

ALLAMA IQBAL OPEN UNIVERSITY

Level: Bachelor
Paper: Fundamentals of Accounting (134)
Time Allowed: 03 Hours

Semester: Autumn 2009
Maximum Marks: 100
Pass Marks: 40

Note: ATTEMPT ANY FIVE QUESTIONS. ALL CARRY EQUAL MARKS.

Q. No. 1: Show the journal entries needed to correct the following errors:

- a. Purchases of \$ 699 on credit from Khalid has been entered in Ahmad's account.
- b. A cheque of \$ 189 paid to advertisements has been entered in the cash column of the cash book instead of in the bank column.
- c. Sale of goods 443 on credit to Bashir had been entered in error in Bakhtiar's account.
- d. Purchase of goods on credit from Khurshid \$ 89 entered in two places in error as \$ 99
- e. Cash paid to Hamid \$ 89 entered on the debit side of the cash book and the credit side of Hamid's account.
- f. A sale of fittings \$ 500 had been entered in the sales account.
- g. Cash withdrawn from bank \$100 had been entered in the cash column on the credit side of the cash book, and in the bank column on the debit side.
 - i. Purchase of goods \$ 428 has been entered in error in the Fittings account.

Q. No. 2: Draw up a bank reconciliation statement, after writing the cash book up to date, ascertaining the balance on the bank statement, from the following as on 31 December 20X6:

Cash at bank as per bank column of the cash book (Dr)	\$ 3896
Bankings made but not yet entered on bank statement	606
Bank charges on bank statement but not yet in cash book	28
Unpresented cheques	117
Standing order to ABC Ltd entered on bank statement, but not in cash book	55
Credit transfer from a client entered on bank statement, but not yet in cash book	189

Q.No. 3: The beginning inventory and the purchases of commodity ABC for the year are presented below:

COMMODITY – ABC	
Inventory	100 units at Rs.4.00
Purchase	150 units at Rs.4.25
Purchase	108 units at Rs.5.00
Purchase	200 units at Rs.5.50

Assuming that there are 190 units on hand at the end of the year, determine (a) the cost of the inventory and (b) the cost of goods sold by each of the following methods:

(1) FIFO (2) LIFO, and (3) weighted average.

Q. No. 4: Prepare the necessary adjusting entries of the following transactions on December 31st for the Royal Hotel Company who adjust their accounting record at the end of each month.

- a. Salaries earned by hotel employees but not yet paid or recorded amount to Rs. 15000.
- b. Room rent earned from guests but not yet received amounted to Rs. 23500.