



ALLAMA IQBAL OPEN UNIVERSITY
Semester Terminal Exam Autumn 2020

| | | | |
|--------------------|------------------------------------|---------------|-----|
| Program /level: | B.Com/Associate Degree Program | Maximum Marks | 100 |
| Title /Course Code | Financial Accounting (1413) | Pass marks | 50 |

Instructions for Exams:

1. Attempt All Questions.
2. Write answers in your own words and avoid copying from an internet source or any book.
3. Be precise, avoid unnecessary details, answer to each question must be between 600-800 words.
4. Students can attempt paper on any white page. Mention Roll No. , Name & Signature on every page. Attach undertaking with each course code.
5. Students are advised to post their answer sheets to their tutor well in time so the same must reach on or before **20-06-2021**.
6. Submissions after due date & time will not be entertained.

| Q. No. | Questions | Marks |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 1 | <p>Access the recent annual report of any organization listed at Pakistan Stock Exchange (PSX) from the given link https://financials.psx.com.pk/#.</p> <p>Required</p> <ol style="list-style-type: none">1. Review balance sheet and identify how many classes of stock it has issued.2. What are the par values, number of authorized shares, and issued shares of the classes of stock you identified in part 1?3. Review its statement of cash flows and identify what total amount of cash it paid during the year to purchase treasury stock or dispose off liabilities (If Any).4. What amount did Company pay out in common stock cash dividends during the current year (If Any)? | 33 |
| 2 | <p>You are to interview a local business owner. (This can be a friend or relative.) Opening lines of communication with members of the business community can provide personal benefits of business networking. If you do not know the owner, you should call ahead to introduce yourself and explain your position as a student and your assignment requirements. You should request a thirty-minute appointment for a face-to-face or phone interview to discuss the form of organization and operations of the business. Be prepared to make a good impression.</p> <p>Required</p> <ol style="list-style-type: none">1. Identify and describe the main operating activities and the form of organization for this business.2. Determine and explain why the owner(s) chose this particular form of organization.3. Identify any special advantages and/or disadvantages the owner(s) experiences in operating with this form of business organization. | 33 |

| | | |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 3 | <p>For each of these five separate cases, identify the principle(s) of internal control that is violated. Recommend what the business should do to ensure adherence to principles of internal control.</p> <ol style="list-style-type: none"> 1. Heather Flat records all incoming customer cash receipts for her employer and posts the customer payments to their respective accounts. 2. At Netco Company, Jeff and Jose alternate lunch hours. Jeff is the petty cash custodian, but if someone needs petty cash when he is at lunch, Jose fills in as custodian. 3. Nadine Cox posts all patient charges and payments at the Dole Medical Clinic. Each night Nadine backs up the computerized accounting system to a tape and stores the tape in a locked file at her desk. 4. Barto Sayles prides himself on hiring quality workers who require little supervision. As office manager, Barto gives his employees full discretion over their tasks and for years has seen no reason to perform independent reviews of their work. 5. Desi West's manager has told her to reduce costs. Desi decides to raise the deductible on the plant's property insurance from \$5,000 to \$10,000. This cuts the property insurance premium in half. In a related move, she decides that bonding the plant's employees is a waste of money since the company has not experienced any losses due to employee theft. Desi saves the entire amount of the bonding insurance premium by dropping the bonding insurance. | 34 |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|