

**Question Paper 2015**

**Time : 3 Hours**

**Marks: 100**

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

**Q. 1 Ali, Murtaza and Mujtaba are the debtors and creditors of each other. They drew the bills in the following manner.**

- Ali drew on Murtaza for Rs. 15000 and on Mujtaba Rs. 12000
- Murtaza drew on Ali for Rs. 18,000 and on Mujtaba Rs. 10,000
- Mujtaba drew on Ali for Rs. 24,000 and on Murtaza Rs. 12000

All the bills were discounted at 10% .All the bills were paid on due date. Show entrien in the books of Ali, Murtaza and Mujtaba.

**Q. 2 From the following particulars prepare the bank reconciliation statement of Mr. Mujtaba Rehan at 31<sup>st</sup> October 2014.**

- Bank overdraft as per cash book Rs 3500
- Cheques issued but not encased during the year Rs 2200
- Bank charges not recorded in the cash book Rs 150
- Cheques deposited as per bank statement not entered in the cash book Rs. 950
- Club dues of Mr. Mujtaba paid by bank as per standing instruction not recorded in the cash book Rs. 100
- Cheques issued by Mr. Mujtaba dishonored Rs. 1200

**Q.3 . The following trial balance is extracted from the books of Behzad and CO ON 31<sup>ST</sup> March 2014. You are required to prepare trading and profit and loss a/c and balance sheet as on that date:**

Details	Debit	Credit
Drawings	30,000	
CAPITAL		372,000
Purchases and Purchase return	450,600	
Stock on 1.4.2013	138,000	
Cash in hand	10,380	
Bank Balance	67,800	
Plant and Machinery	115,800	
General Expenses	2,520	
Printing Charges	4,920	
Accounting Fee	840	
Commission		9,900
Investment purchased on 1.4.2013	12,000	
Interest received on investment		600
Sundry Debtors and creditors	108,000	89,010
Wages	75,000	
Salaries	42,000	
Income tax	4,800	
Discount Allowed and received	18,900	13,800
Sales returns and sales	1,650	626,850
Bill Receivable	9,600	
Furniture	9,150	
Rent and Rates	12,000	
	<b>1,113,960</b>	<b>1,113,960</b>

**The following adjustments are to be made:**

- Charge interest on CAPITAL AT 5% p.a and 3% on drawings.
- Stock on 31.3.2005 is Rs. 156000
- Provide Rs. 15,000 for wages.
- Accrued rent is Rs. 1500
- Charge 5% Depreciation on plant and machinery and 10 % on Furniture
- Insurance to the amount of Rs.600 relates to next year.

**Q. 4 A trader by preparing his trial balance found Rs 780 excess debit and transferred it to the suspense are later he found the following errors .**

- A. The total of the sales book Rs. 3,480 had not been posted to the sales A/C\
- B. Sales of old furniture for Rs. 2400 were entered in the sales book.
- C. Commission a/c balance (Dr.) Rs. 2430 was not transferred to the trial balance.
- D. Purchase made from Ali stores for Rs 2250 had been forgotten to enter in the books .
- E. Cash paid to Rehan Rs. 3520 was posted to his a/c Rs. 3250.
- F. Goods sold to A for Rs. 1250 posted in B's account.

Pass the journal entries to rectify them and prepare the suspense account. Also show the effects on profit. Before rectification of errors the profit was Rs. 53790.

**Q.5 Murtaza is not writing his books properly. From the following information prepare a statement showing profit and loss and statement of affairs for the year ending 30<sup>th</sup> June 2014**

Details	1-7-2013	30-6-2014
Cash in hand	900	2800
Debtors	22800	21400
Creditors	31200	28400
Stock	33400	37400
Bill receivables	30500	28800
Bank overdraft	40800	39200
Motor van	4200	4200
Furniture	3400	3400

Drawing Rs. 4800, depreciate furniture 10%, Write off Rs. 800 on motor van. Provide Rs.1000 as bad debts and 5% as reserve on debtors. Provide reserve of Rs. 1600 on bill receivables.

**Q.6 The following in the receipts and payment of Murtaza foundation hospital for the year ending 31<sup>st</sup> December 2014.**

Details	Rs.	Details	Rs.
<b>Opening Balances:</b>		<b>Payments:</b>	
Cash	500	Furniture Purchased	100
Bank	8,000	Salaries	23,000
Govt. Securities	180,000	Instruments Purchased	500
		Diet Expenses	2,000
		Surgery and dispensary	1,000
<b>Receipts:</b>		Rent and taxes	500
Subscription	25,000	Insurance	200
		Office expenses	700
Interest	9000	Misc Expenses	100
Donation for charity fund	4000		
Miscellaneous	300	<b>Closing balances:</b>	
		Bank	18000
		Cash	700
		Govt. Securities	180000

**Requirement:**

You are asked to prepare the income and expenditure account for the year and the balance sheet as on 31<sup>st</sup> December 2014. The other assets on 1<sup>st</sup> January 2014 were: Furniture Rs.2000; Land Rs. 50000; Building Rs. 150,000; Instruments Rs.3500. The govt securities of the face value Rs. 200,000 (Cost 180,000) represent investment of the 2013 endowment fund. The subscription received includes 10,000 for the year 2013 but Rs.7000 is outstanding for 2014. Salaries paid include Rs. 1,000 for 2013 but Rs. 1500 is payable for 2014. Interest received includes Rs. 2000 for 2013 but Rs. 2,300 is outstanding for 2014.

**Q. 7 Irtaza and Murtaza were partner in a firm sharing profit equally. Their Business position as on 30<sup>th</sup> June 2014 is as follows:**

<b>Assets</b>	<b>Rs.</b>	<b>Liabilities</b>	<b>Rs.</b>
Cash in hand	150	Sundry Creditors	6,000
Stock	3,600	Bank overdraft	1,500
Sundry Debtors	6,200	Irtaza's Capital	2,100
Furniture	600	Murtaza's Capital	1,600
Investments	650		
	<b>11,200</b>		<b>11,200</b>

**It is agreed to take Mujtaba into partnership and to make the following adjustments.**

- a) Bad debts are to be written off for Rs.1,600
- b) Value of furniture is to be reduced to Rs.400
- c) Depreciate stock at 10%
- d) Write off 20% on investment
- e) Raise Goodwill for Rs.1000

**Mujtaba introduced Rs.1000 as capital for his 1/3<sup>rd</sup> share. Other partner's capital should be adjusted according to new partner's capital.**

**Q. No.8** Define bill of exchange. Discuss its features and types.