

NED UNIVERSITY OF ENGINEERING & TECHNOLOGY
SECOND YEAR (SOFTWARE ENGINEERING)
SPRING SEMESTER EXAMINATIONS 2020
BATCH 2018

Time: 2 Hours

Dated:25-09-2020

Max.Marks:30

Financial & Cost Accounting - CT-258

Attempt all questions.

Q.1. Following is the adjusted Trial Balance on December 31, 2019 of World-Travels Corporation. [CLO-2]

World Travels Corporation
Adjusted Trial Balance
December 31, 2019

Cash	183,392	
Accounts Receivable	7,250	
Office Supplies	1,200	
Unexpired Insurance	3,000	
Land	52,000	
Building	36,000	
Accumulated Depreciation :Building		1,650
Tools and Equipment	12,000	
Accumulated Depreciation :Tools and Equipment		2,200
Notes Payable		4,000
Accounts Payable		2,690
Income Tax Payable		5,580
Unearned Rent Revenue		6,000
Capital Stock		100,000
Retained Earnings		0
Dividend	17,000	
Ticket Sales Revenue		322,000
Rent Revenue earned		6,000
Advertising Expense	3,900	
Wages Expense	58,750	
Supplies Expense	7,500	
Depreciation Expense :Building	1,650	
Depreciation Expense: tools and Equipment	2,200	
Utilities Expense	19,400	
Insurance Expense	15,000	
Income Tax Expense	26,628	
Interest Expense	3,250	
	450,120	450,120

- i) Prepare Income statement (2)
- ii) Retained Earnings Statement (2)
- iii) Balance Sheet (2)
- iv) Comment on the financial position and profitability of the company (1)

Q.2(a).Why are adjustment entries required? Enumerate any two types of entries for which end of the period adjustments are made. (1) [CLO-1]

Q.2(b). December is the first month of operations of two-Brothers. Calculate Depreciation of building, Depreciation of Tools & equipment using straight line method. Useful life of Building: 20 years, Useful life of tools and equipment: 5 years. During the month of December Rs.5000 worth of Shop Supplies were used. (2)

Two-Brothers Co.
Unadjusted Trial Balance
December 31, 2019

Cash	495,000	
Notes Payable	30,000	
Account Receivable	9,500	
Shop Supplies	15,000	
Land	600,000	
Building	480,000	
Tools & Equipment	120,000	
Notes Payable		350,000
Accounts Payable		82,000
Interest Payable		2,625
Ali Capital		794,500
Ahmed Capital		500,000
Ali Drawing	51,000	
Ahmed Drawing	30,000	
Repair Service Revenue		240,000
Advertising Expense	50,000	
Wages Expense	86,000	
Interest Expense	2,625	
	1,969,125	1,969,125

(c) Prepare a 10 column Worksheet (according to the following format) for Two Brothers Co. (5)

This is an example (with sample data , some data in between has been omitted)

ABC Services Worksheet For the Year ending December 31, 2013										
	Trial Balance		Adjustments		Adjusted Trial Balance		InCome Statement		Balance Sheet	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
Balance Sheet Accounts:										
Income Statement Accounts:										
Net income										
Totals										
*Adjustments:										
(a)										

Q.3. Following is the Adjusted Trial Balance of Beta Corp. [CLO-2]

Beta.Corp..
Adjusted Trial Balance
December 31, 2019

Cash	Rs.150,000	
Account Receivable	9,400	
Prepaid Rent	50,000	
Unexpired insurance	7200	
Supplies	500	
Equipment	18,000	
Accumulated Depreciation: Equipment		Rs.7,200
Notes Payable		10,000
Accounts Payable		3,200
Salaries Payable		51,000
Income taxes payable		16,000
Unearned Commissions .Revenue		8,800
Capital Stock		100,000
Retained earnings		40,000
Dividends	6,000	
Commissions earned		143900
Salary Expense	85,000	
Supply Expense	3900	
Rent Expense	12,000	
Insurance Expense	1,900	
Advertising Expense	500	
Depreciation expense: equipment	1,800	
Interest expense	900	
Income tax expense	33,000	
	Rs.380,100	Rs.380,100

- a) Prepare the necessary closing entries for December 31, 2019 (6)
(show all general journal and general ledger entries)
- b) Prepare an after closing trial balance dated December 31, 2019 (2)

Q.4(a). State the difference between Perpetual and Periodic Inventory Systems

(1) [CLO-1]

Q.4(b). GC Electric Co. uses a perpetual inventory system. Prepare the inventory Card of using LIFO, FIFO and Moving Average Cost assumptions, Calculate the cost of ending Inventory and Cost of goods sold on July 31st 2020, given the following information (6)

Product: Energy Savers, location: store 1, Primary and secondary Supplier: Real Brothers corp. Inventory minimum level 100 and maximum level 1000.

Transactions:

July 01, 2020, purchased 400 units @ Rs.14

July 05, 2020, purchased 500 units @ Rs.13.10

July 09, 2020, purchased 200 units @ Rs.12.40

July 25, 2020, purchased 700 units @ Rs.12.10

July 15, 2020, sold 600 units

July 27, 2020, sold 500 units