

QUESTION PAPER 2018

QUESTION NO. 1

Write short answers of the following:

- (1) Define Capital Stock.
- (2) Define Bonds / PTC.
- (3) Define Debt Equity Ratio.
- (4) Define Share Premium.
- (5) Define Bank.
- (6) Who is Hire Purchaser.
- (7) Define Winding Up of the Company.
- (8) Define Work in Progress.
- (9) Define Inventory Stock Turnover Ratio.
- (10) Define Absorption.

Advanced Financial Accounting
Punjab University B.Com Part 2 Past Papers

2010-2018

QUESTION NO. 2

Usman Munir & Company, Sargodha with an authorized capital of Rs. 10,00,000 divided into 100,000 shares of Rs. 10 each. On 31st December 2012, 50,000 shares were fully called and paid up. The following are the balances taken, from the ledger of the company at 31's December, 2012.

Particulars	Rs.	Particulars	Rs.
Stock	100,000	Printing and stationary	4,800
Sales	850,000	Advertisement	7,600
Purchases	600,000	Postage and telephone etc.	21,000
Wages	140,000	Debtors	77,400
Discount allowed	8,400	Creditors	70,400
Discount received	6,300	Plant and machinery	161,000
Insurance up to 30th June 2013	13,440	Furniture	34,000
Salaries	37,000	Cash at bank	279,600
Rent	12,000	General reserve	50,000
General expenses	17,900	Loan from managing director	31,400
Profit and loss (Cr.)	12,440	Bad debts	6,400

Additional Information

- (1) Closing stock Rs. 200,000•
- (2) Depreciation to be charge on plant and machinery 15% p.a and furniture at the rate of 10% p.a.
- (3) Outstanding expenses: Wages Rs. 10,400, Salary Rs. 2,400 and Rent Rs. 1,200.
- (4) Dividend at 5% on paid up share capital to be provided.

Required

Prepare trading and profit and loss account for the year ended 31st December 2012 and also a balance sheet as at that time.

QUESTION NO. 3

Particulars	2015 Rs.	2016 Rs.
Cash	16,000	30,000
Marketable securities	20,000	10,000
Trade receivable	45,000	55,000
Inventories	60,000	75,000
Prepaid expenses	1,500	2,500
Plant and equipment	80,000	85,000
Intangible assets	25,000	22,500
Other assets	5,000	6,000
Total assets	252,500	286,000
Current liabilities	60,000	100,000

From the following data calculate for both years 2015 & 2016:

- (1) The working capital I
- (2) The current ratio
- (3) The acid test ratio
- (4) The ratio of current assets to total assets
- (5) The ratio of cash to current liabilities

QUESTION NO. 4

The contract ledger of a company indicates the under mentioned expenditures on the account of Contract "A" to 31d December 2003.

Materials	Rs. 240,000
Plant	Rs. 40,000
Wages	Rs. 128,000
Establishments expenses	Rs. 12,000

The contract began in January 2003; the contract price being Rs. 800,000. Cash received on account to date Rs. 480,000 which is 80% of the work certified; and the remainder is to be paid as to 10% on the completion and the balance six months after completion. The material on hand Rs. 20,000 and work not certified as Rs. 20,000.

Required:

Prepare a contract account showing the profit to date after depreciating plant by 10%. How much profit would the company be justified in crediting to the profit and loss account. Show also the work-in-progress would appear on the balance sheet.

QUESTION NO. 5

Following particulars have been extracted from the balance sheet of Sitara Industries Ltd. as on 31 December 2001:

Liabilities and Capital	Amount Rs.
Authorized capital: (200,000 ordinary shares of Rs. 10 each)	2,000,000
Paid-up capital: (100,000 ordinary shares of Rs. 10 each)	1,000,000
Reserve Fund	300,000
Un-appropriated profit	120,000
Long-term loans	400,000

The directors of the company made the following recommendation which approved by the shareholder in the annual general meeting. The long-term loan of Rs. 400,000 converted into shares capital by the issue of ordinary shares of Rs. 10 each at par and bonus shares are to be issued at the rate of 15% on ordinary shares out of the reserve and un-appropriated profit in equal proportion.

Required:

Make the journal entries necessary to carry out above resolutions and how they affect the Balance Sheet as on 31 December 2001.

QUESTION NO. 6

What journal entries Punjab Corporation is made in the following cases. Also, prepare a balance sheet for each.

- (a) A company issued Rs. 500,000 6% debenture at par redeemable at par.
- (b) A company issued Rs. 500,000 6% debenture at 10% discount redeemable at par.
- (c) A company issued Rs. 500,000 5% debenture at 5% premium redeemable at par.
- (d) A company issued Rs. 500,000 6% debenture at par redeemable at 10% premium.
- (e) A company issued Rs. 500,000 6% debenture at 10% discount redeemable at 5% premium.

QUESTION NO. 7

The Nadeem Stores Ltd., Multan has a branch at Hyderabad, Goods are invoiced to the branch at a selling price, being cost plus 20%. The branch keeps it's on sale ledger and deposits all cash received daily to the credit of the Head Office Account opened at the MCB, Hyderabad. All expenses are paid by cheques from Multan.

From the following information, prepare Branch Account in the Head Office Books and make the necessary adjustments therein to arrive at the actual branch profit or loss during the year 2007.

Stock on 01-01-07	30,000
Stock on 31-12-07	36,000
Sundry debtors on 01-01-07	16,800
Sundry debtors on 31-12-07	21,600
Goods invoiced from H.O	218,400
Cash sales	215,000
Rent, rates and taxes	9,600
Sundry expenses	1,920
Cash collected from debtors	210,000

QUESTION NO. 8

What is the need for Business Amalgamation: State the factors affecting such decisions.