



# UNIVERSITY OF THE PUNJAB

First Semester – 2019

Examination: B.S. 4 Years Program

Roll No. in Fig. ....

Roll No. in Words. ....

**PAPER: Financial Accounting-I**

**MAX. TIME: 15 Min.**

**Course Code: COMM-101 Part – I (Compulsory)**

**MAX. MARKS: 10**

Signature of Supdt.:

**Attempt this Paper on this Question Sheet only.**

**Please encircle the correct option. Division of marks is given in front of each question.**

**This Paper will be collected back after expiry of time limit mentioned above.**

**Q.1. Encircle the right answer, cutting and overwriting is not allowed. (1x10=10)**

- i. The term  $1/10-n/40$  indicates that firm is offering cash discount 1% to its customers for making payment within \_\_\_\_\_ of credit purchases.
  - a) 15 days
  - b) 20 days
  - c) 10 days
  - d) 40 days
- ii. According to International Accounting Standard (IAS) \_\_\_\_\_ inventory is reported in the balance sheet at lower of the cost or net realizable value.
  - a) 1
  - b) 2
  - c) 16
  - d) None of these
- iii. Overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their contents are the objective of IAS \_\_\_\_\_.
  - a) 1
  - b) 2
  - c) 7
  - d) Both b & c
- iv. A business has indefinite life is based on the accounting assumption \_\_\_\_\_.
  - a) Going concern
  - b) Historical Cost
  - c) Separate entity
  - d) None of these
- v. Which of the following accounting record provides detailed information about each customer buying on credit?
  - a) Debtors Ledger
  - b) Debtors Account
  - c) Sales Account
  - d) Both b & c
- vi. Control accounts are maintained in \_\_\_\_\_ ledger.
  - a) General Ledger
  - b) Subsidiary Ledger
  - c) Both a & b
  - d) None of these
- vii. Sales day book is used to record:
  - a) Credit Sales
  - b) Cash Sales
  - c) Both a & b
  - d) Collection from customers
- viii. Cash book served the purpose of:
  - a) Cash Account
  - b) Cash Journal
  - c) Both a & b
  - d) None of these
- ix. After closing nominal accounts, \_\_\_\_\_ is prepared by accountants.
  - a) Adjusted Trial Balance
  - b) Closing Trial
  - c) Opening Trial Balance
  - d) None of these
- x. Statement of cash flows provides information about the cash flows from \_\_\_\_\_ activities.
  - a) Operating
  - b) Financing
  - c) Investing
  - d) All from a to c



# UNIVERSITY OF THE PUNJAB

First Semester – 2019

Examination: B.S. 4 Years Program

Roll No. ....

PAPER: Financial Accounting-I

Course Code: COMM-101 Part – II

MAX. TIME: 2 Hrs. 45 Min.

MAX. MARKS: 50

**ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED**

Q. No.	Question	Marks																												
2	<p>Give short answers of the following questions.</p> <ol style="list-style-type: none"> <li>1) What is the difference between cash accounting and accrual accounting?</li> <li>2) What is the difference between perpetual and periodic inventory system.</li> <li>3) Define account and list various types of accounts.</li> <li>4) What is chart of accounts and briefly explain its usefulness.</li> <li>5) Briefly explain the difference between cash discount and trade discount.</li> <li>6) List the usefulness of preparing the trial balance.</li> <li>7) Illustrate the cost principle with example.</li> <li>8) What is general journal?</li> <li>9) What is the purpose of preparing income summary account?</li> <li>10) Briefly explain the concept "A Business is a Separate Accounting Entity".</li> </ol>	20																												
3	<p>Lightning, Inc., provides land electrical services. During October, its transaction included the following:</p> <p><b>Oct. 1</b> Paid rent for the month of October, \$6,000.</p> <p><b>Oct. 4</b> Billed Tilton Hotels \$7,000 for services. The entire amount is due on or before October 28. (Lightning uses an account entitled Service Revenue when billing clients.)</p> <p><b>Oct. 8</b> Provided services to Stone Hill Developments for \$2,200. The entire amount was collected on this date.</p> <p><b>Oct. 12</b> Placed a newspaper advertisement in the <i>Daily Star</i> to be published in the October 25 issue. The cost of the advertisement was \$210. Payment is due in 30 days.</p> <p><b>Oct. 20</b> Received a check for \$7,000 from Tilton Hotels for the amount billed on October 4.</p> <p><b>Oct. 24</b> Provided services to Moore Company for \$2,700. Lightning collected \$400 cash, with the balance due in 30 days.</p> <p><b>Oct. 25</b> Sent a check to the <i>Daily Star</i> in full payment of the liability incurred on October 12.</p> <p><b>Oct. 29</b> Declared and paid \$4,100 cash dividend to the company's stockholders.</p> <p><b>Required: Journalize the above transactions in general journal and post the above transactions in the relevant T accounts..</b></p>	15																												
4	<p>The retained earnings account of Sheon, Inc at the beginning of 2018 shows a balance of \$38, 200. Its records for 2018 show the following information.</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Amount</th> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Amount</th> </tr> </thead> <tbody> <tr> <td>Dividend declared</td> <td style="text-align: right;">\$35,000</td> <td>Purchases</td> <td style="text-align: right;">\$300,000</td> </tr> <tr> <td>Dividend income</td> <td style="text-align: right;">4,000</td> <td>Purchases discounts</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>General &amp; Admn. expenses</td> <td style="text-align: right;">75,000</td> <td>Sales</td> <td style="text-align: right;">5,00,000</td> </tr> <tr> <td>Income taxes, 2018</td> <td style="text-align: right;">25,000</td> <td>Sales discount</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Interest expense</td> <td style="text-align: right;">9,000</td> <td>Sales return</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Interest income</td> <td style="text-align: right;">2,000</td> <td>Selling expenses</td> <td style="text-align: right;">60,000</td> </tr> </tbody> </table> <p>The physical inventory on January 01, 2017 was \$30,000, and on December 31, 2018 \$70,000.</p> <p><b>Required:</b></p> <ol style="list-style-type: none"> <li>a) Prepare income statement for the year 2018,</li> <li>b) Prepare statement of retained earnings for the year 2018.</li> <li>c) Prepare closing entries December 31, 2018.</li> </ol>	Particulars	Amount	Particulars	Amount	Dividend declared	\$35,000	Purchases	\$300,000	Dividend income	4,000	Purchases discounts	5,000	General & Admn. expenses	75,000	Sales	5,00,000	Income taxes, 2018	25,000	Sales discount	10,000	Interest expense	9,000	Sales return	10,000	Interest income	2,000	Selling expenses	60,000	15
Particulars	Amount	Particulars	Amount																											
Dividend declared	\$35,000	Purchases	\$300,000																											
Dividend income	4,000	Purchases discounts	5,000																											
General & Admn. expenses	75,000	Sales	5,00,000																											
Income taxes, 2018	25,000	Sales discount	10,000																											
Interest expense	9,000	Sales return	10,000																											
Interest income	2,000	Selling expenses	60,000																											