



UNIVERSITY OF THE PUNJAB

B.Com. Part – II 2nd Annual Exam – 2019

Roll No.

Subject: Advanced Financial Accounting

Paper: BC-401

Time: 3 Hrs. Marks: 100

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

Question #1:

A merchant of Mirpur has branch at Muzaffarabad to which he charges out the goods at cost plus 25%. The Muzaffarabad Branch keeps its own sales ledger and transaction cash received to head office every day. All expenses are paid from head office. The transactions for balances were as follow:

Particulars	Rs.	Particulars	Rs.
Stock 1-1-2010	22000	Bad debts	600
Debtors 1-1-2010	200	Allowances to customers	500
Petty cash 1-1-2010	200	Return inward	1000
Cash sales	5300	Cheques sent to branch:	
		Rent	1200
		Wages	400
		Salary and other expenses	1800
Goods sent to branch	40000	Stock 31-12-2010	26000
Collection on Ledger Account	42000	Debtors; 31-12-2010	4000
Goods return to head office	600	Petty cash	250

Required: Prepare the Branch Account and Debtor Account for the year ended 31-12-2010.

Question #2:

What are the conditions, compliance of company's ordinance 1984 for the "Formation of a Public Limited Company"?

Question # 3

What journal entries is made in the following cases? Also prepare balance sheet for each.

- A company issued Rs 900,000 6% debenture at par redeemable at par.
- A company issued Rs 900,000 6% debenture at 10% discount redeemable at par.
- A company issued Rs 900,000 6% debenture at 5% premium redeemable at par.
- A company issued Rs 900,000 6% debenture at par redeemable at 10% premium.
- A company issued Rs 900,000 6% debenture at 10% discount redeemable at 5% premium.

Question #4:

Write short answers of the following:

- 1- Define Unissued Capital
- 2- Define Debentures Redemption
- 3- Define Current Ratio
- 4- Define Dividend Warrant.
- 5- Define Grossing Up
- 6- Who Is Consignor?
- 7- Define Dissolution of Company
- 8- Define Bad Debt Reserve
- 9- Define Inventory Turnover Ratio.
- 10- Define Hire Purchase System

Question #5:

A balance Sheet of Salman Limited on December 31, 2013 was as follows:

Liabilities	Rs.	Assets	Rs.
Share Capital:		Sundry Assets	600,000
25,000 shares @ Rs.10 each	250,000		
Reserve Fund	110,000		
Profit & Loss Account	70,000		
Long Term Debts	170,000		
	600,000		600,000

The company decided to pay off long term debts by issuing ordinary shares of Rs.10 each at Rs.12.5 each. It further decided to issue bonus shares @ 40% of share capital. For this purpose, to utilize profit & loss account and balance out of reserve fund.

Required: Make necessary Journal entries to give effect to the recommendations of Board of Directors and show how they would affect the balance sheet.

Question #6:

On 1st January, 2013 Mujahid & Co., acquired a machine on Hire Purchase from Punjab Company on The terms of the agreement: The cash price of the machine was Rs. 200,000 and Rs 80,000 were to be paid on the signing of the agreement. The balance was to be paid in annual installment of Rs. 40,000 plus interest. While Interest was 10% per annum. Depreciation at 20% per annum is to be written off on the Straight-Line Method.

Required: Show the accounts in the books of Mujahid & Co. and Machinery Account in the balance Sheet of the purchaser as at 31st December 2014

Question #7:

The under mentioned balances appeared in the books of Saudi Co. Ltd. As on 31st December 2015

Particulars	Rs.	Particulars	Rs.
Stocks	172,058	Authorized and issued capital:	
Book debts	223,380	(60,000 shares of Rs. 10 each)	600,000
Investments	288,950	General reserve	250,000
Depreciation reserve	71,000	Unclaimed dividends	6,526
Cash balance	72,240	Trader creditors	36,858
Directors fees	1,800	Buildings	100,000
Interim dividend	15,000	Purchases	500,903
Interest (Cr)	8,544	Sales	983,947
Profit and loss account 1-1-2015	16,848	Manufacturing expenses	359,000
Staff provided fund	37,500	Establishment	26,814
		General charges	31,078
		Machinery	200,000
		Motor vehicles	15,000
		Furniture	5,000

From these balances and the following information Prepare The Company's Balance Sheet as on 31st December 2015 and Its Profit And Loss Account for the year ended on that date

- 1) The closing stock on 31st December were valued at Rs. 148,680
- 2) Provide Rs.10000 for depreciation of block and Rs. 1500 for the company's contribution to the staff fund
- 3) Interest accrued on investment amounted to Rs. 2750
- 4) Establishment includes Rs. 6000 paid to the manager who is entitled to remuneration @ 5% of profit ascertained to a minimum of Rs.10000 p.a.

Required: Make the Profit and Loss Account and Balance Sheet for the year 2015

Question #8:

Punjab Ltd. Faisalabad is contractor for the construction of a pier for the Seafront development Company. The value of the contract is Rs. 300,000 and payment is by engineer's certificate subject to a retention of 10% of the amount certified; this is to be held by the Seafront Development Company for six months after the completion of the contract.

Wages on site	Rs 41,260
Material delivered by supplier	58,966
Material from store	10,180
Hire of plant	21,030
Expenses charged	3,065
Overhead charged	8,330
Closing material	11,660
Work certified	150,000
Work uncertified	12,613
Payment received	135,000
Wages accrued on 30 September 2002	2,826

Material costing Rs. 3384 was damaged and had to be disposed of for Rs. 884

Required: Prepare contract Account and work in progress Account in the Book of contractor, also shows the relevant items as would appear in the Balance sheet.