have not been paid.
- e) On October 1, 2005, Shams Company borrowed Rs. 12,000 at 10% interest per year to be repaid on March 31, 2007.

The Shams Company has a policy of recording adjusting entries only at year-end.

Required

1. Prepare the appropriate December 31, 2005, adjusting entries.
2. for each account found in the unadjusted trial balance establish a general ledger account.
3. Post the adjusting entries, establishing new accounts as needed.
4. Prepare an adjusted trial balance.

Q.No.6 The following information has been assembled for the purpose of preparing the April 30 Bank Reconciliation of Javaid Inc.

- a) The balance on the April 30 bank statement is Rs. 18,862; the cash account shows a Rs. 17,250 balance on the same date.
- b) A bank service charge of Rs. 25 appears on the bank statement; this charge has not been recorded in the books.
- c) Checks written by Javaid which have not yet cleared the bank total Rs. 1,220.
- d) A deposit of Rs. 887 appears on the bank statement. Javaid did not make such a deposit. This is a bank error.
- e) A deposit for Rs. 645 made later on April 30 does not appear on the bank statement.
- f) A customer's check for Rs. 140 was returned with the bank statement marked NSF.
- g) The bank collected Rs. 315 on a customer's note Javaid left for collection. The Rs. 315 includes Rs. 15 interest in addition to the face value of Rs. 300. The bank has collected cash from an individual who owes Javaid. The amount collected was added to the checking account but it has not been recorded in Javaid's financial records.

Required

Prepare the Bank Reconciliation Statement.

Q.No.7(a) On May 21, a Rs. 2,400 account receivable from Wasim was determined to be uncollectible. Using the direct write-off approach, make the journal entry to write the account off.

- (b) The balance of Accounts Receivable at December 31 is Rs. 120,000. Allowance for Doubtful accounts shows a credit balance of Rs. 500. Experience indicates that 4% of ending accounts receivable turn out to be uncollectible. Make the entry at December 31 to adjust the allowance account by the percentage of receivables balance method.

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X

DEPARTMENT OF BUSINESS ADMINISTRATION
UNIVERSITY OF KARACHI
BBA (PASS) 1ST SEMESTER
FUNDAMENTALS OF ACCOUNTING
COURSE # 321

TERMINAL EXAM
DATE : 12/01/2005

MAX. MARKS: 60
TIME : 3 HOURS

INSTRUCTION : Attempt all questions.

Q.1(a) XYZ Corporation entered into a number of transactions during the month. State the effect that each transaction had on total assets, liabilities and stockholders' equity. Use "+" for increase, "--" for decrease and NE for not effect. If a transaction has an effect of both increasing and decreasing an item, use both a "+" and a "--" sign. Use the table below which has been completed for the first transaction.

Transactions	Assets	Liabilities	Stockholders' Equity
			NE

- (a) XYZ paid a liability
- (b) The firm purchased some stationery on account.
- (c) The firm issued some capital stock in exchange for some land
- (d) The firm collected an account receivable
- (e) The firm distributed a cash dividend to its owner's
- (f) XYZ purchased a building by paying cash and issuing a note payable
- (g) XYZ had an account payable to the Karachi Corp. The Karachi Corp. agreed to increase the payment period and take note payable in exchange for the account payable
- (h) XYZ paid in advance for a year's rent

(03)

Q.1(b) The total assets and liabilities at the beginning and the end of the year for Tunis Company are listed below.

	Assets	Liabilities
Beginning of the year	Rs 85,000	Rs 45,000
End of the year	Rs 115,000	Rs 55,000

Determine the net income for the year in each of the following situations :

- (a) The owner made no investment in the business and no withdrawals from the business during the year. Net income _____ ?
- (b) The owner made an investment of Rs. 10,000 and a withdrawal Rs. 16,000 during the year. Net income _____ ?

(02)

Q.2 Using the following information, enter the adjusting entries (label by letter) and complete the adjusted trial balance on the form provided.

- a. Supplies on hand December 31, 2004, were Rs 10
- b. Insurance still unexpired amounted to Rs 10
- c. Estimated depreciation of office equipment is Rs. 50
- d. Salaries in the amount of Rs 35 had been accrued, but not paid, at the end of the accounting period
- e. Service totaling Rs. 100 had been performed but not billed

2

Preparation of Adjusted Trial Balance
December 31, 2004

	Trial Balance		Adjustment		Adjusted Trial Balance	
	Debit	Credit	Debit	Credit	Debit	Credit
Cash	265					
Account Receivable	500					
Supplies	50					
Prepaid insurance	60					
Office Equipment	1,000					
Accumulated Depreciation, Office Equipment		100				
Account Payable		600				
Capital		700				
Service Revenue Earned		1,000				
Salaries Expense	525					
	<u>2,400</u>	<u>2,400</u>				

(10)

Q.3 Using the adjusted trial balance data from Question # 2, prepare the Income Statement and Balance Sheet. Assume that the owner's name is Jamil Khan and the name of the business is Khan & Sons for the year ended December 31, 2004.

(08)

Q.4(a) Distinguished between:

- Current Assets and Fixed Assets
- Outstanding Expenses and Prepaid Expenses
- Accrual Basis and Cash Basis of accounting year
- Fiscal Year and Calendar Year
- Adjusted Trial Balance and Post closing Trial Balance

(05)

Q.4(b) The following data available for the three consecutive years of Karachi Corporation. Complete the chart by filling in the missing amounts.

	2002	2003	2004
Retained Earning (Beginning Balance)	Rs. 42,500	Rs. 45,000	?
Net Income	?	?	Rs. 10,000
Dividend	Rs. 5,000	Rs. 6,000	?
Retained Earnings, Ending	?	Rs. 46,000	Rs. 45,000

(05)

Q.5 Prepare Journal Entries for the following transactions. Write "no entry" if none is needed and prepare General Ledger.

- Received a Rs. 700 bill for last month's rent. Payment won't be made right away.
- Paid Rs. 1,000 in insurance premium to cover the next six months.
- The owner, Mr. Farooq, took Rs. 300 in cash out of the business for personal use.
- The rent of (a) above, is paid.
- Purchased land for Rs. 18,000. The company paid half in cash, and issued a promissory note for the other half.

(12)

Q.6. Prepare the entries for the following transactions.

- December 1 Sold merchandise on credit to Mr. Ali for Rs. 200
- December 12 Received payment of Rs. 150 from Mr. Ali.
- December 31 Made adjusting entry for bad debts, using the percentage of net sales method. Net sales for the year totaled Rs. 4,000, a 3% bad debts rate is estimated and allowance for Uncollectible Account has a Rs. 15 credit balance prior to adjustment.
- January 5 Wrote off Mr. Ali's balance, as he filed for bankruptcy.
- January 17 Unexpectedly received the Rs. 50 from Mr. Ali.

(10)

OR

From the following data, prepare the Bank Reconciliation Statement for Ali Corporation as of June 30, 2004.

- a) Balance per Bank Statement June 30, Rs. 2300.50
- b) Balance per Books June 30, Rs. 2096.68
- c) Outstanding cheques, Rs. 685.70
- d) Interest income earned on average cash balance, Rs. 24.80
- e) Deposit in transit, Rs. 492.68
- f) Cheques printing charges, Rs. 14.00

(10)

Good Luck