BAHRIA UNIVERSITY, (Karachi Campus)

*Department of Software Engineering*

**Assignment II - Fall 2022**

COURSE TITLE: **ACCOUNTING & FINANCE** COURSE CODE: **HSS-451**

Class: **5 (A), (B)** Shift: **Morning**

Course Instructor: **ASIM IQBAL** Time Allowed: **1 Week.**

Date: **01/11/2022** Max. Marks: **05 Marks**

**SOLUTION**

**Question No. 1 [CLO2: 5 Marks]**

**The following is the Trial Balance of ABC Co. as on June 30, 2004**

Cash

Notes Receivable Account Receivable

Merchandise Inventory (July 1, 2003) Supplies

Furniture

Allowance for Depreciation on Furniture Note Payable

Capital (July 1, 2003) Drawing

Sales Purchases Wages Expenses Rent Expenses

Interest Income Account Payable Interest Expense Supplies Expense Depreciation Expense Wages Payable Prepaid Wages

Interest Income Receivable Unearned interest Income

**DEBIT**

1,26,000

1,08,000

1,98,000

2,16,000

37,800

1,44,000

36,000

15,30,000

2,90,880

90,000

7,200

18,000

9,000

27,000

1,260

**CREDIT**

37,800

2,52,000

4,86,000

18,36,000

3,960

2,08,800

11,880

2,700

**28,39,140 28,39,140**

**Merchandize Inventory on June 30, 2004 was Rs. 153,000**

**Required:**

1. **Prepare Income Statement for the year ended June 30, 2004**
2. **Prepare Balance Sheet for the year ended June 30, 2004**

**SOLUTION**

**ABC Co.**

**Income Statement**

**For the year ended June 30, 2004**

Sales 18,36,000

**Net Sales 18,36,000**

**Less: Cost of goods sold**

Opening Inventory 2,16,000

Add: Purchases 15,30,000

Goods available for sale 1,746,000

Less: Closing Inventory (153,000)

Cost of goods sold (1,593,000)

**Gross Profit 243,000**

**Less: Operating Expenses**

Wages Expenses 2,90,880

Rent Expenses 90,000

Interest Expense 7,200

Supplies Expense 18,000

Depreciation Expense 9,000

Total Operating Expense (415,080)

**Operating Loss (172,080)**

**Add: Other Income**

Interest Income 3,960

**Net Loss (168,120)**

**Fixed Assets**

**ABC Co.**

**Balance Sheet As on June 30, 2004**

Furniture 1,44,000

**Less:** Allowance for Depreciation (37,800)

**Total Fixed Assets 106,200**

**Current Assets**

Merchandise Inventory 153,000

Cash 1,26,000

Notes Receivable 1,08,000

Account Receivable 1,98,000

Supplies 37,800

Prepaid Wages 27,000

Interest Income Receivable 1,260

**Total Current Assets 651,060**

**Total Assets 757,260**

**Capital**

Capital as on July 1, 2003 4,86,000

**Less:** Net Loss for the year (168,120) 317,880

**Less:** Drawing (36,000)

**Capital as on June 30, 2004 281,880**

**Current Liabilities**

Note Payable 2,52,000

Account Payable 2,08,800

Wages Payable 11,880

Unearned interest Income 2,700

**Total Current Liabilities 475,380**

**Total Capital & Current Liabilities 757,260**