

College Name: \_\_\_\_\_

Student Name: \_\_\_\_\_ Seat No: \_\_\_\_\_

Copy No: \_\_\_\_\_

**KARACHI UNIVERSITY BUSINESS SCHOOL**  
**UNIVERSITY OF KARACHI**  
**FINAL EXAMINATION DECEMBER 2016; AFFILIATED COLLEGE**  
**FINANCIAL ACCOUNTING: BA(BS) – 501 (PART B)**  
**BBA – V**

Date: January 16, 2017

Max. Time: 1.5 Hrs  
Max Marks: 30**INSTRUCTIONS:**

1. Attempt any 3 Questions. Do not write anything on the 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.

Q1 The Following data related to inventory pertains to Haris Company. During the year the company sold 106,000 units.

Date		No. of units	Cost per unit
1-Jan	Beginning inventory	9,100	Rs.4
20-Feb	Purchases	20,000	Rs.4.1
10-May	Purchases	30,000	Rs.4.25
24-Aug	Purchases	50,000	Rs.4.6
30-Nov	Purchases	10,900	Rs.5

Required: Compute the cost of ending inventory, using the following periodic inventory valuation methods.

1. FIFO
2. LIFO
3. AVERAGE COST

Q2 Compare IFRS with Alternative Reporting Systems.

Q3 The Stockholders' Equity section of the December 31, 2016, balance sheet of Eldon Company appeared as follows:

Preferred stock, \$30 par value,	\$120,000
5000 shares authorized, ? Shares issued	
Common stock? Par.	
10,000 shares authorized 7,000 shares issued	70,000
Additional paid in-capital --- Preferred	6,000
Additional paid in-capital --- Common	580,000
Additional paid in-capital --- Treasury stock	1,000
Total contributed capital	\$757,000
Retained earnings	40,000
Less: Treasury stock preferred 100 shares	(6,200)
Total stockholders' equity	\$ ??

Required:

Determine the following items based on Eldon's Balance sheet.

1. The number of shares of preferred stock issued.
2. The average per share sales prices of preferred stock when issued.
3. The par value of the common stock.
4. The cost of the treasury stock per share
5. The per share book value of the common stock assuming that there are to dividends in arrears and that the preferred stock can be redeemed at the par value

- Q4 Bannack Corp. is in the process of preparing its statement of cash flows for the year ended June 30, 2016. An income statement for the year and comparative balance sheets are as follows:

		<b>For the year ended June 30, 2016</b>	
Sales revenue	400,000		
Cost of goods sold	<u>240,000</u>		
Gross Profit	<u>160,000</u>		
General expenses	40,000		
Depreciation	80,000		
Loss on sale	<u>80,000</u>		
Total expenses	<u>130,000</u>		
EBIT	30,000		
Interest	<u>15,000</u>		
EBT	15,000		
Taxes	<u>5,000</u>		
Net Income	<u>10,000</u>		
		<b>2015</b>	<b>2016</b>
Cash		25,000	40,000
A/c receivable		80,000	69,000
Inventory		75,000	50,000
Prepaid rent		<u>2,000</u>	<u>18,000</u>
Total current assets		<u>182,000</u>	<u>177,000</u>
Land		60,000	150,000
Plant and equipment		575,000	500,000
		-	-
Accumulated depreciation		<u>310,000</u>	<u>250,000</u>
Total fixed assets		<u>325,000</u>	<u>400,000</u>
Total Assets		<u>507,000</u>	<u>577,000</u>
		<b>2015</b>	<b>2016</b>
Accounts payable		145,000	140,000
Accruals		50,000	45,000
Income tax payable		<u>5,000</u>	<u>15,000</u>
Total current liabilities		<u>200,000</u>	<u>200,000</u>
Long-term bank loan		75,000	150,000
Common Stock		100,000	100,000
Retained Earning		<u>132,000</u>	<u>127,000</u>
Total Stockholder's Equity		<u>232,000</u>	<u>227,000</u>
Total liabilities and stockholder's equity		<u>507,000</u>	<u>577,000</u>

Dividends of \$5000 were declared and paid during the year. New plant assets were purchased during the year for \$125,000 in cash. Also, land was sold for cash at its book value. Plant assets were sold during the year for \$20,000 in cash. The original cost of assets sold was \$50,000, and their book value was \$30,000. A portion of the bank loan was repaid.

**Required:** Prepare a statement of cash flow for 2016 using indirect method in the Operating Activities section.

**END OF SUBJECTIVE PAPER**