



UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Fourth Semester – Spring 2023

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)

- i. How work in progress is calculated in contract account?
- ii. Write any three characteristics of financial lease.
- iii. What is escalation clause in a contract?
- iv. What is the treatment of abnormal loss of stock and normal loss of stock in contract account?
- v. How the value of unsold stock is calculated in consignment?
- vi. List the objectives of maintaining departmental account?
- vii. Differentiate between financial and operating lease?
- viii. Define del-credere commission in consignment.
- ix. Differentiate between consignment inward and consignment outward?
- x. What is memorandum joint venture account?

Answer the following questions (3x10=30)

Q.2 Faisalabad Hosiery Mills produces three varieties of products; Sona, Mona and Dona. The cost of production during 2021 of these varieties amounted to Rs. 8,00,000.

Outputs during the year were: Sona ----- 4,000 units, Mona ----- 8,000 units and Dona ---- 9,600 units.

Stock on 1 January, 2021 were: Sona ----- 450 units, Mona ----- 300 units and Dona ----- 600 units.

Sales during the year were: Sona ----- 4,100 units @ Rs. 48 each; Mona ----- 7,700 units @ Rs. 54 each and Dona ----- 10,000 units @ Rs. 60 each. The rate of gross profit is the same in each case.

Required: Prepare Departmental Trading Account.

Q.3 The following particulars relate to a certain contract carried out during the year ended 30th June:

Work certified by Architects	Rs. 1,43,000	Contract price	Rs. 2,00,000
Cash received from the contractee	1,30,000	Cost of work not yet certified	3,400
Materials sent to site	64,500	Establishment charges	3,250
Labour engaged on site	54,800	Direct expenditure	2,400
Plant installed at site	11,300	Wages accrued due	1,800
Value of plant at 30th June (closing)	8,200	Materials, closing balance	1,400
Direct expenses accrued due	200	Materials returned to store	400

Required: Prepare contract account, showing the profit to 30th June.

Q.4 Mr. Osama has a branch in Gujrat. He invoices goods to the branch at a selling price which is cost plus 33.33%.

Stock (Invoice Price) 1-1-2022	Rs. 15,000	Discount allowed to customers	Rs. 300
Debtors 1-1-2022	11,400	Bad debts written off	250
Goods sent to branch at invoice price	67,000	Stock (Invoice Price) 31-12-2022	13,400
Cash sales	31,000	Cash received from debtors	40,000
Credit sales	37,400	<u>Cheque sent to branch:</u>	
		Salaries	5,000
		Sundry expenses	1,700

Required: Prepare Branch account in the books of Mr. Osama.