



UNIVERSITY OF THE PUNJAB

Third Semester – 2019

Examination: B.S. 4 Years Program

Roll No. in Fig.

Roll No. in Words.

PAPER: Advanced Financial Accounting-I

MAX. TIME: 15 Min.

Course Code: COMM-201/COM-21356 Part-I (Compulsory)

MAX. MARKS: 10

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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 CORRECT ANSWER (1*10)

10

1. Bonds with the issuing corporation may pay off before the scheduled maturity date are called:
 - a) Callable bonds.
 - b) Serial bonds.
 - c) Convertible bonds.
 - d) Debenture bonds.
2. Which of the following is not a characteristic of corporate bonds?
 - a) A highly liquid, transferable investment.
 - b) Has a specific maturity date.
 - c) Represents ownership of the issuing corporation.
 - d) Pays interest, usually semiannually.
3. When a corporation declares a cash dividend on common stock, which of the following should be excluded in determining the total amount of the dividend?
 - a) Shares issued in exchange for preferred stock.
 - b) Shares held by officers and directors.
 - c) Shares held by other corporations.
 - d) Shares acquired and held in treasury.
4. If sales increase by 10% from Year 1 to Year 2 and cost of goods sold increases only 6%, the gross profit on sales will increase by:
 - a) 4%.
 - b) 10%.
 - c) 6%.
 - d) Some other percentage.
5. An acquisition is the same thing as:
 - a) An amalgamation.
 - b) A takeover.
 - c) A merger.
 - d) A spin-off.
6. Mybank Ltd merged into Summit Bank, what kind of merger was this?
 - a) Horizontal.
 - b) Vertical.
 - c) Joint venture.
 - d) Conglomerate.
7. The first item in order of payment to be made by the liquidator is:
 - a) Secured creditor.
 - b) Preferential creditor.
 - c) Liquidation expenses
 - d) Debenture holders.
8. In liquidation process a contributory is:
 - a) A creditor.
 - b) A shareholder.
 - c) A debenture holder.
 - d) A liquidator.
9. If the total of the fair value of assets acquired is Rs 100,000 and the amount of purchase consideration paid is Rs 110,000, the difference should be treated as:
 - a) Loss on acquisition.
 - b) Goodwill.
 - c) Acquisition expense.
 - d) Negative goodwill.
10. Which of the following is the method of valuing of shares?
 - a) Super profit method.
 - b) Average profit method.
 - c) Fair value method.
 - d) Yield valuation method.



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Third Semester – 2019

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Roll No.

PAPER: Advanced Financial Accounting-I

Course Code: COMM-201/COM-21356 Part – II

MAX. TIME: 2 Hrs. 45 Min.

MAX. MARKS: 50

ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

Q2: Give short answers to the following questions: (2*10)

20

1. Define bonus shares.
2. Write down the formula of value of right.
3. Describe the usefulness of statement of cash flow.
4. What is the formula of calculating the gross profit percentage?
5. What are synergy benefits under amalgamation and absorption?
6. Define negative goodwill.
7. What are main items that appear on the debit side of profit & loss appropriation account?
8. What is the yield valuation method for the valuation of shares?
9. How treasury stock is reported in the stockholders' equity section of the balance sheet?
10. What are the modes of winding up of joint stock companies?

Q3: X Company performs adjusting entries every month, but closes its accounts only at year end. The Company's adjusted trial balance dated December 31, 2017, appears below. (Bear in mind, the balance shown for Retained Earnings was last updated on December 31, 2016.)

(15)

X Company
Adjusted Trial Balance
December 31, 2017

	\$	\$
Cash	171,100	
Account receivable	9,400	
Prepaid Rent	3,000	
Unexpired Insurance	7,200	
Supplies	500	
Equipment	18,000	
Accumulated Depreciation: equipment		7,200
Notes Payable		10,000
Accounts payable		3,200
Salaries Payable		4,000
Income tax payable		6,000
Unearned revenue		8,800
Capital Stock		100,000
Retained Earnings		40,000
Dividends	6,000	
Revenue Earned		165,000
Salary expense	85,000	
Supply expense	3,900	
Rent expense	12,000	
Insurance expense	1,900	
Advertising expense	500	
Depreciation expense- equipment	1,800	
Interest expense	900	
Income tax expense	23,000	
	<u>344,200</u>	<u>344,200</u>

P.T.O.

Required:

Prepare an Income statement and Balance sheet dated December 31, 2017.

Q 4: A joint stock company was registered with an authorized capital of Rs 5,000,000 divided into 500,000 shares of Rs 10 each. On 1st November 2017 the company issued 350,000 shares with following details: (15)

50,000 shares were issued to promoters towards preliminary expenses.

100,000 shares were issued to directors of the company for cash.

200,000 shares were issued to the general public.

On 20 November 2017, the company received applications for 300,000 shares. Shares were not allotted to applicants of 100,000 shares, therefore their application money was refunded.

Required: Record the above information in the books of the Company and show the figures in the Balance Sheet. .