



UNIVERSITY OF THE PUNJAB

PART – II : 2nd Annual – 2018

Examination: B. Com.

Roll No.

Subject: Advanced Financial Accounting
PAPER: BC-401

TIME ALLOWED: 3 Hrs.
MAX. MARKS: 100

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

Question #1: The Nadeem Stores Ltd., Multan has a branch at Hyderabad. Goods are invoiced to the branch at being cost plus 25%. The branch keeps its own sales ledger and deposits all cash received daily to the credit of the head office account opened at HBL, Hyderabad. All expenses are paid by cheque from Lahore. From the following information, prepare Branch account in the Books of Head office after making necessary adjustments & Calculate branch profit and loss for the year 2012.

Particulars	Rs
Stock 01-01-2012	60,000
Stock 31-12-2012	72,000
Sundry Debtors 01-01-2012	33,600
Sundry Debtors 31-12-2012	43,200
Petty Cash 01-01-2012	1,500
Petty Cash 31-12-2012	1,500
Goods invoiced from H.O.	436,800
Wages Paid	19,200
Sundry Expenses	3,840
Cash Sales	259,200
Credit Sales	168,000
Cash Collected from debtors	158,400
Rent Paid	12,000

Question #2 Shakeel Part Company has Authorized Capital of Rs. 500,000 divided into 50,000 shares of Rs 10 each, of which shares had been issued and fully paid. The following trial balance as on 31 December 2010

Detail	(Rs)	Detail	(Rs)
Stock	93,210	Return out	4,925
Return in	6,340	9% Loan	25,000
Sundry Expenses	19,620	Profit & Loss	19,320
Office Salaries & Expenses	34,500	Share Capital	200,000
Director Remuneration	13,230	Sales	584,750
Freehold Premises	98,000	Creditors	31,110
Furniture	7,500		
Cash In Hand	1,240		
Investment	24,000		
Debtors	52,700		
Purchases	359,105		
Carriage	2,450		
Customs Clearing Charges	12,500		
Interest On Bank Loan	1,125		
Audit Fee	11,620		
Preliminary	9,000		
Plant & Machinery	74,200		
Cash At Bank	9,765		
Advance Income Tax Paid	35,000		
	865,105		865,105

Adjustments:

On 31 Dec 2010 Closing Stock valued at Rs.64, 240; Outstanding wages Rs.1380 while office salaries Rs 1500 are still payable; Depreciation on plant and machinery is to be provided @5% and furniture is to be 10%; Market value of investment on 31-12-2010 is Rs 25000; Directors recommended the followings: Provision for income tax Rs. 25000; Dividend @15% to the shareholders on paid up share capital; Transfer to general reserve Rs10,000

Required: Prepare Trading, Profit and Loss account for the year ended 31 Dec.2010 and Balance Sheet.

P.T.O.

Question # 3 Following is Balance sheet of Nazir and company as on 31st Dec 2004

Liabilities	Amount	Assets	Amount
Share Capital	70,000	Land	20,000
General Reserve	25,000	Plant	20,000
Reserve For Confidence	10,000	Furniture	5,000
6% Debenture	25,000	Stock	50,000
Income Tax Payable	4,000	Bills Receivable	10,000
Bills Payable	3,000	Debtors	20,000
Bank Overdraft	3,000	Prepaid expenses	7,000
Sundry Creditor	10,000	Cash at bank	18,000
	150,000		150,000

Required a) Current Ratio; B) Liquid Ratio; C) Debt - Equity Ratio; D) Proprietary Ratio

Question #4: X Transport Ltd. Purchased from Lahore motors, 3 truck costing Rs 50,000 each on the hire purchases system. Payment was to be made Rs 30,000 down and the remainder in three equal installments together with interest at 9%. X transport ltd writes off depreciation at 20% on the diminishing balance methods. It paid installment due at the end of the first year but could not next year; Lahore Ltd agrees to leave one truck with the purchaser, adjusting the value of the other 2 trucks against the amount due. The trucks were valued on the bases of 30% depreciation annually.

Required: Show the necessary accounts in the books of X Transport Ltd for 2 years.

Question: 5

Write short answers of the following:

1-Define Ordinary Shares. 2- Define Debentures. 3- Define Stock Turnover Ratio 4- Define Final Dividend. 5- Define Operating Expenses 6- What is Loss on Consignment 7- Define Marketing Expenses. 8- Define Work Certified. 9 -Define Preferred Creditors. 10- Define Expected Normal Loss.

Question: 6

What is meant by Departmental Accounts? What are the objects and advantages of preparing Departmental Accounts?

Question: 7: Rashid of Lahore sends 100 sewing machines on consignment to Farooq at Karachi. The invoice price is at the rate of Rs.160 each. Rashid spends Rs.400 on packing and dispatch. Farooq receives the consignment and immediately accepts Rashid's draft for Rs. 8,000. Subsequently, Farooq informs Rashid that 80 machines have been sold at Rs. 185 each. Expenses paid by Farooq; freight Rs. 600, godown rent Rs. 50 and insurance Rs.100. Farooq is entitled to a commission of 6% on sales & 1.5 % as del-credre commission.

Required: Give general entries in the books of Rashid. Also, prepare necessary Ledger accounts.

Question: 8: The following are the extracts from the balance sheet of Safdar Ltd. as on December 31, 2007

Authorized capital	
30,000 ordinary shares of Rs. 100 each	Rs. 3,000,000
Issued and subscribed capital	
10,000 ordinary share of Rs. 100 each fully paid	1,000,000
Reserve fund	825,000
Profit and loss account	330,000

The board of directors recommended to issuing bonus shares at the rate 15 shares of Rs.100 each for every 50 shares held at present. For this purpose Rs. 200, 000 is to be provided out of profit and loss account and the balance out of reserves. The board also recommended to issuing right shares of the company @ 30 shares of Rs. 100 each for every 50 shares at a premium of Rs. 20 per share. The approval of controller of the capital issue had already been obtaining.

Required: To Set Out journal entries to give effect to the resolution, and show how they would affect the balance sheet