



UNIVERSITY OF THE PUNJAB

PART - I S/2015
Examination:- B. Com.

Roll No.

Subject: Financial Accounting
PAPER: BC-304

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

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

Q. 01. For mutual accommodation, A draws a bill on B for Rs. 10,000 at two months which is accepted by B. On the same date B draws a bill on A for a similar amount at two months. Both the parties get their bills discounted by their respective banks at 12% p.a. On the due date A met his acceptance but B failed to meet his acceptance.

Required: Give journal entries in the books of A and B.

Q. 02. Prepare a Bank Reconciliation statement as on 31st December, 2005 from the following particulars.

1. Bank balance as per the Cash Book on 31st Dec. 2005, Rs. 48,020.
2. Cheques for Rs. 16,000 deposited for collection but not credited by the bank prior to 31st December, 2005.
3. Cheques amounting to Rs. 18,000 were issued on 28th December, out of which Cheques for Rs. 16,000 were cashed up to 31st December, 2005.
4. A wrong debit of Rs.1,800 appeared in Pass Book.
5. Bank charges Rs. 220 appeared in the Pass Book but not in the Cash Book.
6. Interest on investment collected by the bank not yet recorded in the Cash Book Rs. 12,000.

Q. 03. A trader by preparing his trial balance found out Rs. 780 excess debit and transferred it to the suspense account. Later he found the following errors.

- a) Commission account balance (Dr.) Rs. 2,430 was not transferred to the trial balance.
- b) The total of sales book Rs. 3,480 had not been posted to the sales A/c.
- c) Sale of old furniture for Rs. 2,400 was entered in the sales book.
- d) Purchases made from Azam stores for Rs. 2,250 had been forgotten to enter in the books.
- e) Cash paid to Ahmad Rs. 3,520 was posted to his account as Rs. 3,250.
- f) Goods sold to A for Rs. 1,250 posted in B's account.

Required:

1. Pass the rectifying entries.
2. Prepare suspense account.

Q. 04. From the following Trial Balance of Bilal & Company, You are required to prepare Trading and Profit and Loss A/c for the year ending 31st December, 2005 and a Balance Sheet as at that date.

Details	Rs.	Rs.
Land and Building	170,000	
Plant and Machinery	80,000	
Furniture and Fixture	26,000	
Opening Stock	80,600	
Drawings and Capital	64,000	280,000
Purchases and Sales	220,000	408,000
Debtors and Creditors	60,800	48,000
Returns	12,000	10,000
Loan from Bank on 1.10.2005 @ 12% p.a		80,000
Wages and Salaries	53,000	
Printing and Stationary	6,200	
Bad Debts	8,400	
Provision for doubtful debts		6,750
Cash at Bank	51,750	

Adjustments:

1. Closing stock was valued at 150,000.
2. Depreciate, land & building at 2.5%, plant & machinery at 10% and furniture and fixture at 5%.
3. Write off Rs. 7,200 as bad debts from debtors.
4. Maintain Reserve for doubtful debts at 8 %.

P.T.O.

Q. 05. Shakeel not writing his books properly, from the following information prepare a statement showing profit or loss and statement of affairs for the year ending 31st December, 2010.

Details	31 st Dec. 2009	31 st Dec. 2010
Cash in hand	Rs 900	Rs 2,800
Debtors	22,800	21,400
Creditors	31,200	28,400
Stock	33,400	37,400
Bills Receivable	30,500	28,800
Bank overdraft	40,800	39,200
Motor Van	4,200	4,200
Furniture	3,400	3,400

Drawings Rs. 4,800; Depreciate furniture at 10%; write off Rs. 800 on motor van. Provide Rs. 1,000 as bad debts and 5% as reserve on debtors. Provide reserve of Rs. 1,600 on Bills receivable.

Q. 06. The following is the receipts and payments accounts of Young men's Society for the year ending 31st December, 2005.

Receipts	Rs.	Payments	Rs.
Balance 1.1.2005	3,485	Books	6,150
Entrance Fees	650	Printing and stationery	465
Donations	6,000	Newspapers bill	1,110
Subscriptions	8,565	Sports Material purchased	5,000
Interest on Investment	200	Repairs	650
Sale of furniture (face value 2,000)	1,685	Investments	2,000
Sale of old papers	465	Furniture	2,000
Receipts from recreations	865	Salaries	1,500
Miscellaneous receipts	125	Balance 31.12.2005	3,165

Capitalize entrance fees and Donations. Depreciation on sports material is 20%.

Required: You are required to prepare Income and Expenditure Accounts for the year ending 31st December, 2005 and Balance Sheet as on that date.

Q. 7. A and B are partners in a firm sharing profits and losses as 5:3. The position of the firm as on 31st March, 2011 is as follows:

Assets	Rs.	Liabilities	Rs.
Plant and Machinery	40,000	Capital Accounts:	
Stock	30,000	A 30,000	
Sundry Debtors	20,000	B <u>20,000</u>	50,000
Bills Receivable	10,000	Sundry Creditors	15,000
Cash at Bank	7,500	Bank overdraft	42,500

C now joins them on condition that he will share $\frac{3}{4}$ th of the future profits, the balance of profits being shared by A and B as 5:3. He introduces Rs. 40,000 by way of capital in cash and pays off the overdraft. He also pays Rs. 4,000 by way of premium for goodwill of the business and this amount is to remain in business. The partners agree to depreciate plant by 10% and raise a reserve against Sundry debtors by 5%.

Required: You are asked to journalize the entries in the books of the firm and the resultant balance sheet and also show how will the partners share future profits?

Q. 8. Define the following terms:

- Matching Concept.
- Separate Entity Concept.
- Trade Discount.
- Going concern concept.
- Accrual system of Accounting.
- Error of Commission.
- Revaluation Account.
- Goodwill
- Compensating Errors.
- Contingent liabilities.