

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

Seat No: \_\_\_\_\_ Student's Name: \_\_\_\_\_

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

**KARACHI UNIVERSITY BUSINESS SCHOOL**  
**UNIVERSITY OF KARACHI**  
**FINAL EXAMINATION DECEMBER 2017; AFFILIATED COLLEGES**  
**PRINCIPLES OF ACCOUNTING; BA (H)-331**  
**BS – I**

Date: January 1, 2018

**Max Time: 100 Mins**  
**Max Marks: 40**

**INSTRUCTIONS:**

1. Attempt any 4 questions.
2. Do not write anything on the question paper. **EXCEPT** the initials mentioned above.
3. 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)** The end of the period account balances after adjustments of Zahid Enterprises are as follows:

**Account Balances (After Adjustments)**

Cash	\$	9,000
Cleaning Supplies		3,500
Prepaid Rent		3,600
Equipment		128,000
Accumulated Depreciation-Equipment		20,000
Accounts Payable		8,500
Retained Earnings		6,400
Zahid's Capital		100,000
Drawings		8,000
Dry Cleaning Revenues		25,000
Laundry Revenues		4,000
Cleaning Supplies Expense		5,000
Depreciation Expense		3,000
Rent Expense		900
Salaries Expense		2,400
Utilities Expense		500

**Required:**

Prepare the end of the period closing entries for Dryer Cleaners and Laundry. You may omit journal entry explanations.

**Q.2)** Prepare the necessary general journal entries for the month of October for Stringer Company for each situation given below.

- Oct. 5 Paid operating expenses as follows: \$4,000 Salaries Expense, \$2,000 Rent Expense, \$500 Utilities Expense.
- Oct. 8 Purchased merchandise for \$25,000 on account. Credit terms: 2/10, n/30.
- Oct. 12 Borrowed \$25,000 from Sun Bank signing an 8%, 6-month note.
- Oct. 15 Returned defective merchandise with a cost of \$3,500 and paid balance due for merchandise purchased on October 8. The company takes all discounts to which it is entitled.
- Oct. 20 Sold merchandise for \$20,000 to Adder Company on account. The cost of the merchandise sold was \$12,000. Credit terms: 2/10, n/30.
- Oct. 22 Purchased a 2-year insurance policy for \$4,400 cash.
- Oct. 25 Issued Credit Memo No. 3811 to Adder Company for \$2,000 for merchandise returned by Adder from the sale on October 20. The cost of the merchandise returned was \$1,025.
- Oct. 29 Purchased office equipment for \$15,000 paying \$4,000 in cash and signing a 3-month, 11% note for the remainder.

- Q.3)** On 1st January 2012, Norton paid \$92,000 for furniture and equipment for his office. He depreciated these assets using the straight-line method. He estimated that, at the end of the 8th year, their scrap value would be \$14,000.

On 1st July 2012, he purchased a motor van costing \$150,000 for his business. He depreciated the van at the rate of 40% per annum using the reducing balance method.

He retained the various asset accounts at cost and dealt with depreciation using a provision for depreciation account for each asset. His financial year ends on 31st December. Any asset purchased in the first six months of a year has a whole year's depreciation written off. Any asset purchased in the second half of the year has only a half-year's depreciation charged to profit and loss account.

**Required:**

Prepare for the years ended 31st December 2012, 2013 and 2014:

- 1) Furniture and equipment account
- 2) Provision for depreciation of furniture and equipment account
- 3) Motor van account
- 4) Provision for depreciation of motor van account

- Q.4)** Enter the following transaction in the CASH BOOK of Mirza Co. with Cash, Bank and Discount columns and find out the ending balances of cash in hand and cash at bank on September.

- Sep. 01: Mirza Co. started business on September 1, 2017 and invested cash Rs. 25, 000 in the business. He opened a bank account in M.C.B by depositing cash Rs. 20, 000.
- Sep 02: Paid wages in cash Rs. 100.
- Sep. 04: Cash sales Rs. 1, 000.
- Sep. 06: Received cash from Imran Rs. 800 and a cheque Rs. 1, 200 discount allowed in Imran Rs. 100.
- Sep. 08: Deposited cash into the bank Rs. 1, 100.
- Sep. 11: Deposit into bank cheque received from Imran.
- Sep. 14: Bought equipment from Akhlaq Store, Bahadurabad of Rs. 2, 000. Issued a cheque for the amount in the favor of supplier.
- Sep. 19: Issued a cheque to Nabeel & Co. Rs. 760 and discount allowed by him Rs. 40.
- Sep. 20: Paid Rs. 300 for office stationary.
- Sep. 23: Cash sales Rs. 750.
- Sep. 26: Withdrew from Bank cash for office use Rs. 1, 000.
- Sep. 27: Received a cheque from Fahad Rs. 1, 400 also allowed discount of Rs. 50. The cheque was immediately deposited into Bank.
- Sep. 30: Issued a cheque to Kashan Rs. 800 discount allowed Rs. 50.

**Required:**

- 1) Record the above transaction in the CASH BOOK.
- 2) Balance the CASH BOOK on Sep. 31, 2017.

- Q.5)** Using the following (scrambled) accounts prepare a balance sheet for Bhatti – a sole proprietor, for the year ending December 31, 2017

Accounts payable	39,000
Accrued expenses	8,000
Accumulated depreciation	51,000
Bhatti's Capital	269,000
Allowance for doubtful accounts	2,000
Cash	23,000
Current portion of L.T. Debt	6,000
Gross accounts receivable	40,000
Gross fixed assets	486,000
Inventories	54,000
Long term debt	210,000
Net accounts receivable	38,000
Net fixed assets	435,000
Short-term bank loan (notes payable)	18,000

**END OF SUBJECTIVE PAPER**