



# UNIVERSITY OF THE PUNJAB

PART – II S/2014  
Examination:- B. Com.

Roll No. ....

Subject: Advance Financial Accounting  
PAPER: BC-401

TIME ALLOWED: 3 hrs.  
MAX. MARKS: 100

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

Q.1. Nauman Co. LTD. presents the following balance sheet as on 31<sup>st</sup> December 2013.

Liabilities	Rs.	Assets	Rs.
Authorized Capital	20,00,000	Fixed Assets:	
Issued & Paid Up:		Plant and Machinery	880,000
9000 shares of Rs. 100 each	900,000	Furniture	100,000
Reserves:		Current Assets:	
Reserve fund	350,000	Stock	400,000
Share Premium	50,000	Debtors	110,000
Profit & Loss A/c	120,000	Bills Receivable	20,000
		Bank	85,000
<b>Current Liabilities:</b>			
Sundry Creditors	95,000		
Provision for taxation	80,000		
	15,95,000		15,95,000

The company purchases fresh machinery for Rs. 125,000 for which it pays Rs. 25,000 by cheque and allots shares of Rs. 100 each at a premium of Rs. 25 per share for balance amount to vendors. The company then issues one bonus shares for every four shares held at present. For the purpose of bonus the balance in profit & Loss account and reserve funds are used to the necessary extent.

You are required to pass journal entries for the above arrangements and redraft the company's balance sheet.

Q.2. Akram of Lahore consigned 500 radio sets costing Rs.1000 each to Bilal of Sialkot on 1<sup>st</sup> March 2013. The expenses on consignment were freight Rs. 5000, insurance Rs. 2,500, carriage Rs. 500.

Bilal received the delivery of 470 radio sets. An account sale dated 30<sup>th</sup> June, 2013 showed that 395 sets were sold for Rs. 750,000 and Bilal incurred Rs. 2,350 for carriage; Rs. 6,000 for godown rent. Bilal was entitled to a commission @ 6% on sales. Bilal incurred expenses amounting to Rs. 2,800 for repairing the damaged radio sets remaining in the stock.

Mr. Akram lodged a claim with insurance company which was admitted at Rs 22,500.

Show the necessary accounts in the Books of Akram.

Q.3. What documents are to be filed with the registrar of company for obtaining a certificate of incorporation?

Q.4. The Salman Ltd. Co. with an authorized capital of Rs. 3,00,000 divided into 30,000 shares of Rs. 10 each. The company issued 25,000 shares, which are fully paid. The following is the Trial Balance extracted from company's Account as on December 31, 2013.

	Debit Rs.	Credit Rs.
Sales		4,00,000
Carriage	11,500	
Purchases	2,60,000	
Insurance & Paid-Up Capital	3,000	
Rent	5,000	
Issued & Paid Up Capital		2,50,000
General Expenses	6,900	
Debtors	40,000	
Advertisement	500	
Salaries	25,000	
Bad Debts	1,600	
Plant & Machinery	90,500	
Equipment	1,00,000	
Furniture	60,000	
Profit & Loss (Cr.)		8,000
Provision for Bad Debts		2,400
General Reserve		10,000
Stock (1-1-2013)	45,000	
Cash in Hand & at Bank	31,000	
Sundry Creditors		9,600
	6,80,000	6,80,000

(P.T.O.)

**Adjustments:**

1. Closing Stock is Rs.1,17,500.
2. Insurance of Rs.300 is paid in advance.
3. Depreciation is to be charged @ 10% on Plant & Machinery and Equipments and 5% on Furniture.
4. Rent of 270 is outstanding.
5. Debtors of Rs. 400 write off now and create a further provision @5% on remaining Debtors.
6. The directors proposed the following:
  - a) Transfer to provision for income tax Rs.50,000.
  - b) Transfer to general reserve Rs.25,000.
  - c) A dividend of Rs. 25,000 is proposed.

You are required to prepare trading and profit & Loss A/c for the year ended 31<sup>st</sup> December, 2013 and Balance sheet as on that data.

Q.5. Raza Ltd. purchased a machine on hire purchase from Messers Ashar Ltd. on 1<sup>st</sup> January 2013. The following are the particulars of the hire-purchase agreement:

- i. Cash Price of machine Rs 1,00,000.
- ii. Rate of interest 10% p.a.
- iii. No Cash down Payment.
- iv. Hire Purchase price was to be paid in 3 annual installments of equal value, the first installment becoming due and payable on 31-12-2013.

**Required:** Prepare Hire vendor Account in the Books of Raza Ltd. for three years.

Q.6. The Trading and Profit and Loss Account of Kashif Electronics for the year ending March 31, 2013 is as under:

Purchases:	Rs.	Sales:	Rs.
Transistors (A)	1,60,000	Transistors (A)	1,75,000
Tape Records (B)	1,25,000	Tape Records (B)	1,40,000
Spare parts for servicing & repair jobs (C)	80,000	Servicing and repair Jobs(C)	35,000
Wages	48,000	Stock 31-3-13	
Rent	10,800	Transistors (A)	60,100
Sundry Expenses	11,000	Tape Records (B)	20,300
Nct Profit	40,200	Spare Parts for servicing and repair Jobs (C)	44,600
	4,75,000		4,75,000

Prepare Departmental Accounts for each of the three Department A,B and C mentioned above after taking into consideration the following:

- i. Transistors and tape Recorders are sold at the showroom. Servicing and repairs are carried out at the workshop.
  - ii. Wages comprise: showroom 3/4. Workshop 1/4. The wages of showroom to be divided between department A & B in the ratio of 1:2.
  - iii. The workshop rent is Rs. 500 per month. The rent of the showroom is to be divided equally between Department A & B.
  - iv. Sundry Expenses are to be allocated on the basis of the turnover of each department.
- Q. 7. Sunlight Building Ltd began their business on 1<sup>st</sup> January, 2012. During 2012 the company was engaged on only contract of which the contract price was Rs. 500,000. Of the plant and materials charged to the contract, Plant which cost Rs. 5,000 and Materials which costs Rs. 4,000 were lost in an accident. Materials costing Rs. 2,500 were damaged and disposed off for Rs. 600.

On 31<sup>st</sup> December, 2012 plant which cost Rs. 3,000 was returned to the store, the cost of work done but uncertified was Rs. 20,000 and materials costing Rs. 5,000 were in hand on site.

Charge 10% depreciation on Plant.

**Trial Balance**

December 31, 2012

	Rs.	Rs.
Share Capital		120,000
Creditors		10,000
Cash received on contract (80% of work certified)		200,000
Land, Building etc	43,000	
Bank Balance	25,000	
Charged to Contract:		
Materials	90,000	
Plant	25,000	
Wages	140,000	
Expenses	7,000	
	330,000	330,000

**Required:** Prepare Contract Account and Balance Sheet.

Q. 8. What are different modes of winding up of company?