



# UNIVERSITY OF THE PUNJAB

PART – II S/2015  
Examination:- B. Com.

Roll No. ....

**Subject: Advance Financial Accounting**  
**PAPER: BC-401**

**TIME ALLOWED: 3 hrs.**  
**MAX. MARKS: 100**

**NOTE: Attempt any FIVE questions. All questions carry equal marks.**

Q 1: A balance Sheet of Salman Limited on December 31, 2013 was as follows:

LIABILITIES	Rs.	ASSETS	Rs.
Share Capital: 25,000 shares@ Rs.10 each	250,000	Sundry Assets	600,000
Reserve Fund	110,000		
Profit & Loss Account	70,000		
Long Term Debts	170,000		
	600,000		600,000

The company decided to pay off long term debts by issuing ordinary shares of Rs.10 each at Rs.12.5 each. It further decided to issue bonus shares @ 40% of share capital. For this purpose to utilize profit & loss account and balance out of reserve fund.

Required: Make necessary Journal entries to give effect to the recommendations of Board of Directors and show how would they effect the balance sheet.

Q 2: Khawaja and Company of Gujranwala sent goods on consignment to A & Co., of Lahore at an invoice price of Rs.30,000 and paid for freight Rs.800, cartage Rs.252 and insurance Rs.700. 3/4<sup>th</sup> of the goods were sold by agent for Rs.26,250, subject to his commission of Rs.900, storage expense of Rs.200 and other selling expense of Rs.400. 1/8<sup>th</sup> of the consignment was lost by fire and claim of Rs.2,500 were recovered.

Required: Give consignment account and A & Co. Account.

Q 3: A Colliery Company acquired a wagon on hire purchase system over the term of two years, starting from 1<sup>st</sup> January 2011. The installment of Rs.50,000 each were payable half yearly, the first payment being made on 30<sup>th</sup> June 2011. The cash value of the wagon was Rs.185,875. The wagon company charged interest at 6% per annum with half yearly rests. The Colliery Company charged depreciation at 10% on diminishing balance method.

Required: Prepare Wagon Account and Hire Vendor Account.

Q 4: The following trial balance relates to Nauman Company Limited as on 31<sup>st</sup> March 2014:

	Rs.		Rs.
Sundry Debtors	180,000	Share Capital (3000 shares of Rs.100 each)	300,000
Plant	81,000	Profit & Loss Account	16,000
Furniture	12,000	Gross Profit	192,450
Closing Stock	153,000	General Reserve	5,000
Rent & Taxes	24,000	Sundry Creditors	33,000
Salaries	47,000	Liabilities for expenses	9,550
Office Expenses	32,500	Discount	2,000
Discount	3,500	7% Debentures	40,000
Advance Income Tax	27,000		
Cash in Hand	7,500		
Compensation to employee	6,500		
Interim Dividend	12,000		
Preliminary Expenses	4,000		
Unexpired Payments	8,000		
	598,000		598,000

The following additional information is available:

- (a) The authorized capital of the company consists of 5,000 shares of Rs.100 each.
- (b) Office Expenses include Rs.4,500 as audit fee and Rs.500 as audit expenses.
- (c) Charge depreciation on plant and furniture @10%.
- (d) Salaries outstanding Rs.3,000.
- (e) Directors desire the following:
  - i. Rs.8,000 transfer to General Reserve.
  - ii. Provision for taxation to be made up to Rs.15,000.
  - iii. Write off 50% preliminary expense.
  - iv. Rs.5 per share as final dividend.

Q 5: The management of Pervez Departmental Store decided to ascertain separate profit for two department X and Y for the month ending 31<sup>st</sup> January 2013, stock on 31<sup>st</sup> January could not be valued for certain unavailable reasons but the rates of gross profit (calculated without reference to direct expense) on sales for the two departments are 40% and 30% respectively.

	Department X	Department Y
Stock (01-01-2013)	18,000	16,800
Sales	84,000	72,000
Purchases	54,000	43,200
Direct Expenses	10,980	17,040

Indirect expenses for the whole business (containing five departments) are Rs.21,600 which are to be charged in proportion to departmental sales, except as to one-sixth which is to be divided equally, total sales for the remaining three departments were Rs.204,000.

Required: You are required to prepare the Departmental Trading and Profit & Loss Account for the period ended on 31<sup>st</sup> January, 2013.

Q 6: S & S Limited are contractors for the construction of pier the Seafront Development Company. The value of the contract is Rs.300,000 and payment is by the engineer's certificate subject to a retention of 10% of the amount certified, this is to be held by the Seafront Development Company for six months after the completion of the contract.

The following information is extracted from the records of S & S Limited.

Wages	Rs.41,260
Material delivered to site by supplier	58,966
Material delivered to site from store	10,180
Hire of Plant	21,030
Expenses charged to contract	3,065
Overhead charged to contract	8,330
Material on site at year end	11,660
Work Certified	150,000
Cash received	135,000
Work uncertified	12,613
Wages accrued at year end	2,286

Material costing Rs.3,384 was damaged and had to be disposed off for Rs.884.

Required: Prepare Contract Account, Work in Progress Account in the book of contractor and also show the relevant items as would appear in the balance sheet.

Q 7: Define Joint Stock Company and state its essential characteristics.

Q 8: Give the Performa of Statement of Affairs under liquidation?