

NED UNIVERSITY OF ENGINEERING & TECHNOLOGY

SECOND YEAR (SOFTWARE ENGINEERING)

FALL SEMESTER EXAMINATIONS 2020

BATCH 2019

Dated:04-FEB-2021

Time: 3 Hours

Max.Marks:60

Financial & Cost Accounting - CT-258

All questions carry equal marks.

Q1. MCQs, Select all correct answers to the following questions

1. Tip-Top boat shop purchased a Van for Rs 2,500,000 making a down payment of Rs.100,000 and signing a Notes payable, for the rest of the amount due in 60 days. Indicate all correct answers.
 - a. Total assets increased by Rs.2,500,000.
 - b. Total Liabilities increased by Rs.2,400,000
 - c. From the viewpoint of the short term creditor, this transaction makes the business less solvent.
 - d. This transaction has no immediate effect upon the owner's equity in the business.
2. A transaction causes a Rs.100,000 decrease in both total assets and total liabilities. This transaction could have been
 - a. purchase of a delivery truck for Rs.100,000 cash
 - b. An asset with a cost of Rs.100,000 was destroyed by fire
 - c. repayment of Rs100,000 bank loan
 - d. collection of Rs.100,000 account receivable
3. Depreciation for a building purchased for Rs.2,400,000, with useful life of 20 years, calculated on straight line basis, amounts to Rs.
 - a. 12000 per month
 - b. 10000 per month
 - c. 20000 per month
 - d. 12000 annually

4. The Financial Statement showing the financial position of an entity by summarizing its assets, liabilities and owner's equity at one specific date is
- Income statement
 - Statement of owner's equity
 - Balance sheet
 - Cash flow statement
5. The widely used principle of accounting for assets at their original cost to the current owners is
- matching principle
 - cost principle
 - consistency principle
 - materiality principle
6. Pakistan Tours has a Rs5,500 account receivable from School-Trips Co. on Jan.20. School-Trips Co. makes a partial payment of Rs1,500. The journal entry made by Pakistan Tours to record the transaction includes:
- A credit to Cash account of Rs.1,500
 - A credit to Account Receivables of 1,500 and a debit to Cash of 1,500
 - A debit to cash account of Rs.5,500
 - A debit to the Accounts Receivable account of Rs.1500
7. The primary purpose of using an inventory flow assumption is to
- parallel the physical flow of units of merchandise
 - offset against revenue an appropriate cost of goods sold
 - Minimize income taxes
 - Maximize the reported amount of net income.
8. Which of the following is not based upon the Realization Principle and Matching Principle?
- adjusting entries
 - closing entries
 - accrual basis of accounting
 - Measurement of net income under GAAP
9. The purpose of adjusting entries is to
- adjust daily the balances in asset, liability , revenue and expense accounts for the effects of business transactions
 - Apply the realization principle and the matching principle to transactions, affecting two or more accounting period.
 - prepare revenue and expense accounts for recording the transactions of the next accounting period

10. Almost everyone will benefit from the basic understanding of accounting terms and concepts, as the knowledge will enable them to
- become professional accountants
 - act in an ethical manner
 - better understand economic activities
 - prepare their own income tax return

11. Define any two of the following terms (02)
- Long Term Liabilities
 - Realization and Matching Principle
 - Liquidity
 - Owner's Equity

[Section B]

- Q2. a) What is Perpetual Inventory System? (2)

b) How is Periodic Inventory System different from Perpetual Inventory System?

- c) Computer City Co. uses a perpetual inventory system. Prepare the inventory Card of using LIFO, FIFO and Average Cost assumptions, given the following information (10)

Product: Laser Printer, location: Warehouse No. 1, Primary Supplier: Hyper-Co. and secondary Supplier: Hyper-II. Inventory minimum level 3 and maximum 50.

Transactions:

Mar. 5th, 2020, purchased 25 Laser Printer at the rate of Rs.15,000 each on cash.

Mar. 10th, 2020, purchased 15 Laser Printers at the rate Rs.17,000 each on credit form Hyper-Co. with term 5/10 n/30.

Mar. 12th, 2020, Sold 15 Printers at the rate Rs. 22,000 each on cash,

Mar 26th, 2020,Sold 10 Printers at the rate of Rs.25,000 each on credit to Alpha Co.

- Q.3. Describe the following terms

- (a) Any four Generally Accepted Accounting Principles, (6)
- (b) Describe four types of adjusting entries (6)

4. Using data of the following Adjusted Trial Balance of Autoworks co.

- | | |
|---|-----|
| a) Summarize the closing process. | (2) |
| b) Prepare the necessary closing entries for December 31,2020 | (7) |
| c) Prepare an-after closing trial balance dated December 31, 2020 | (3) |

Autoworks, Co
Adjusted Trial Balance
December 31, 2020

Cash	47,950	
Account receivable	7,250	
Shop Supplies	1,200	
Unexpired Insurance	1,500	
Land	52,000	
Building	36,000	
Accumulated Depreciation: Building		1950
Tools & equipment	15,000	
Accumulated Depreciation: tools & Equipment		3,200
Notes Payable		40,000
Accounts Payable		2,690
Unearned rent revenue		4,000
Wages payable		1950
Interest payable		300
Aslam Khan, Capital		81,000
Aslam Khan, Drawing	44,800	
Repair Service Revenue		162,210
Rent Revenue earned		22,000
Advertising expense	3,900	
Wages expense	58,750	
Supplies expense	7500	
Depreciation expense: building	1800	
Depreciation expense: tools and equipment	2450	
Utilities expense	19,400	
Insurance expense	16,500	
Interest expense	3,300	
	319,300	319,300

Q.5. City Parking Co. Journalize the following transactions and post in the General ledger in the run balancing format (use proper account numbers and explanation as necessary) (12)

- March 02: The Owner Mr. Saleem Raza deposited Rs. 200,000 cash in the name of company in the checking bank account.
- March 05: Purchased land for Rs. 150,000. 50,000 was paid in cash and for the remaining issued Notes Payable within 90 days.
- March 06: ABC Bank reserved parking for its employees for Rs 15000 monthly. ABC Bank made advance payment(as per agreement) for the current month.
- March 07: Paid for advertising in daily Jang during April by check of Rs. 4000.
- March 15: Mr. Saleem Raza withdrew Rs. 25,000 for personal use.
- March 31: Paid 35,000 to employees in salaries for the month of March.
- March 31: Parking Receipts for the month of March was Rs.48,300.
- March 31: Paid Rs.20,000 cash against Notes Payable incurred in the purchase of Land.