

## QUESTION NO. 1

## Crescent Appliance Ltd's Journal

Date	Details	L/F	Debit Rs.	Credit Rs.
2013 Dec. 31	Profit & loss appropriation A/c Reserve fund A/c Bonus to shareholders A/c (Bonus declared)		200,000 175,000	375,000
Dec. 31	Bonus to shareholder A/c Share capital A/c (Share allotted)		375,000	375,000
Dec. 31	Sundry shareholders A/c Share capital A/c Share premium A/c (Right shares were allotted)		900,000	750,000 150,000
Dec. 31	Bank A/c Sundry shareholders A/c (Amount is received)		900,000	900,000
			2,550,000	2,550,000

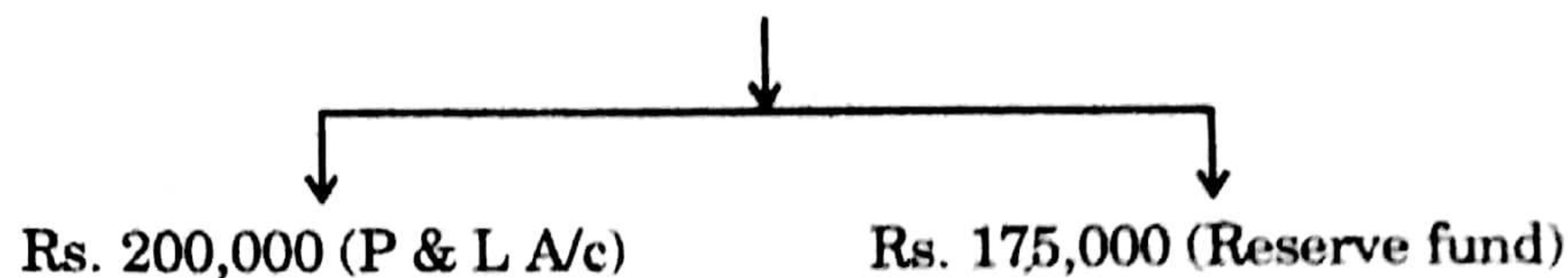
**Crescent Appliance Ltd.**  
**Balance Sheet**  
As on December 31, 2013

Liabilities	Amount Rs.	Assets	Amount Rs.
<b>Authorized Capital:</b> 30,000 shares of Rs. 100 each	30,00,000		
<b>Issued, Subscribed &amp; Paid up Capital:</b> 23,750 shares of Rs. 100 each	2,375,000	Sundry assets (Bal. fig.)	2,405,000
<b>Reserve:</b> Reserve fund (825,000 – 175,000)	650,000	<b>Current Assets:</b> Cash at bank	900,000
P & L A/c (330,000 – 200,000)	130,000		
Share premium	150,000		
<b>Total Liabilities</b>	<b>3,305,000</b>	<b>Total Assets</b>	<b>3,305,000</b>

**WORKING NOTES:**

$$(w-1) \text{ No. of bonus shares} = 12,500 \times \frac{15}{50} = 3,750 \text{ shares}$$

$$(w-2) \text{ Amount of bonus} = 3,750 \times 100 = \text{Rs. } 375,000$$



$$(w-3) \text{ No. of right shares} = 12,500 \times \frac{30}{50} = 7,500 \text{ shares}$$

$$\text{Premium} = 100 \times \frac{20}{100} = \text{Rs. } 20 \text{ per share}$$

$$\text{Offered value} = \text{Rs. } 100 + \text{Rs. } 20 = \text{Rs. } 120 \text{ per share}$$

(w-4) No. of shares:

Existing : 12,500 shares

Bonus : 3,750 shares

Right : 7,500 shares

Total : 23,750 shares

**QUESTION NO. 2****Analysis of Accounting Ratios**

Sr. No.	Name of Ratio	Formula	Values (Rs.)		Answers	
			Amir Ltd.	Moqem Ltd.	Amir Ltd.	Moqem Ltd.
01	Gross profit ratio	$= \frac{\text{Gross profit}}{\text{Net sales}} \times 100$	$= \frac{600,000}{2,520,000} \times 100$	$= \frac{505,000}{2,140,000} \times 100$	= 23.81%	= 23.60%
02	Working capital ratio	$= \frac{\text{Current asset}}{\text{Current liabilities}}$	$= \frac{1,260,000}{600,000}$	$= \frac{990,000}{665,000}$	= 2.1 : 1	= 1.49 : 1
03	Stock turnover ratio	$= \frac{\text{Cost of goods sold}}{\text{Average stock}}$	$= \frac{1,920,000}{400,000}$	$= \frac{1,635,000}{312,500}$	= 4.8 times	= 5.23 times
04	Liquid ratio	$= \frac{\text{Liquid asset}}{\text{Current liabilities}}$	$= \frac{760,000}{600,000}$	$= \frac{640,000}{665,000}$	= 1.27 : 1	= 0.96 : 1

**WORKING NOTES:**

(w-1)

	Amir Ltd. (Rs.)	Moqem Ltd. (Rs.)
Closing stock	500,000	350,000
Other current assets	<u>760,000</u>	<u>640,000</u>
<b>Current assets</b>	<b>1,260,000</b>	<b>990,000</b>
Closing stock	(500,000)	(350,000)
<b>Liquid assets</b>	<b><u>760,000</u></b>	<b><u>640,000</u></b>

(w-2)	Amir Ltd. (Rs.)	Moqem Ltd. (Rs.)
Sales	2,520,000	2,140,000
Less: Cost of sales	<u>1,920,000</u>	<u>1,635,000</u>
Gross profit	600,000	505,000

### QUESTION NO. 3

**In the Books of Sufi & Co. Lahore**  
**Branch at Gujrat**  
**For the year ended December 31, 2012**

Details	Rs.	Details	Rs.
<b><u>Opening Balances:</u></b>		<b><u>Bank A/c:</u></b>	
Branch stock A/c	60,000	Cash sales	259,200
Branch debtors A/c	33,600	Cash receive from	
Branch petty cash A/c	<u>1,500</u>	debtors	<u>15,8400</u>
Goods sent to branch A/c	436,800	Opening stock reserve	
<b><u>Bank A/c:</u></b>		(60,000 × 25/125)	12,000
Wages	19,200	Goods sent to branch reserve	
Sundry expenses	3,840	(436,800 × 25/125)	87,360
Rent	<u>12,000</u>	<b><u>Closing Balances:</u></b>	
Closing stock reserve		Branch stock A/c	72,000
(72,000 × 25/125)	14,400	Branch debtors A/c	43,200
General profit & loss A/c	52,320	Branch petty cash A/c	<u>1,500</u>
	<b>633,660</b>		<b>116,700</b>
			<b>633,660</b>

### Memorandum Branch Debtors Account

Details	Rs.	Details	Rs.
Balance b/d (Opening)	33,600	Cash (Received)	158,400
Sales (Credit)	168,000	Balance c/d (Closing)	43,200
	<b>201,600</b>		<b>201,600</b>

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## QUESTION NO. 5

**Usman Munir & Company**  
**Trading and Profit & Loss Account**  
**For the year ended December 31, 2012**

Details	Rs.	Details	Rs.
Stock	100,000	Sales	850,000
Purchases	600,000	Closing stock	200,000
Wages                   140,000			
Add: Wages payable <u>10,400</u>	150,400		
Gross profit c/d	199,600		
	1,050,000		1,050,000
<b><u>Depreciation:</u></b>		Gross profit b/d	199,600
On plant & machinery		Discount received	6,300
(161,000 × 15%)	24,150		
On furniture (34,000 × 10%)	3,400		
Salaries                   37,000			
Add: Salaries payable <u>2,400</u>	39,400		
Rent                       12,000			
Add: Rent payable <u>1,200</u>	13,200		
Discount allowed	8,400		
Insurance                 13,440			
Less: Prepaid insurance <u>6,720</u>	6,720		
General expenses	17,900		
Printing & stationary	4,800		
Advertisement	7,600		
Postage & telephone	21,000		
Bad debts	6,400		
Net profit c/d	52,930		
	205,900		205,900

**Usman Munir & Company**  
**Profit & Loss Appropriation Account**  
For the year ended December 31, 2012

Details	Rs.	Details	Rs.
Propose dividend (500,000 × 5%)	25,000	Balance b/d (Last year profit)	12,400
Balance c/d (Transfer to B/S – Reserve)	40,330	Net profit (Current year)	52,930
	65,330		65,330

**Usman Munir & Company**  
**Balance Sheet**  
As on December 31, 2012

Liabilities	Rs.	Assets	Rs.
<b>Authorized Capital:</b>		<b>Fixed Assets:</b>	
100,000 shares of Rs. 10 each	10,00,000	Plant & machinery	161,000
<b>Issued, Subscribed &amp; Paid up Capital:</b>		Less: Depreciation	<u>24,150</u>
50,000 shares of Rs. 10 each	500,000	Furniture	34,000
<b>Reserve:</b>		Less: Depreciation	<u>3,400</u>
General reserve	50,000	<b>Current Assets:</b>	
P & L A/c	40,330	Closing stock	200,000
<b>Current Liabilities:</b>		Prepaid insurance	6,720
Propose dividend	25,000	Sundry debtors	77,400
Loan from managing director	31,400	Cash at bank	279,600
Sundry creditors	70,440		
Wages payable	10,400		
Salaries payable	2,400		
Rent payable	1,200		
<b>Total Liabilities</b>	<b>731,170</b>	<b>Total Assets</b>	<b>731,170</b>

## QUESTION NO. 6

**Shahid Construction Company Limited**  
**Contract Account**  
For the year ended December 31, 2013

Details	Rs.	Details	Rs.
Material	85,349	Material return to store	549
Labour	74,375	Material in hand	1,883
Add: Wages accrued	240	<b>Work in Progress:</b>	
Plant	74,615	Work certified	195,000
Direct expenditure	15,000	Work uncertified	4,500
Establishment charges	3,167	Plant at the end	11,000
Profit c/d	4,126		
	30,675		
	212,932		212,932
P & L A/c	18,877	Profit b/d	30,675
(30,675 × 2/3 × 180,000/195,000)	11,798		
Work in progress – Reserve	30,675		30,675

**Contractee Account**

Details	Rs.	Details	Rs.
Balance c/d	180,000	Cash A/c	180,000
	180,000		180,000

**Shahid Construction Company Limited**  
**Balance Sheet**  
As on December 31, 2013

Liabilities	Rs.	Assets	Rs.
P & L A/c	18,877	Plant	11,000
Wages payable	240	Material return to store	549
		Material in hand	1,883
		Work in progress	
		Work certified	195,000
		+ Work certified	4,500
			199,500
		- Cash received	180,000
		- Reserve for contingency	11,798
			7,702

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## QUESTION NO. 7

**Books of Yousaf & Co. of Daska  
Consignment to Lahore Account  
For the year ended .....**

Details	Rs.	Details	Rs.
Goods sent on consignment A/c	30,000	Zeeshan & Co. – Sales	26,250
<b>Cash A/c:</b>		<b>Abnormal Losses (w-1):</b>	
Freight                      Rs. 800		Cash A/c (Claim)              Rs. 2,500	
Cartage                        252		Profit & loss A/c (Loss) <u>Rs. 1,469</u>	3,969
Insurance <u>700</u>	1,752	Stock on consignment A/c (w-2)	3,969
<b>Zeeshan &amp; Co. A/c:</b>			
Commission                Rs. 900			
Storage expenses            200			
Other selling			
expenses <u>400</u>	500		
General profit & loss A/c	936		
	34,188		34,188

**Zeeshan & Company Account**

Details	Rs.	Details	Rs.
Consignment A/c (For sales)	26,250	Consignment A/c (For expenses)	1,500
		Bills receivable ((Bal. figure)	24,750
	26,250		26,250

**Goods Sent on Consignment Account**

Details	Rs.	Details	Rs.
Trading A/c	30,000	Consignment A/c	30,000
	30,000		30,000

**ADVANCED FINANCIAL ACCOUNTING (Punjab University Paper 2014)****13****(w-1) Calculation of Abnormal Loss:****Rs.**

Value of 1/8 goods lost by fire (Rs. 300,000 × 1/8)	3,750
Add: Proportionate of direct expenses (Rs. 1,752 × 1/8)	219
Abnormal loss	<u>3,969</u>
Less: Cash received – Claim	2,500
Profit & loss A/c – Loss	<u>1,469</u>

**(w-2) Calculation of Stock on Consignment:****Rs.**

Value of unsold goods (Rs. 30,000 × 1/8)	3,750
Add: Proportionate of direct expenses (Rs. 1,752 × 1/8)	219
Stock on consignment	<u>3,969</u>

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