



UNIVERSITY OF THE PUNJAB

Associate Degree in Commerce Part-I Annual Exam – 2022

Roll No.

Subject: Financial Accounting

Paper: BC-304

Time: 3 Hrs. Marks: 100

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

Q.1 On 1st January, 2022, Mr. X bought goods for Rs 60000 from Mr. Y and accepted two bill of exchange in settlement, one for Rs 20000 at four months and second for Rs 40000 payable after six months. The first bill was honoured on due date, but before the second bill fell due, it was cancelled by mutual consent and a new bill for three months was accepted by Mr. A for the amount of second bill plus interest Rs 500. Mr. B sent this bill to his bank for collection, but on due date the bill was dishonoured.
From the above information, prepare journal entries in the books of both parties.

Q.2 The following errors were found in the books of Faheem Stores

- Goods bought from a supplier amounting to Rs 560 had been posted to the credit of his account as Rs 650.
- An item of Rs 1000, entered in the Returns Inwards Book had been posted to the debit of the customers who return the goods.
- Sundry items of Plants sold amounting to Rs. 5000 had been entered in the Sales Book.
- An amount of Rs. 8000 owing by a customer had been omitted from the schedule of Sundry Debtors.
- Discount amounting to Rs. 1500, allowed to a customer had been duly entered in his account but not posted to Discount Account.

Give journal entries necessary to correct these errors and prepare Suspense Account.

Q.3 The following Trial Balance is taken from the books of Rehan Stores:

Accounts	Amount Rs	Accounts	Amount Rs
Stock (1-1-21)	80000	Purchases returns	6000
Furniture	2000	Capital	200000
Rent	4500	Sales	450000
Salaries	19000	Bank loan	80000
Bad debts	5000	Sundry creditors	14000
Sundry debtors	36000		
Establishment	5800		
Patents	35000		
Drawings	11000		
Plant and machinery	34000		
Purchases	285000		
Insurance	11500		
Sales returns	9000		
Trade expenses	10000		
Wages	20000		
Investment	170000		
Cash	12200		
Total	750000	Total	750000

After making the following adjustments, prepare Trading and Profit and Loss Account/Income Statement for the year ended 31st December 2021 and a Balance Sheet on that date.

- Stock on 31st December 2021 Rs 65000.
- Depreciate Plant and machinery by 10% & furniture by 15%.
- Wages Rs 7000 and salaries Rs 2500 are outstanding.
- Interest receivable on investment for the year is Rs 12000

- Q.4 From the following Receipt and Payment Account of a Peoples Library, prepare Income and Expenditure Account for the year ended 30th June, 2022 and a Balance Sheet on that date:

Receipts	Amount Rs	Payments	Amount Rs
Balance at Bank 01-07-2021	70000	Salaries of librarian	20000
Subscriptions	50000	Rent and other expenses	25000
Fees from non-members	10000	Books purchases	41000
Municipal grant	25000	Repair expenses	5000
Donations	30000	Misc. expenses	3000
		Furniture Purchased	20000
		Balance c/d	71000
	185000		185000

A bill for books purchased during the year amounting to Rs 6000 was outstanding. Subscription receivable Rs 5000. Charge depreciation on Furniture by Rs 2000.

- Q.5 Following is the Balance Sheet of M and N as at January 1st 2021:

Assets	Amount Rs	Liabilities and Owners Equity	Amount Rs
Cash at Bank	50000	Sundry Creditors	40000
Sundry Assets	140000	General Reserve	40000
		M Capital	60000
		N Capital	50000
	190000		190000

M and N were sharing profits and losses in the ratio of 2:1. On the above date, S was admitted as partner as per the following conditions:

- S brings Rs 40000 as capital
- He pays Rs 50000 as his share of goodwill
- M and N withdraw half of their share of goodwill
- The new profit-sharing ratio among M, N and S is to be 3:1:1 respectively

Give journal entries, ledger accounts and Balance Sheet after S's admission

- Q.6 From the following particulars, Prepare a Bank Reconciliation Statement of Mr. Akif on 31st March, 2021:

- Balance as per the Pass Book Rs 72500 Cr.
- Insurance premium of Rs 8000 was directly paid by the bank for which there is no record in the cash book.
- Interest of Rs 5600 is credited by the bank in the Pass Book which is not recorded in the Cash Book.
- Cheques for a total amount of Rs 45000 were deposited into the bank in March but out of them cheque for Rs 15000 were credited in April.
- A cheque for Rs 20000 was deposited into the bank in March but in April the cheque was returned by the bank as dishonoured.
- A cheque of Rs 10000 was issued in March but it was not presented to the bank in the same month.

- Q.7 Saad keeps his books under Single Entry. He wishes to ascertain his profits for the year ending 31st December, 2021. His position on 1st January, 2021 was as follows:

Cash in hand Rs 13000; Cash at bank Rs 9000; Stock of goods Rs 12000; Furniture Rs 25000; Sundry Debtors Rs 11000; and Sundry Creditors Rs 4500.

His position on 31st December 2021 was as under: Cash in hand Rs 10000; Cash at Bank Rs 5000; Stock of goods Rs 9000; Furniture Rs 4400; Sundry Debtors Rs 8900; Sundry Creditors Rs 7550.

During the year he had withdrawn from the business Rs 2000 per month for private expenses.

Prepare a statement showing his trading result for the year ended on 31st December, 2021 and a Balance Sheet as on that date, after (1) providing 5 per cent depreciation on Furniture, (2) writing off Rs 3000 as actual bad debts and making a further provision at 5 per cent on Sundry Debtors for bad debts (3) one month rent Rs 10000 is outstanding and (4) Rs 2000 have been paid in advance in respect of insurances.

- Q.8 Differentiate between Financial Accounting and Cost Accounting