



UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Fourth Semester – Spring 2022

Roll No.

Paper: Advanced Financial Accounting-II

Course Code: COMM-205

Time: 3 Hrs. Marks: 60

THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

Q.1. Answer the following short questions. (10x3=30)

- What is memorandum joint venture account?
- What are the classes in which incomplete contracts can be divided?
- Differentiate between operating and finance lease.
- What is meant by escalation clause in a construction contract?
- What is meant by consignment? How does it differ from sale of goods?
- Define finance lease.
- What is overriding commission?
- What is meant by work certified and work uncertified in contract account?
- Write down the calculation method of work in progress in contract accounts.
- What adjustments should be made by head office at the end of each accounting period, when the goods are supplied to branch at invoice (selling price)?

Answer the following questions (3x10=30)

Q.2 Hassan Enterprises had a branch at Sukkur to which goods were invoiced at Cost plus 25%. Following information is supplied to you for 2021.

	Rs.
Stock (invoice value) on January 1	15,000
Debtors on January 1	10,000
Petty cash January 1	80
Good send to the branch (Cost)	40,000
Cash sales	26,000
Credit sales	36,000
Cash received from debtors	34,200
Discount allowed to them	800
Cash remitted to branch for expenses	8,000
Petty cash at the branch on December 31	90
Stock on December 31 (invoice price)	12,000
Liability for expenses on December 31	250

Required: Prepare Branch Account.

Q.3 Shabbir of Lahore consigned 100 machines costing Rs. 50,000 to their agent Mahmoud of Quetta at 20% above the cost, to be sold on behalf of the consignor. Consignor incurred Rs. 50 for packing and other charges on each machine. Mahmoud received consignment by paying Rs. 500 as railway charges and spent Rs. 54 carriage to godown. He rendered an account sales showing that:

- 20 machines realized Rs. 12,000 in cash.
- 50 machines sold on credit at Rs. 650 each.
- 10 machines taken at to his own stock at Rs. 610 each.

Mahmoud remitted the balance after deducting his Commission at 5% on invoice price of goods sold and 15% on any excess price realized.

Required: Show the consignment account and Mahmoud account in the books of Shabbir.

Q.4 Following trail balance pertains to Apex Corporation.

Particulars		Debit (Rs.)	Credit (Rs.)
Stock on 1.1.2021	Department A	5,400	
	Department B	4,900	
Purchases	Department A	9,800	
	Department B	7,350	
Sales	Department A		16,900
	Department B		13,520
Wages	Department A	1,340	
	Department B	240	
Rent		1,870	
Salaries		1,320	
Lighting and Heating		420	
Discount Allowed		441	
Discount Received			133
Advertising		738	
Carriage inward		469	
Furniture		600	
Plant		4,200	
Debtors		1,820	
Creditors			3,737
Capital			9,530
Drawings		900	
Cash in hand		32	
Cash at bank		1,980	
		43,820	43,820

The following information is also provided:

- Rent, Lighting and heating, salaries and depreciation are to be apportioned to A and B Departments as 2:1.
- Other expenses and incomes are to be apportioned to A and B Departments on suitable basis.
- The following adjustments are to be made:
- Rent prepaid Rs. 370; Lighting and Heating outstanding Rs. 180; and Depreciation of Furniture and Plant at 10% p.a.
- The stock at 31st December 2021; Department A – Rs. 2,748; Department B – Rs. 2,401.

Required: Prepare Departmental Trading and Profit & Loss Account for the year ended 31st December 2021.