

UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Second Semester – 2019

Paper: Financial Accounting-II

Course Code: COMM-102 / COM-12355 Part-I (Compulsory) Time: 15 Min. Marks: 10

Roll No. in Fig.

Roll No. in Words.

Signature of Supdt.:

ATTEMPT THIS PAPER ON THIS QUESTION SHEET ONLY.

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. (10x1=10)

- i. Which of the following inventory valuation method gives lower value of inventory in an inflationary economy?
a) FIFO
b) LIFO
c) Weighted Average
d) None of these
- ii. Which of the following is not a financial asset.
a) Cash
b) Marketable Securities
c) Accounts Receivable
d) Inventory
- iii. Goods-in-transit are treated as a part of inventory of a seller, when the sale transaction include condition -----in sales dead.
a) FOB shipment
b) FOB destination
c) Both a & b
d) None of these
- iv. Unrealized holding loss is reported in -----.
a) Owners' Equity section
b) Income Statement
c) Retained Earnings
d) None of these
- v. Which of the following ledger provides detailed information about the inventory?
a) Inventory subsidiary's ledger
b) Purchase book
c) Purchase Account
d) Both b & c
- vi. Which of the following is not included in the debit memorandum sent by a banker to an account holder?
a) Interest expense
b) Collection charges
c) Dividend collected
d) Discounting charges
- vii. Cheques deposited but not appeared in the bank statement are called-----.
a) Un-presented cheques
b) Un-credited cheques
c) Outstanding cheques
d) None of these
- viii. Which of the following expenditure is not treated as a part of cost of a machine?
a) Sales Tax
b) Transportation charges
c) Installation Charges
d) Repair and maintenance charges for damages
- ix. Which of the following is not an intangible asset?
a) Patent
b) Copy right
c) Trade mark
d) Receivables
- x. Which of the following is not a current liability?
a) Trade payable
b) Outstanding installment of a long term loan
c) Note payable
d) Bonds Payable



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Course Code: COMM-102 / COM-12355 Part-II

Time: 2 Hrs. 45 Min. 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">1) Define cash and cash equivalents.2) Briefly describe the cost flow assumptions.3) Describe the aging analysis of accounts receivable.4) Illustrate the difference in reporting of realized gain on sale of marketable securities vs unrealized holding gain on marketable securities.5) Describe the difference between periodic and perpetual inventory accounting system.6) Describe the difference between current and non-current liabilities.7) List the methods for the measurement of goodwill of a partnership firm.8) Describe the reporting of employees' pension related liabilities in accounting?9) Describe the difference between depreciation and amortization?10) Define the plant assets as per IAS16.	20								
3	<p>Nazir, Bashir and Munir are partners in the NBM firm and sharing profit and loss in the ratio of 3:3:2.</p> <p>The accounts of NBM are closed on December 31 each year. They have taken out a joint life policy for Rs. 8,00,000, the annual premium of Rs. 24,000 being charged to profit and loss account. The Partnership deed provides that on the death of any partner the goodwill of the firm is to be valued at two years' purchase of the average of the three immediately preceding years' profit. The deceased partner share will be credited to his capital account. The deceased partner is also entitled to interest on capital 6% p.a. as well as to a share of profit from the date of last balance sheet to the date of death based on the average of the three immediately preceding years' profits. Munir died on July 1, 2018, when his capital stood at Rs. 5,00,000 and his drawing at Rs. 70,000. The trading results of the last three preceding years were as follows:</p> <table><thead><tr><th>Year</th><th>Profit (Loss) in Rs.</th></tr></thead><tbody><tr><td>2015</td><td>4,00,000</td></tr><tr><td>2016</td><td>(1,00,000)</td></tr><tr><td>2017</td><td>3,00,000</td></tr></tbody></table> <p>Required: Make journal entries and draw up Munir's capital account showing the total amount paid to his executors in settlement of his account.</p>	Year	Profit (Loss) in Rs.	2015	4,00,000	2016	(1,00,000)	2017	3,00,000	15
Year	Profit (Loss) in Rs.									
2015	4,00,000									
2016	(1,00,000)									
2017	3,00,000									
4	<p>Ali Construction Firm purchased a second-hand truck for Rs.5,00,000 on 1st January, 2015 and spent Rs. 100,000 on its overhauling. Depreciation is written-off at 20 % p.a. on the reducing balance. On July 1, 2017 the old truck was exchanged with a new truck. The purchase price of the new truck was Rs. 8,00,000 and vendor allowed trade-in allowance Rs.3,00,000 for the old truck. Depreciation rate for the new truck is 20% p.a. on the reducing balance.</p> <p>Required: Prepare the Truck Account from 2015 to 2018 assuming that accounts are closed on 31st December every year.</p>	15								