

Question Paper 2010

Paper Code BC 304

Time : 3 Hours

Marks: 100

Note: Attempt any five questions. All questions carry equal marks.

Question No.1

On 1st January, 2010 Abdullah sold goods to Omer for Rs 60, 000 Omer paid Rs 12, 000 in cash and three bills for balance. The first bill for Rs. 14, 00 at one month the second for Rs 16, 000 at two months and the third for the balance amount at three months

Abdullah endorsed 1st bill to Akram his creditor on 2nd January in full settlement of Rs 14, 200, discounted the 2nd bill at his bank for Rs. 15, 840 and retained the third bill till maturity.

The first bill is met at maturity. The second bill is dishonored and Rs. 200 being paid as noting charges. Abdullah charges Rs..300 for interest and draw on Omer a forth bill for the amount at three months. At maturity the 3rd bill was renewed with interest of 10% p.a. for three months. The 5th bill was duly accepted by Omer. The fourth and fifth bills were met on maturity.

Required: Journal entries in the books of Abdullah

Question No. 2

From the following particulars prepare Bank Reconciliation Statement of Mr. Hamza as at 31st December 2009.

- (a). Bank overdraft as per Bank Statement Rs. 4,700.
- (b). Cheques issued prior to 31st December amounted to Rs, 1, 800 of which cheques of Rs. 1, 050 have so far been presented to the bank.
- (c). Interest on over draft for six months ending on 31st December Rs. 235 debited in the bank Statement.
- (d). Cheque paid into Bank but not cleared and credited by the Bank were Rs. 3, 250
- (e). Bank charges debited in the Bank Statement amounted to Rs. 65.
- (f). Interest and dividends on investments, etc, collected and credited by the, bank in the Bank Statement amounted to Rs 350.
- (g). A cheque for Rs. 220 received from a customer and entered in the bank column of the cash Book was omitted to be paid into the bank.
- (h). A customer has directly paid Rs. 350 to our banker in the settlement of his account

Question No. 3

The following balances appeared in the Books of Sania on 31st December, 2008.

	Rs		Rs
Building	70,000	Carriage on purchase	1,291
Car	12,000	Carnage on sales	800
Furniture	1,640	Reserve to bed debts	1,320
Sundry debtors	15,600	Establishment	2,135
Sundry creditors	18,852	Taxes & insurance	783
Stock 340	15,040	Interest (Cr)	340
Cash in hand	988	Bad debts	613
Cash at bank	14,534	Audit fee	400
Bills receivable	5,844	General charges	3,950
Bills payable	6,930	Traveling expenses	325
Purchases	85,522	Discount (Dr)	620
Sales 922	121,850	Investments	8,922
Capital 285	92,000	Sales Return	285

Required: Prepare Trading and Profit and Loss Account of Income statement for the year ended 31st December, 2008, and balance sheet as on that date. In doing so take the following matters into consideration

- (i). Stock on 31st December 2008 amounted to Rs 15, 550
- (ii). Depreciate Motorcar at 20 % and Furniture at 10 %
- (iii). Increase Bad Debts Reserve by 5 per cent on sundry Debtors
- (iv). Salaries Rs. 500 and Taxes Rs. 150 are outstanding.
- (v). Unexpired insurance Rs 50
- (vi). Interest accrued on Investments Rs. 120
- (vii). Rent due for a portion of the Building let Rs 150
- (viii). A bill receivable for Rs 500 was discounted in December, 2008 but was not due till January 2009.

Question No. 4

Ms. Affaf finds excess debit of Rs 800 in the trial balance. She places the difference to a newly opened suspense account to balance the trail balance. Later she discovers the following discrepancies.

- (a) An item of Sale for Rs 5, 900 was posted to the sale a/c at 9, 500.
- (b) The total of the sales returns book has been added Rs 100 short
- (c) An amount of Rs 3, 700 received from a customer has been credited to his account as Rs. 7, 300.
- (d) Rs. 150, 000 paid for purchase of building has been charged to the ordinary purchase account.
- (e) A sum of Rs 9, 500 written off from building a/c as depreciation has not been posted to depreciation a/c.
- (f) An amount received from a debtor of Rs. 9.700 has been debited to his account as Rs. 7, 900.

Required: Give the rectifying entries and prepare the Suspense Account. State also the ultimate effect of these correcting entries on the profit of the business.

Question No. 5

Suleman keeps his books on single entry system. His statement of Assets and Liabilities as on 31st December 2007 is as follows:

Assets	Rs	Liabilities	Rs
Land and buildings	40,000	Sundry creditors	130,
Furniture & fixtures 200	6,000	Loan from money Lender	113,
Plant & machinery 800	110,000	Other liabilities	26,
Stock	18,400		
Sundry debtors	151,000		
Cash	16,600		
	342,000		
	270,000		

His drawings during the year amount to Rs.6000. land and building are to be depreciated by 2%, furniture and fixture by 10% and plant and machinery by 10%. Sundry debtors are to be reduced by 2%. He has used Rs. 1600 worth of stock of his business for private purposes. During the year 2007 he sold some of his household furniture for Rs. 2000 and paid this into his business bank account. His capital at beginning of the year was Rs. 60,000.

Draw up his statement of profit and loss of the year ended 31st December 2007.

Question No. 6

The partnership of A, B and C who are sharing profits and losses in the proportion of 4/9, 2/9 and 1/3 is dissolved on 1st April 2005. Their balance sheet of 31st March was as follows:

Assets Rs	Rs	Liabilities	Rs
Cash in hand	1,500	Sundry creditors	4,500
Cash at bank	2,250	Bills payable	2,050
Bills Receivable	2,800	A' s loan	2,000
Investments	12,000	Capitals A : 34,000 B : 23,000 C : 1,500	58,500
Debtors	15,500		
Stock	9,700		
Furniture	1,850		
Machinery	7,500	Reserve fund	6,300
Stock	9,700	Profit and loss	2,250
	75,600		75,600

The assets realized – investment 15% less, Bills receivable and debtors Rs. 14, 100, Stock 25% less, Furniture Rs. 1, 025, Machinery Rs. 4, 300 and Buildings Rs. 13, 200. The cost of realization was Rs.300. All the liabilities were paid off. C becomes bankrupt and Rs. 512 only is received from his estate full settlement of his indebtedness to his indebtedness to the firm. Partners are paid off.

Show the realization account and capital accounts of the partners:

- (i) When capitals of the partners are fixed amounts and
- (ii) When the capitals are not fixed.

Question No. 7

Discuss in details the following accounting concepts:

- Separate entity concept
- Dual aspect' concept
- Matching concept
- Going concern concept
- Cost concept

Question No. 8

Define worksheet. Explain its various columns. Elaborate its importance in the modern accounting?