

Question Paper 2016

Time:3Hours

Marks: 100

Note: Attempt any five questions. All questions carry equal marks. Attempt at least two Questions from each section.

Q.1 On 1st January, 2015 Mr. Irtaza sold goods to Mr. Murtaza for Rs.60,000. Murtaza paid Rs. 12,000 in cash and accepts three bills for balance. The first bill for Rs. 14,000 at 1 month, the second for Rs. 16,000 at two months and the third for Rs. 18,000 at three months.

Irtaza endorsed first bill to Behzad his creditor on 2nd January in full settlement of Rs. 14,200:

Discounted the second 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. 100 being paid as nothing charges.

Irtaza charges Rs. 300 for interest and draw on Murtaza a fourth bill for the amount at three months.

At maturity the third bill was renewed with the interest of 10% p.a for three months

The fifth bill was duly accepted by Murtaza.

The fourth and fifth bills were met on maturity.

REQUIRED:

Give Journal entries in the books of Irtaza and prepare Murtaza's account in Irtaza's books.

Q2. Prepare a Bank Reconciliation statement as on 31st December, 2005 from the following particulars

- (i) Bank balance as per the Cash Book on 31st December 2005, Rs. 57,000.
- (ii) Cheques for Rs. 7,000 deposited for collection but not credited by the bank prior to 31st December 2005.
- (iii) Cheques amounting to Rs. 18,000 were issued on 28th December, out of

which cheques for Rs. 15,000 were cashed up to 31st December, 2005.

- (iv) A wrong debit of Rs. 700 appeared in Pass Book.
- (v) Bank charges Rs. 420 appeared in the Pass Book but not in the Cash Book.
- (vi) Interest on investment collected by the bank not yet recorded in the Cash Book Rs. 2500

Q.3 The following balances are obtained from the books of Mr. Salman as on 31st December, 2012 and 31st December, 2013:

	31-12-2012 Rs.	31-12-2013 Rs.
Sundry creditors	110,000	75,000
Furniture and fixture	46,000	63,000
Office equipment	48,000	47,700
Outstanding expenses	2,500	5,880
Motor Truck	47,000	37,600
Cash at bank	45,000	38,000
Sundry debtors	80,000	85,000
Stock in trade	25,000	37,500
Bills payable	9,000	5,000

The following information is relevant for the year 2013.

- (a) Cash drawings during the year amounted to Rs. 15,000 and goods costing Rs. 6,000 were taken by Mr. Salman for his personal use.
 - (b) One sales invoice amounting to Rs. 5,000 dated 1-10-2013 was omitted in books.
 - (c) Write off 6% from sundry debtors.
- You are required to show by means of a statement as to how would you arrive at the Net Profit for the year ended 31st December, 2013.

Q4. Following is the Trial Balance of Sialkot Trading Co. as on 31st December, 2009. You are required to prepare the trading and profit and loss A/c of the business for the year ending 31st December, 2009 and Balance Sheet as at that date:

	Debit Rs.	Credit Rs.
Opening stock	30,000	
Purchases and Sales	120,000	300,000
Sundry debtors and creditors	90,000	19,500
Plant and machinery	105,000	
Freehold premises	72,000	
Bills receivable	6,000	
Salaries	15,000	
Wages	18,750	
Carriage inward	975	
Carriage outward	1,125	

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Printing and stationary	1,200	
Bad debts	1,500	
Provision for bad debts		675
Trade expenses	2,250	
Cash at bank	9,000	
Cash in hand	750	
Capital		150,000
Bills payable		4,875
Insurance	1,500	
	475,050	475,050

ADJUSTMENTS:

- (1) Outstanding wages Rs. 1,500.
- (2) Prepaid insurance Rs. 600.
- (3) Write off depreciation at 5% on machinery.
- (4) Create provision for discount on creditors at 3%.
- (5) Bad debts provision to be adjusted to 2% on debtors.
- (6) Allow interest on capital at 5%.
- (7) Closing stock valued at Rs. 45,000.

Q.5 Waqas Jamil, Dilber Hussain and M. Usman trading in partnership and sharing profit and losses in the proportion of $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively agree to take Irtaza in to partnership on the following terms.

- (a) Irtaza should be given $\frac{1}{4}$ share and should bring Rs. 10,000 as goodwill and 1,28,000 as capital.
- (b) A reserve for bad and doubtful debts should be created at 5%.
The value of the land and building should be brought up to 620,000.
- (c) Stock should be taken at Rs. 2,61,000.
- (d) Machinery should be revalued at Re. 61,600.

The following is the balance sheet of the firm of the Waqas Jamil, Dilbar Hussain and M. Usman on the data of Irtaza admission.

Balance Sheet as on 31-12-2015

Assets	Rs.	Liabilities	Rs.
Cash in hand	8,000	Sundry creditors	38,000
Debtors	252,000	Partners' capital:	
Stock	290,000	Waqas Jamil :	570,000
Machinery	70,000	Dilbar Hussain :	320,000
Land and building	480,000	M. Usman :	<u>160,000</u>
		Reserve fund	12,000
Total	11,00,000		11,00,000

REQUIRED:

Pass journal entries in the books of new firm keeping these arrangements in view and

Show the necessary accounts, balance sheet of the newly constituted firm and new Profit sharing ratio.

Q.6 Amir and Babar share profits in the proportion of 3/4th and 1/4th. The balance sheet on 31st December, 2004 was as follows:

Assets	Rs.	Liabilities	Rs.
Cash at bank	45,000	Sundry creditors	83,000
Bills receivable	6,000	Amir's capital	60,000
Debtors	32,000	Babar's capital	32,000
Stock	40,000		
Furniture	2,000		
Buildings	50,000		

On 1st January, 2005 Jamal was admitted in to partnership on the following terms.

- (a) That Jamal pays Rs. 20,000 as his capital for a 5th share.
- (b) That Jamal pays Rs. 10,000 for goodwill. Half of this sum is to be withdrawn by Amir and Babar.
- (c) That the capitals of Amir and Babar be adjusted on the basis of Jamal's Capital.
- (d) That stock and fixture to be reduced by 10% and a 5% provision is created for doubtful debts on debtors and bills receivable.
- (e) That value of buildings be appreciated by 20%
- (f) That an item of Rs. 650 included in creditors is not likely to be claimed and hence should be written back.

REQUIRED:

Prepare revaluation account, capital accounts and give balance sheet of the new firm.

Q.7 The following Receipts and Payments Account of a Model Town Literary Society for the year ended 31 December 2013. You are required to prepare an income and expenditure account and Balance Sheet as on that date:

Receipts	Amount Rs.	Payments	Amounts Rs.
Balance b/d	500	Rent and Taxes	1,000
Subscriptions	10,000	Wages	500
Entrance Fees	1,500	Lighting charges	250
Life membership fees	3,000	Lecture's fee	1,000
Donations	1,000	Books	1,500
Interest on investment	100	Office expenses	2,000
Receipts from lectures	3,000	Fixed deposit on 1.7.2013 @	10,000
		10%	2,00
		Furniture	50
		Cash in hand	800
		Cash at bank	

At the beginning of the year the society had the following assets: Books Rs. 4,000; Furniture Rs. 1,000; Investment Rs. 1,000, Subscriptions Receivables at the beginning of the year was Rs.1,000 and at the end of the year was Rs. 500. Rent is outstanding for six months Rs.500 both at the beginning and at the end of the year Capitalize Entrance Fee and Life Membership Fee. Depreciate Furniture Rs.300 and Book Rs.100. Interest on fixed deposit was not yet received.

Q.8 Rectify the following errors by passing Journal Entries:

- a) An amount of Rs. 800 paid for installation of machinery was debited to the wages A/c.
- b) Salaries paid Rs. 850 were debited to the salaries to the salary's A/c Rs. 580.
- c) Good sold to Murtaza for Rs. 7,000 were debited to Mujtaba A/c.
- d) A bill of Rs. 5,000 paid for owner's personal use was wrongly debited to trade expenses A/c.
- e) Rs. 51,214 received from Ali whose account had already been written off as bad debts were credited to his account.
- f) Goods purchased for Rs. 4,000 from Basharat Ali were recorded in the sales book.
- g) A sale Rs. 7,000 to Mr. Jawad was wrongly passed through the purchases book.
- h) A sale of Rs. 14,000 to Kashaf Batool was wrongly passed through the purchases Return book.