

College Name: _____

Student Name: _____ Seat No: _____

Copy No: _____

KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI
FINAL EXAMINATION JUNE 2016; AFFILIATED COLLEGES
FUNDAMENTALS OF ACCOUNTING; BA (M)-521
MBA – I

Date: July 22, 2016

Max Time: 1.5 Hrs
 Max Marks: 30

INSTRUCTIONS:

1. Attempt any 3 questions. Do not write anything on question paper.
2. Mobile phone(s) 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.

Question 1:

From the following Trial Balance of Ahmed Traders prepare Income Statement for the year ended 30-06-2016 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:

Closing Stocks valued at Rs. 40,000.

Outstanding Expenses are: Wages Rs. 4,200, Salaries Rs. 5,400, and Printing Bill Rs. 1,800.

Depreciate Machinery at 12% p.a on cost.

Patents are to be revalued on 30-06-2016 at Rs. 36,300.

Rent earned Rs. 6,000

Question 2:

Records of Nash Company shows the following data relative to commodity Z:

June	1	Opening inventory	1,000	Units	@	\$ 5.00
	5	Purchases	2,000	Units	@	5.50
	12	Purchases	3,000	Units	@	5.40
	14	Sales	3,500	Units	@	10.00
	15	Purchases	5,000	Units	@	6.00
	22	Purchases	1,000	Units	@	7.00
	30	Sales	4,000	Units	@	10.00

Required:

Compute the cost of ending inventory and gross profit on June 30, under each of the following methods:

- a. First-in-first-out. (Perpetual)
- b. Last-in-first-out. (Periodic)
- c. Weighted average method.

Question 3: Prepare bank reconciliation statement and adjusting entries for the month of JULY

Vigo's cash book (bank columns) showed the following entries.

Dr		Vigo Cash Book		Cr	
		\$			\$
July 1	Balance b/d	1450	July 7	Singh	920
10	Cash	500	16	Robinson	480
19	Parker	260	24	Kings	220
31	Cash	200			

The following bank statement was received by Vigo.

Date	Details	Withdrawn \$	Paid in \$	Balance \$
July 1	Balance b/f			1450
10	Cash		500	1950
12	Singh	920		1030
19	Parker		260	1290
21	Robinson	480		810
22	Dishonoured cheque – Parker	260		550
25	Dividend		25	575
31	Bank charges	20		555

Question 4: Prepare the journal entries in the books of Gomez Inc.:

Nov 1, 2015 He receives a \$100,000, 30-day, 20% promissory note in settlement of an open account receivable (from Broke Bob)

Dec 1, 2015 Broke Bob pays the amount he owes

Dec 26, 2015 He makes a \$200,000 loan to Honest Al and receives a 60-day, 16% promissory note

Dec 31, 2015 He records any adjusting entries required

Feb 24, 2016 Honest Al isn't so honest – he doesn't pay Gomez!

Mar 31, 2016 Honest Al files for bankruptcy and Gomez writes off his account as uncollectible (assume the allowance method)

END OF SUBJECTIVE PAPER