Oxford College of Engineering & Management

Gaindakot-2, Nawalparasi

Program: BCA
Semester: 3rd
Instructor: Assistant Professor Mr. Dharma Raj Upreti, PhDs, MSCIT, MBA

Candidates are requied to give their answers in their own as far as practible. Attempt all the questions.

1. Pokhara Supplies Co. Pvt. Ltd. has the following inventory, purchases, and sales data for the following month:

Inventory –March 1st	200 units @ Rs 4.0	Rs 800.00
<u>Purchases</u>		
March 10	500 units @ Rs 4.50	Rs 2250.00
March 20	400 units @ Rs 4.75	Rs 1900.00
March 30	300 units @ Rs 5.00	Rs 1500.00
<u>Sales</u>		
March 15	500 units	
March 25	400 units	

   The physical inventory count on March 31 shows 500 units on hand.
   Determine the cost of inventory on hand at March 31 under periodic system and the cost of goods sold for March under:
   a. The first-in first-out (FIFO) method.
   b. The last-in first –out (LIFO) method.
   c. The weighted average cost method.

2. The Bank Statement for Chitwan Finance Co. Ltd. shows a balance of Rs. 15,907.45 on April 30, 2001. On this date the balance of cash as per books is Rs. 11,589.45. The following reconciling items are determined:
   a. Deposit in transit: April 30 deposit (received by bank on May1) Rs.2,201.40
   b. Outstanding Checks:

No. 453	Rs. 3,000.00
No. 457	Rs. 1,401.30
No. 460	Rs. 1,502.70

   c. Errors: Check no. 443 was correctly written by the company for Rs. 1,226 and was correctly paid by the bank. However, the company in its books recorded it for Rs. 1,262.
   d. Bank memoranda:
      Debit- NSF check from Gopal for Rs. 425.60 425.60
      Debit- Bank charge Rs. 30.00 30.00
      Credit-Collection of Notes Receivable for Rs. 1,000 plus interest earned Rs. 50, less bank collection charge of Rs. 15.00 1,035.00
      Required: Prepare Bank Reconciliation Statement and necessary adjustment entries as on April 30, 2001.

3. a. Define Notes Payable. How is it different from Accounts Payable?
   b. Define preferred stock. List out and explain the features of a preferred stock.

4. a. A portion of the stockholders equity section from the balance sheet of ABC Company appears as follows:

<u>Stockholder equity:</u>	
Preferred stock, 9% cumulative, Rs. 50 par, 40,000 shares	
Authorized and issued	Rs. 20,00,000
Preferred stock, 12 % non-cumulative, Rs. 100 par 8000	
Shares authorized and issued	8,00,000
Common stock, Rs. 5 par, 4,00,000 shares	
Authorized and issued	20,00,000
Total paid in capital	**Rs. 48,00,000**

Assume that all the stocks were issued on January 1 and no dividends were paid during the first two years of operations. During the third year, the ABC Company paid total cash dividends of Rs. 7,36,000.

i. Compute the amount of cash dividends paid during the third year to each of the three classes of stock.
ii. Compute the dividends paid per share during the third year for each of the three classes of stock.

b. What is capital lease? Write down the four criteria of identifying capital lease?

5. Write short notes on (**Any Two**):
   a. Contingent liability
   b. Treasury stock
   c. Amortisation

6. a. On July 1, 2016Flower Shop borrowed Rs 250, 000 from the bank. Flower shop signed a 10- month, 8%, promissory notes for the entire amount. Shop uses a calendar year-end.
   Required:
   i. Prepare the journal entry on July 1 to record the issuance of the promissory notes.
   ii. Prepare any adjusting entry needed at year-end.
   iii. Prepare the journal entry on May 1 to record the payment of principal and interest.

   b. On January 1, 2011, King Company leased a factory machine for six years. Annual payments of Rs. 21,980 are to be made every December 31, beginning December 31, 2011. Interest expense is based on a rate of 9%. The present value of the minimum lease payments is Rs. 98,600 and has been determined to be greater than 90% of the fair market value of the machine on January 1, 2011. Kiger uses straight-line depreciation on all assets.
   Required:
   a. Prepare a table to show the six-year amortization of the lease obligation.
   b. Prepare the journal entry to record the signing of the lease on January 1, 2011.
   c. Prepare all necessary journal entries on December 31, 2012.
   d. iv. Prepare the balance sheet presentation as of December 31, 2012, for the leased asset and for lease obligation.

7. a. Jolly Company sells a product for Rs 1,500.When the customer buys it; Jolly provides a one- year warranty. Jolly sold 120 products during 2009. Based on analysis of past warranty records, Jolly estimates that repairs will average 3% of total sales.
   Required:
   i. Prepare the journal entry to record the estimated liability.
   ii. Assume that products under warranty must be repaired during 2009 using repair parts from inventory costing Rs 4,950. Prepare the journal entry to record the repair of products.

   b. On august 1, an office supply store was destroyed by an explosion in its basement. A small amount of inventory valued at Rs. 400 was saved. An estimate of the amount of inventory lost is needed for insurance purposes. The following information is available;
   Inventory, January 1 Rs. 3,20
   Purchases, January-July Rs. 164,00
   Sales, January-July Rs. 113,50
   The normal gross profit ratio is 40%. The insurance company will pay the store Rs. 65,00.
   Required:
   i. Using the gross profit method, estimate the amount of inventory lost in explosion.
   ii. Prepare the journal entry to record the inventory loss and insurance reimbursement.