

## QUESTION NO. 1

## Journal

Date	Particulars	L.F.	Debit Rs.	Credit Rs.
	Share premium A/c General reserve A/c (w-1) Profit & loss appropriation A/c (w-1) To bonus to shareholders A/c (Declaration of bonus out of share premium, general reserve and profit & loss A/c)		100,000 200,000 200,000	500,000
	Bonus to shareholders A/c To share capital A/c (Issuance of bonus shares at par)		500,000	500,000
	TOTAL		1,000,000	1,000,000

**Safdar Company Ltd.**  
**Balance Sheet**  
As on 31<sup>st</sup> December 2011

Capital & Liabilities	Rs.
<b>Authorized Share Capital:</b> 400,000 ordinary shares of Rs. 10 each	4,000,000
<b>Issued, Subscribed &amp; Paid up Capital:</b> 150,000 ordinary shares (w-2) of Rs. 10 each Share premium (200,000 – 100,000) General reserve (600,000 – 200,000) Profit & loss A/c (350,000 – 200,000)	1,500,000 100,000 400,000 150,000

**WORKINGS:****(w-1) Calculation of Bonus Shares:**

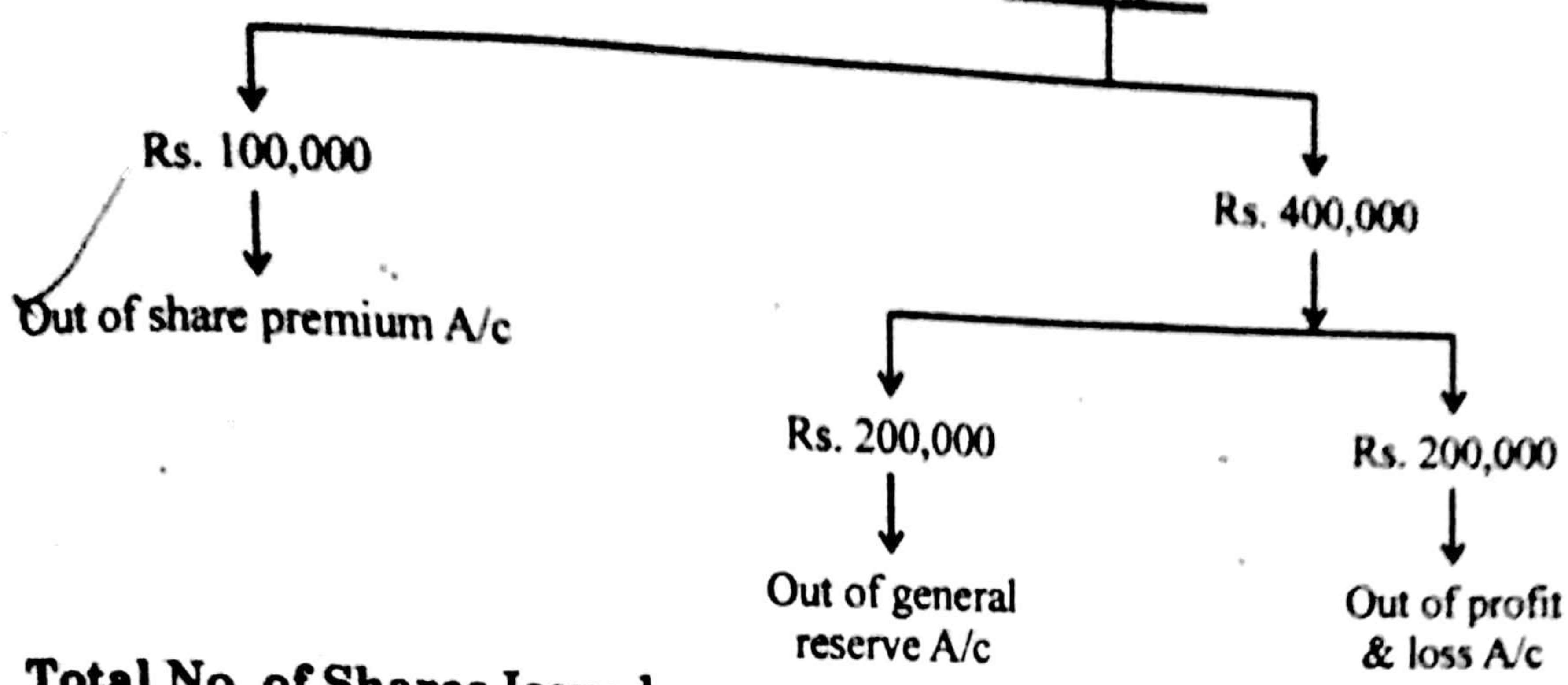
Old No. of shares = 100,000 shares

Ratio = Old shares held : New bonus shares  
= 2 : 1

New No. of bonus shares =  $100,000 \times \frac{1}{2} = 50,000$  shares.



Total amount of bonus = 50,000 x 10 = Rs. 500,000



(w-2) **Total No. of Shares Issued:**  
 Old No. of shares issued =  
 Add: New No. of bonus shares =

Shares
100,000 ✓
50,000 ✓
<u>150,000</u>

**QUESTION NO. 2**

**Interest Table**

Date	Cash Price Rs.	Installments		
		Principal Amount Rs.	Interest Rs.	Total Rs.
01-01-01	20,000			
Less: Paid down payment on 01-1-01	8,000	8,000	-	8,000
	12,000			
Less: 1 <sup>st</sup> installment paid on 31-12-01	4,000	4,000	1,440	5,440
	8,000			
Less: 2 <sup>nd</sup> installment paid on 31-12-02	4,000	4,000	960	4,960
	4,000			

**Books of Hire Vendor  
Hire Purchaser Account**

Date	Particulars	J.F	(Rs.)	Date	Particulars	J.F	(Rs.)
01-01-01	To sales A/c		20,000	01-01-01	By cash A/c		8,000
31-12-01	To interest A/c		1,440	31-12-01	By cash A/c		5,440
				"	By balance c/d		8,000
			21,440				21,440
01-01-02	To balance b/d		8,000	31-12-02	By cash A/c		4,960
31-12-02	To interest A/c		960	"	By balance c/d		4,000
			8,960				8,960



**Books of Hire Purchaser  
Hire Vendor Account**

Date	Particulars	J.F	(Rs.)	Date	Particulars	J.F	(Rs.)
01-01-01	To cash A/c		8,000	01-01-01	By machinery A/c		20,000
31-12-01	To cash A/c		5,440	31-12-01	By interest A/c		1,440
"	To balance c/d		8,000				
			21,440				21,440
31-12-02	To cash A/c		4,960	01-01-02	By balance b/d		8,000
"	To balance c/d		4,000	31-12-02	By interest A/c		960
			8,960				8,960

**Machinery Account**

Date	Particulars	J.F	(Rs.)	Date	Particulars	J.F	(Rs.)
01-01-01	To vendor		20,000	31-12-01	By depreciation A/c		4,000
				"	By balance c/d		16,000
			20,000				20,000
01-12-02	To balance b/d		16,000	31-12-02	By depreciation A/c		4,000
					By balance c/d		12,000
			16,000				16,000

**Books of Hire Purchaser  
Balance Sheet  
As on 31<sup>st</sup> December 2002**

Assets		Rs.
Machinery as on 01-01-2001	20,000	
Less: Accumulated depreciation upto 31-12-2002	<u>(8,000)</u>	
	12,000	
Less: Payable to hire vendor on 31-12-2002	<u>(4,000)</u>	8,000



**QUESTION NO. 3**

**Lahore Branch Account**

	Rs.		Rs.
To branch stock on 1-1-2011	1,500	By cash A/c	27,500
To goods supplied to branch during the year	24,000	By branch stock on 31-12-2011	1,250
<u>To cash A/c:</u>		By branch petty cash on 31-12-2011	10
Salaries	1,200		
Rent	360		
Telephone	100		
Petty expenses	150		
To general profit & loss A/c	1,450		
	28,760		28,760

**QUESTION NO. 4**

**Amir & Company**  
**Trading and Profit & Loss Account**  
**For the period ended 31<sup>st</sup> December 2002**

	Rs.		Rs.
To opening stock	100,000	By sales	850,000
To purchases	600,000	By closing stock	200,000
To wages	140,000		
Add: Outstanding	10,400		
To gross profit c/d	199,600		
	1,050,000		1,050,000
To discount allowed	8,400	By gross profit b/d	199,600
To insurance	13,440	By discount received	6,300
Less: Prepaid insurance	6,720		
To salaries	37,000		
Add: Outstanding	2,400		
To rent	12,000		
Add: Outstanding	1,200		
To general expenses	17,900		
To printing & stationary	4,800		
To advertisement	7,600		
To postage & telephone etc.	21,000		
To bad debts	6,400		
To depreciation on plants machinery	24,150		
To depreciation on furniture	3,400		
To net profit transferred to profit & loss appropriation A/c	52,930		
	205,900		205,900



	Rs.		Rs.
To proposed dividend (500,000 × 5%)	25,000	By balance from last year	12,440
To balance c/d	40,370	By net profit from current year	52,930
	65,370		65,370

**Amir & Company**  
**Balance Sheet**  
As on 31<sup>st</sup> December 2002

Share Capital & Liabilities	Rs.	Properties & Assets	Rs.
<b><u>Share Capital &amp; Reserves:</u></b>		<b><u>Fixed Assets:</u></b>	
<b><u>Authorized Share Capital:</u></b>		Plant & machinery	161,000
100,000 shares of Rs. 10 each	1,000,000	Less: Depreciation	<u>24,150</u>
			136,850
<b><u>Issued, Subscribed &amp; Paid up Capital:</u></b>		Furniture	34,000
50,000 shares of Rs. 10 each	500,000	Less: Depreciation	<u>3,400</u>
			30,600
<b><u>Reserves:</u></b>		<b><u>Current Assets:</u></b>	
General reserve	50,000	Closing stock	200,000
Profit & loss A/c	40,370	Prepaid insurance	6,720
<b><u>Current Liabilities:</u></b>		Debtors	77,400
Creditors	70,400	Cash-at-bank	279,600
Loan from managing director	31,400		
<b><u>Outstanding Expenses:</u></b>			
Wages	10,400		
Salaries	2,400		
Rent	<u>1,200</u>		
Proposed dividend	25,000		
	731,170		731,170



## QUESTION NO. 5

(1) The Working Capital:

Working capital = Current assets - Current liabilities

[2009]	[2010]
= Rs. 142,500 (w-1) - Rs. 60,000	= Rs. 172,500 (w-1) - Rs. 100,000
= <u>Rs. 82,500</u>	= <u>Rs. 72,500</u>

(2) The Current Ratio:

=  $\frac{\text{Current assets}}{\text{Current liabilities}}$

[2009]	[2010]
= $\frac{\text{Rs. 142,500 (w-1)}}{\text{Rs. 60,000}}$	= $\frac{\text{Rs. 172,500 (w-1)}}{\text{Rs. 100,000}}$
= <u>2.38 : 1</u>	= <u>1.73 : 1</u>

(3) The Acid Test Ratio:

=  $\frac{\text{Liquid assets}}{\text{Current liabilities}}$

[2009]	[2010]
= $\frac{\text{Rs. 81,000 (w-2)}}{\text{Rs. 60,000}}$	= $\frac{\text{Rs. 95,000 (w-2)}}{\text{Rs. 100,000}}$
= <u>1.35 : 1</u>	= <u>0.95 : 1</u>

(4) The Ratio of Current Assets to Total Assets:

=  $\frac{\text{Current assets}}{\text{Total assets}}$

[2009]	[2010]
= $\frac{\text{Rs. 142,500 (w-1)}}{\text{Rs. 252,500}}$	= $\frac{\text{Rs. 172,500 (w-1)}}{\text{Rs. 286,000}}$
= <u>0.56 : 1</u>	= <u>0.60 : 1</u>

(5) The Ratio of Cash to Current Liabilities:

=  $\frac{\text{Cash}}{\text{Current liabilities}}$

[2009]	[2010]
= $\frac{\text{Rs. 16,000}}{\text{Rs. 60,000}}$	= $\frac{\text{Rs. 30,000}}{\text{Rs. 100,000}}$
= <u>0.27 : 1</u>	= <u>0.30 : 1</u>



**WORKING:**

(w-1) <u>Current Assets:</u>	<u>2009</u> (Rs.)	<u>2010</u> (Rs.)
Cash	16,000	30,000
Marketable securities	20,000	10,000
Trade receivable (Net)	45,000	55,000
Inventories	60,000	75,000
Prepaid expenses	1,500	2,500
	<u>142,500</u>	<u>172,500</u>

**(w-2) Liquid Assets:**

Liquid assets = Current assets - Inventories - Prepaid expenses

2009 = Rs. 142,500 - Rs. 60,000 - Rs. 1,500 = Rs. 81,000

2010 = Rs. 172,500 - Rs. 75,000 - Rs. 2,500 = Rs. 95,000

**QUESTION NO. 6****Contract Account**

Particulars	Rs.	Particulars	Rs.
Wages on site	41,260	Closing material	11,660
Material delivered by supplier	58,966	Work-in-progress	
Material from store	10,180	Work certified	150,000
Hire of plant	21,030	Work uncertified	12,613
Expenses charged	3,065	Abnormal loss:	
Overhead charged	8,330	Cash	884
Wages accrued on 30 Sep. 2002	2,826	P & L ✓	<u>2,500</u>
Profit c/d	32,000		3,384
	<u>177,657</u>		<u>177,657</u>
Profit & loss A/c	<u>19,200</u>	Profit b/d	32,000
(32,000 × 2/3 × 90/100)	<u>12,800</u>		
Balance c/d as reserve ✓	32,000		32,000



### Work-in-Progress Account

	Rs.		Rs.
<b>Contract A/c:</b>			
Work certified	150,000	Reserve for contingencies	12,800
Work uncertified	12,613	Balance c/d	149,813
	162,613		162,613

### Balance Sheet As at 30<sup>th</sup> September, 2002

Liabilities	Rs.	Assets	Rs.
Outstanding wages	2,826	<u>Work-in-Progress:</u>	
Profit & loss A/c ✓ 19,200		Work certified 150,000 ✓	
Loss of material ✓ (2,500)	16,700	Work uncertified <u>12,613</u> ✓	
		162,613 ✓	
		Less: Reserve 12,800 ✓	
		Less: Amount received <u>135,000</u> ✓	14,813
		Closing material	11,660

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