



UNIVERSITY OF THE PUNJAB

Associate Degree in Commerce Part-II Annual Exam – 2022
Subject: Advanced Financial Accounting Paper: BC-401

Roll No.
Time: 3 Hrs. Marks: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

- Q.1 Explain the various methods of valuation of goodwill and shares.
Q.2 The following are the extracts from the balance sheet of ABC Company Limited as on 31st December 2021.

Authorized capital:	Rs.
20,000 ordinary shares of Rs.10 each	200,000
Issued & subscribed capital	
7,000 ordinary shares of Rs.10 each	70,000
Reserve Fund	36,000
Profit & Loss Account	29,000

The board of Directors pass a resolution to capitalize a part of existing reserves and profit by issuing bonus shares. One bonus share is being issued for every 4 ordinary shares held at present. For this purpose Rs.10,000 are to be provided out of Reserve Fund and the balance out of Profit and Loss Account.

Required: Make necessary journal entries to give effect of the resolution and show how they would affect the balance sheet.

- Q.3 The undermentioned balances appeared in the books of the ZA Ltd. as on December 31st 2021

	Rs.		Rs.
Share capital (authorized and issued) 60000 shares	600,000	Motor Vehicles	15,000
General Reserve	250,000	Furniture	5,000
Unclaimed Dividend	6,526	Stock	172,058
Trade Creditors	36,858	Book Debts	223,380
Building	100,000	Investment	288,950
Purchases	500,903	Depreciation reserve	71,000
Sales	983,947	Cash Balance	72,240
Manufacturing Expenses	359,000	Director's fees	1,800
Establishment	26,814	Interim Dividend	15,000
General charges	31,078	Interest (Cr)	8,544
Machinery	200,000	Profit and Loss account (Cr)	16,848
		Staff Provident Fund	37,500

Adjustments:

- The stock of wheat and flour on 31st December 2021 were valued at Rs. 148,680.
- Provide Rs. 10,000 for depreciation on building and Rs. 1,500 for the company's contribution to the staff provident fund.
- Interest accrued on investment amounted to Rs. 2,750.
- A claim of Rs. 2,500 for workmen's compensation is being disputed by the company.
- Establishment included Rs. 6,000 paid to manager who is entitled to remuneration @ 5% of profit ascertained subject to a minimum of Rs. 10,000 p.a.

Required: Prepare Trading and Profit & Loss Account, Profit & Loss Appropriation Account and Balance sheet.

- Q.4 Karim Transport Ltd. purchased a truck costing Rs. 300,000 on the hire purchase system. Payment was to be made Rs. 100,000 down and the remainder in four equal instalments of Rs. 50,000 together with interest at 10% p.a. Karim Transport write off depreciation at 20% on the diminishing balance method. Karim Ltd. paid the down payment and three successive instalments but fails to pay the last installment. Due this, the hire vendor reclaims the truck. He spends Rs. 10,000 on its repairs and sells it for Rs. 100,000.

Required: Give the necessary ledger accounts in the books of the both parties.

- Q.5 A and Co. of Lahore have a branch at Multan. Goods are sent by the head office at invoice price which is at a profit of 20% on invoice price. All expenses of the branch are paid by the head office.

	Rs.		Rs.
Opening Balances		Goods return by branch at invoice price	400
Stock at invoice price	11,000	Credit sales	22,800

Petty cash	100	Bad debts	300
Goods sent to branch at invoice price	20,000	Allowances to customer	500
<i>Expenses paid by head office</i>		Goods returned by customers	700
Rent	600	<i>Balances at the end</i>	
Wages	200	Stock at invoice price	13,000
Salaries	900	Debtors at the end	2,000
<i>Remittances made to head office</i>		Petty Cash including Rs. 25	125
Cash sales	2,650	miscellaneous income not remitted.	
Cash collected from debtors	21,000		

Required: Prepare branch account in the head office books when goods are shown at invoice price:

Q.6 ZA Ltd. undertakes a contract on January 1st 2021 for a price of Rs. 60,000. The value of materials issued during the year 2021 was Rs. 12,000 and the value of plant issued at the beginning of the year was Rs. 2,000. Wages paid during the year amounted to Rs. 16,440 and the establishment charges incurred were Rs. 860. During the year the work certified was valued at Rs. 30,000 and on this the contractee made an advance of Rs. 24,000. The work done but uncertified amounted to Rs. 500, material on 31st December 2021 were valued Rs. 500 and plant was valued at Rs. 1,800.

Required: Prepare contract account, work in progress account and show the entries in the balance sheet on December 31st 2021.

Q.7 KZ proprietor of a departmental stores, decided to calculate separate profits for his first two department A and B for the month ending 31st January 2021. Stock on 31st January could not be taken for certain unavoidable reasons but his rate of gross profit (calculated without reference, to direct expenses) on sales for the two department s are 40% and 30% respectively.

The following figures are given:

	A (Rs.)	B (Rs.)
Stock on 1.1.2021	9,000	8,400
Sales for the month	42,000	36,000
Purchases for the month	27,000	21,600
Direct expenses	5,490	8,520

Indirect expenses for the whole business (containing five departments) are Rs. 10,800 which are to be charged in proportion to departmental sales, except as to one-sixth which is to be charged equally. Sales for the remaining three departments were Rs. 102,000.

Required: Prepare s statement showing profit for the two departments.

Q.8 Lahore Limited went into voluntary liquidation on 30th September 2021. The balance in the books on that date were:

Liabilities	Rs.	Assets	Rs.
Share Capital:		Land & building	150,000
Authorized 5,000 shares of Rs. 100 each	500,000	Plant & machinery	175,000
Issued 4,000 shares of Rs. 100 each	400,000	Patents	110,000
6% Mortgage debentures	200,000	Stock	125,000
Interest payable on Mortgage debentures	12,000	Sundry Debtors	150,000
Preferential creditors	70,000	Cash in Hand	95,000
Secured creditors against land & building	90,000	Profit & Loss	32,000
Unsecured creditors	65,000		
	<u>837,000</u>		<u>837,000</u>

The liquidator is entitled to commission of 2.5% on assets realized including cash in hand and 1.5% on the amount distributed among unsecured creditors other than preferential creditors. The assets realized as follows:

Plant & machinery	Rs. 160,000	Stock at book value	
Patents	Rs. 90,000	Sundry debtors (80% of book value)	
Mortgage debentures and interest payable both have floating charge on assets. The expenses of liquidation were Rs. 15,000.			

Required: Prepare liquidator's final statement of account and show the working for liquidator remuneration.



UNIVERSITY OF THE PUNJAB

PART – II A/14
Examination:- B. Com.

Roll No.

Subject: Advance Financial Accounting
PAPER: BC-401

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

Attempt any five questions. All questions carry equal marks.

Q.1. The extracts are taken from the draft Balance sheet of Crescent Appliance Limited as on 31st December 2013.

Authorized Capital	Rs.
30,000 Ordinary shares of Rs. 100 each	30,00,000
Issued, subscribed and Paid up Capital	
12,500 shares of Rs. 100 each	12,50,000
Reserve Fund	8,25,000
Profit & Loss Account	3,30,000

The Board of Directors recommended to issue bonds shares at the rate 15 shares of Rs. 100 each for every 50 shares held at present. For this purpose, Rs. 200,000 are to be provided out of profit & loss Account and the balance out of reserve fund.

The Board also recommended to issue right shares of the company @ 30 shares of Rs 100 each for every 50 shares at a premium of 20% per shares. The approval of controller of Capital issue had already been obtained.

Required: Make necessary Journal Entries to give effect to the recommendation of Board of Directors and show how would they effect the balance sheet.

Q.2. From the following information calculate for both companies.

- Gross profit Ratio
- Working Capital Ratio
- Stock turnover ratio
- Liquid Ratio

	Amir Ltd.	Moqem Ltd.
Sales	25,20,000	21,40,000
Cost of Sales	19,20,000	16,35,000
Opening Stock	3,00,000	2,75,000
Closing Stock	5,00,000	3,50,000
Other current assets	7,60,000	6,40,000
Fixed Assets	14,40,000	16,00,000
Net worth	15,00,000	14,00,000
Debts (Long Term)	9,00,000	9,50,000
Current Liabilities	6,00,000	6,65,000

Q.3. Safi & Co., Lahore has a branch at Gujrat. Goods are invoiced to the branch at the selling price, being cost plus 25%. The branch keeps its own sales ledger and deposits all cash received daily to credit of the head office account opened at HBL, Gujrat. All expenses are paid by cheque from Lahore. From the following information, prepare Branch account in the Books of Head office after making necessary adjustments & Calculate branch profit and loss for the year 2012.

Particulars	Rs
Stock 01-01-2012	60,000
Stock 31-12-2012	72,000
Sundry Debtors 01-01-2012	33,600
Sundry Debtors 31-12-2012	43,200
Petty Cash 01-01-2012	1,500
Petty Cash 31-12-2012	1,500

Goods invoiced from H.O.	436,800
Wages Paid	19,200
Sundry Expenses	3,840
Cash Sales	259,200
Credit Sales	168,000
Cash Collected from debtors	158,400
Rent Paid	12,000

Q.4. Define Company what is the procedure of its formation?

Q.5. Usman Munir & Company, Sargodha with an authorized capital of Rs. 10,00,000 divided into 1,00,000 shares of Rs. 10 each. On 31st December, 2012, 50,000 shares were fully called and paid up. The following are the balance taken from the ledger of the company at 31st December 2012.

	Rs		Rs
Stock	100,000	Printing & Stationary	4,800
Sales	850,000	Advertisement	7,600
Purchases	600,000	Postage and Telephone etc.	21,000
Wages	140,000	Debtors	77,400
Discount allowed	8,400	Creditors	70,440
Discount Received	6,300	Plant and Machinery	161,000
Insurance Up to 30 th June, 2013	13,440	Furniture	34,000
Salaries	37,000	Cash at Bank	279,600
Rent	12,000	General Reserve	50,000
General expenses	17,900	Loan from managing director	31,400
Profit & Loss (Cr)	12,400	Bad Debts	6,400

Additional Information

- Closing Stock Rs. 2,00,000.
- Depreciation to be charged on Plant and machinery 15% p.a. and furniture at the rate of 10% p.a.
- Outstanding expenses: Wages Rs. 10,400, salary Rs. 2,400 and Rent Rs. 1,200.
- Dividend at 5% on paid up share capital to be provided.

Required: Prepare trading and profit and loss account for the year ended 31st December, 2012 and also a balance sheet as at that time.

Q.6. The following information relating to Shahid Construction Company limited as on 31-12-2013. You are required to prepare Contract Account showing profit or loss, Contractee's Account and to show suitable entries in the balance sheet of the company.

Material sent to site Rs. 85,349; labor engaged on site Rs. 74,375; plant installed at site Rs. 15,000; direct expenditures Rs. 3,167; establishment charges Rs. 4,126; material returned to stores Rs. 549; work certified Rs. 195,000; cost of uncertified work Rs. 4,500; material in hand at the end Rs. 1,883; wages accrued at the end of the year Rs. 240; value of the plant at the end Rs. 11,000; the contract price agreed at Rs. 250,000; cash received from contractee was Rs. 180,000.

Q.7. Yousaf & Co. of Daska sent goods on consignment to Zeeshan & Co. of Lahore at an invoice price of Rs. 30,000 and paid for freight 800, cartage Rs. 252 and insurance Rs. 700. $\frac{3}{4}$ th of the goods were sold by agent for Rs. 26,250, subject to his commission of Rs. 900, storage expenses of Rs. 200 and other selling expenses of Rs. 400. $\frac{1}{8}$ th of the consignment was lost by fire and claim of Rs. 2,500 was recovered.

Draw up the necessary accounts in the books of Yousaf & Co. and ascertain the profit or loss made on consignment. The consignor received a two month's bill of exchange from the agent in satisfaction of the dues.

Q.8. Define Amalgamation. Why companies do amalgamation?



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PART – II S/2014
Examination:- B. Com.

Roll No.

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PAPER: BC-401

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q.1. Nauman Co. LTD. presents the following balance sheet as on 31st December 2013.

Liabilities	Rs.	Assets	Rs.
Authorized Capital	20,00,000	Fixed Assets:	
Issued & Paid Up:		Plant and Machinery	880,000
9000 shares of Rs. 100 each	900,000	Furniture	100,000
Reserves:		Current Assets:	
Reserve fund	350,000	Stock	400,000
Share Premium	50,000	Debtors	110,000
Profit & Loss A/c	120,000	Bills Receivable	20,000
		Bank	85,000
Current Liabilities:			
Sundry Creditors	95,000		
Provision for taxation	80,000		
	15,95,000		15,95,000

The company purchases fresh machinery for Rs. 125,000 for which it pays Rs. 25,000 by cheque and allots shares of Rs. 100 each at a premium of Rs. 25 per share for balance amount to vendors. The company then issues one bonus shares for every four shares held at present. For the purpose of bonus the balance in profit & Loss account and reserve funds are used to the necessary extent.

You are required to pass journal entries for the above arrangements and redraft the company's balance sheet.

Q.2. Akram of Lahore consigned 500 radio sets costing Rs.1000 each to Bilal of Sialkot on 1st March 2013. The expenses on consignment were freight Rs. 5000, insurance Rs. 2,500, carriage Rs. 500.

Bilal received the delivery of 470 radio sets. An account sale dated 30th June, 2013 showed that 395 sets were sold for Rs. 750,000 and Bilal incurred Rs. 2,350 for carriage; Rs. 6,000 for godown rent. Bilal was entitled to a commission @ 6% on sales. Bilal incurred expenses amounting to Rs. 2,800 for repairing the damaged radio sets remaining in the stock.

Mr. Akram lodged a claim with insurance company which was admitted at Rs 22,500.

Show the necessary accounts in the Books of Akram.

Q.3. What documents are to be filed with the registrar of company for obtaining a certificate of incorporation?

Q.4. The Salman Ltd. Co. with an authorized capital of Rs. 3,00,000 divided into 30,000 shares of Rs. 10 each. The company issued 25,000 shares, which are fully paid. The following is the Trial Balance extracted from company's Account as on December 31, 2013.

	Debit Rs.	Credit Rs.
Sales		4,00,000
Carriage	11,500	
Purchases	2,60,000	
Insurance & Paid-Up Capital	3,000	
Rent	5,000	
Issued & Paid Up Capital		2,50,000
General Expenses	6,900	
Debtors	40,000	
Advertisement	500	
Salaries	25,000	
Bad Debts	1,600	
Plant & Machinery	90,500	
Equipment	1,00,000	
Furniture	60,000	
Profit & Loss (Cr.)		8,000
Provision for Bad Debts		2,400
General Reserve		10,000
Stock (1-1-2013)	45,000	
Cash in Hand & at Bank	31,000	
Sundry Creditors		9,600
	6,80,000	6,80,000

(P.T.O.)

Adjustments:

1. Closing Stock is Rs.1,17,500.
2. Insurance of Rs.300 is paid in advance.
3. Depreciation is to be charged @ 10% on Plant & Machinery and Equipments and 5% on Furniture.
4. Rent of 270 is outstanding.
5. Debtors of Rs. 400 write off now and create a further provision @5% on remaining Debtors.
6. The directors proposed the following:
 - a) Transfer to provision for income tax Rs.50,000.
 - b) Transfer to general reserve Rs.25,000.
 - c) A dividend of Rs. 25,000 is proposed.

You are required to prepare trading and profit & Loss A/c for the year ended 31st December, 2013 and Balance sheet as on that data.

- Q.5. Raza Ltd. purchased a machine on hire purchase from Messers Ashar Ltd. on 1st January 2013. The following are the particulars of the hire-purchase agreement:

- i. Cash Price of machine Rs 1,00,000.
- ii. Rate of interest 10% p.a.
- iii. No Cash down Payment.
- iv. Hire Purchase price was to be paid in 3 annual installments of equal value, the first installment becoming due and payable on 31-12-2013.

Required: Prepare Hire vendor Account in the Books of Raza Ltd. for three years.

- Q.6. The Trading and Profit and Loss Account of Kashif Electronics for the year ending March 31, 2013 is as under:

Purchases:	Rs.	Sales:	Rs.
Transistors (A)	1,60,000	Transistors (A)	1,75,000
Tape Records (B)	1,25,000	Tape Records (B)	1,40,000
Spare parts for servicing & repair jobs (C)	80,000	Servicing and repair Jobs(C)	35,000
Wages	48,000	Stock 31-3-13	
Rent	10,800	Transistors (A)	60,100
Sundry Expenses	11,000	Tape Records (B)	20,300
Net Profit	40,200	Spare Parts for servicing and repair Jobs (C)	44,600
	4,75,000		4,75,000

Prepare Departmental Accounts for each of the three Department A,B and C mentioned above after taking into consideration the following:

- i. Transistors and tape Recorders are sold at the showroom. Servicing and repairs are carried out at the workshop.
 - ii. Wages comprise: showroom 3/4. Workshop 1/4. The wages of showroom to be divided between department A & B in the ratio of 1:2.
 - iii. The workshop rent is Rs. 500 per month. The rent of the showroom is to be divided equally between Department A & B.
 - iv. Sundry Expenses are to be allocated on the basis of the turnover of each department.
- Q. 7. Sunlight Building Ltd began their business on 1st January, 2012. During 2012 the company was engaged on only contract of which the contract price was Rs. 500,000. Of the plant and materials charged to the contract, Plant which cost Rs. 5,000 and Materials which costs Rs. 4,000 were lost in an accident. Materials costing Rs. 2,500 were damaged and disposed off for Rs. 600.

On 31st December, 2012 plant which cost Rs. 3,000 was returned to the store, the cost of work done but uncertified was Rs. 20,000 and materials costing Rs. 5,000 were in hand on site.

Charge 10% depreciation on Plant.

Trial Balance

December 31, 2012

	Rs.	Rs.
Share Capital		120,000
Creditors		10,000
Cash received on contract (80% of work certified)		200,000
Land, Building etc	43,000	
Bank Balance	25,000	
Charged to Contract:		
Materials	90,000	
Plant	25,000	
Wages	140,000	
Expenses	7,000	
	330,000	330,000

Required: Prepare Contract Account and Balance Sheet.

- Q. 8. What are different modes of winding up of company?



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TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q1: Khush Bakht Ltd issued 6,000 12% Debentures of Rs.100 each at 105 on 1st January 2014. The debentures holder had the option of converting within one year debentures into ordinary shares of Rs.100 each at Rs.125.

At the end of 1st year the interest on debentures was outstanding. Holders of 300 debentures decided to take advantage of the option.

Required: Give journal entries and prepare balance sheet.

Q 2: Following is the balance sheet of XYZ Limited as on 31st December, 2014.

Liabilities	Rs.	Assets	Rs.
Share Capital		Machinery	400,000
2,400 shares @Rs.100 each	240,000	Furniture	50,000
Profit & Loss Account	60,000	Stock	120,000
10% Debentures	150,000	Sundry Debtors	90,000
Sundry Creditors	150,000	Cash at Bank	22,800
Provision for taxation	10,000	Prepaid Insurance	7,200
Bank Overdraft	80,000		
	690,000		690,000

Sales Rs.600,000.

Gross Profit 20% on cost.

Calculate the following ratios:

(a) Current Ratio

(b) Liquid Ratio

(c) Stock turnover ratio

(d) Debtors turnover ratio

Q 3: A Head Office in Kohat has a branch in Lahore to which goods are invoiced by Head Office at Cost Price plus 25%. From the following particulars show how the Branch Account will appear in the Head Office Books.

	Rs.	Rs.
Stock on 1 st January 2014 (Invoice Price)		12,500
Branch Debtors on 1 st January 2014		12,000
Goods sent to branch (Invoice Price)		40,000
Remittance to Kohat:		
Cash Sales	16,000	
Cash received from debtors	29,500	45,500
Cash paid by branch debtors direct to head office		1,500
Goods returned to Head Office		2,400
Cheque received from Kohat:		
Wages & Salaries	11,000	
Rent & Rates	3,000	
Insurance upto 31 st March 2015	500	14,500
Stock on 31 st December 2014 (Invoice Price)		15,000
Debtors on 31 st December 2014		22,500

Q 4: A firm of building contractors began to trade on 1st April, 2013. The following was the expenditure on the contract for Rs.300000:

Material issued to contract Rs.51000; Plant used for contract Rs. 15000; Wages incurred Rs. 81000; Other Expenses incurred Rs. 5000.

Cash received on account by 31st March, 2014 amounting to Rs. 128000, being 80% of the work certified. Of the plant and material charged to the contract, plant which cost Rs.3000 and materials which cost Rs.2500 were lost. On 31st March, 2014 plant which cost Rs.2000 was returned to stores, the cost of work done but uncertified was Rs.1000 and materials costing Rs. 2300 were in hand on site.

Charge 15% depreciation of plant and take to the profit and loss account 2/3 of the profit received. Prepare a Contract account, Contractee's account and a balance sheet from the above particulars.

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Q 5: On 1st January 2013 Mujahid & Company purchased machinery on hire purchase. The terms of the contract were as follows:

- Cash price of the machine was Rs.40,000
- Rs.16,000 were to be paid on the signing of the agreement.
- The balance was to be paid in annual installment of Rs.8,000 plus interest.
- Interest chargeable on the outstanding balance was 12% per annum. Depreciation at 10% per annum is to be written off on diminishing balance method.

Required:

- Prepare Machinery Account and Hire Vendor Account.
- Show how Machinery Account at its written down value in the balance sheet of the purchaser as at 31st December 2014.

Q 6: The following is the Trial Balance of Star Limited Company for the year ending December 31, 2014.

	Rs.	Rs.
Salaries and Wages	68,100	
Carriage Outward	11,600	
Interim Dividend	24,000	
Share Capital		350,000
Gross Profit		176,550
Technical Know How	18,000	
Closing Stock	283,000	
Furniture	70,000	
Profit & Loss Account		74,250
Freehold Property	200,000	
Share Premium		40,000
Cash in hand	15,000	
Debtors	115,000	
9% Debentures		100,000
General Reserves		28,000
Bills Receivable	12,000	
Debentures Interest	4,500	
Creditors		50,400
Bills Payable		12,000
Transfer to General Reserves	10,000	
	831,200	831,200

- Star Company has an authorized capital of Rs.600,000 divided into ordinary shares of Rs.10 each. The company had issued 35,000 shares which are fully paid.
- Depreciation is to be provided @ 10% on furniture and property.
- Credit sales Rs.3,450 were left unrecorded.
- Create provision for bad debts @4% on debtors.
- The directors proposed the following:
 - 5% proposed dividend.
 - Provision for taxation Rs.30,000.

Required: Prepare Trading and Profit & Loss Account for the year ended December 31, 2014 and a Balance Sheet as on that date.

Q 7: What are the different modes of winding up of company?

Q 8: What is amalgamation? Why companies do amalgamation?



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NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q 1: A balance Sheet of Salman Limited on December 31, 2013 was as follows:

LIABILITIES	Rs.	ASSETS	Rs.
Share Capital: 25,000 shares@ Rs.10 each	250,000	Sundry Assets	600,000
Reserve Fund	110,000		
Profit & Loss Account	70,000		
Long Term Debts	170,000		
	600,000		600,000

The company decided to pay off long term debts by issuing ordinary shares of Rs.10 each at Rs.12.5 each. It further decided to issue bonus shares @ 40% of share capital. For this purpose to utilize profit & loss account and balance out of reserve fund.

Required: Make necessary Journal entries to give effect to the recommendations of Board of Directors and show how would they effect the balance sheet.

Q 2: Khawaja and Company of Gujranwala sent goods on consignment to A & Co., of Lahore at an invoice price of Rs.30,000 and paid for freight Rs.800, cartage Rs.252 and insurance Rs.700. $\frac{3}{4}$ th of the goods were sold by agent for Rs.26,250, subject to his commission of Rs.900, storage expense of Rs.200 and other selling expense of Rs.400. $\frac{1}{8}$ th of the consignment was lost by fire and claim of Rs.2,500 were recovered.

Required: Give consignment account and A & Co. Account.

Q 3: A Colliery Company acquired a wagon on hire purchase system over the term of two years, starting from 1st January 2011. The installment of Rs.50,000 each were payable half yearly, the first payment being made on 30th June 2011. The cash value of the wagon was Rs.185,875. The wagon company charged interest at 6% per annum with half yearly rests. The Colliery Company charged depreciation at 10% on diminishing balance method.

Required: Prepare Wagon Account and Hire Vendor Account.

Q 4: The following trial balance relates to Nauman Company Limited as on 31st March 2014:

	Rs.		Rs.
Sundry Debtors	180,000	Share Capital (3000 shares of Rs.100 each)	300,000
Plant	81,000	Profit & Loss Account	16,000
Furniture	12,000	Gross Profit	192,450
Closing Stock	153,000	General Reserve	5,000
Rent & Taxes	24,000	Sundry Creditors	33,000
Salaries	47,000	Liabilities for expenses	9,550
Office Expenses	32,500	Discount	2,000
Discount	3,500	7% Debentures	40,000
Advance Income Tax	27,000		
Cash in Hand	7,500		
Compensation to employee	6,500		
Interim Dividend	12,000		
Preliminary Expenses	4,000		
Unexpired Payments	8,000		
	598,000		598,000

The following additional information is available:

- (a) The authorized capital of the company consists of 5,000 shares of Rs.100 each.
- (b) Office Expenses include Rs.4,500 as audit fee and Rs.500 as audit expenses.
- (c) Charge depreciation on plant and furniture @10%.
- (d) Salaries outstanding Rs.3,000.
- (e) Directors desire the following:
 - i. Rs.8,000 transfer to General Reserve.
 - ii. Provision for taxation to be made up to Rs.15,000.
 - iii. Write off 50% preliminary expense.
 - iv. Rs.5 per share as final dividend.

Q 5: The management of Pervez Departmental Store decided to ascertain separate profit for two department X and Y for the month ending 31st January 2013, stock on 31st January could not be valued for certain unavailable reasons but the rates of gross profit (calculated without reference to direct expense) on sales for the two departments are 40% and 30% respectively.

	Department X	Department Y
Stock (01-01-2013)	18,000	16,800
Sales	84,000	72,000
Purchases	54,000	43,200
Direct Expenses	10,980	17,040

Indirect expenses for the whole business (containing five departments) are Rs.21,600 which are to be charged in proportion to departmental sales, except as to one-sixth which is to be divided equally, total sales for the remaining three departments were Rs.204,000.

Required: You are required to prepare the Departmental Trading and Profit & Loss Account for the period ended on 31st January, 2013.

Q 6: S & S Limited are contractors for the construction of pier the Seafront Development Company. The value of the contract is Rs.300,000 and payment is by the engineer's certificate subject to a retention of 10% of the amount certified, this is to be held by the Seafront Development Company for six months after the completion of the contract.

The following information is extracted from the records of S & S Limited.

Wages	Rs.41,260
Material delivered to site by supplier	58,966
Material delivered to site from store	10,180
Hire of Plant	21,030
Expenses charged to contract	3,065
Overhead charged to contract	8,330
Material on site at year end	11,660
Work Certified	150,000
Cash received	135,000
Work uncertified	12,613
Wages accrued at year end	2,286

Material costing Rs.3,384 was damaged and had to be disposed off for Rs.884.

Required: Prepare Contract Account, Work in Progress Account in the book of contractor and also show the relevant items as would appear in the balance sheet.

Q 7: Define Joint Stock Company and state its essential characteristics.

Q 8: Give the Performa of Statement of Affairs under liquidation?



UNIVERSITY OF THE PUNJAB

PART – II A/2016

Examination:- B. Com.

Roll No.

Subject: Advanced Financial Accounting

PAPER: BC-401

TIME ALLOWED: 3 hrs.

MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q. # 1:

Following is the balance sheet of Ghulam Rasool Limited as on 31st December, 2014.

Liabilities	Rs.	Assets	Rs.
Share Capital		Machinery	800,000
2,400 shares @Rs.100 each	480,000	Furniture	100,000
Profit & Loss Account	120,000	Stock	240,000
10% Debentures	300,000	Sundry Debtors	180,000
Sundry Creditors	300,000	Cash at Bank	45,600
Provision for taxation	20,000	Prepaid Insurance	14,400
Bank Overdraft	160,000		
	13,80,000		13,80,000

Sales Rs. 12,00,000

Gross Profit 20% on cost.

Calculate the following ratios.

(a) Current Ratio (b) Liquid Ratio (c) Stock turnover ratio (d) Debtors turnover ratio

Q. # 2:

Superior Builders Ltd. Began to trade on 1st January 2013, company was engaged on only one contract for which price was Rs. 600,000.

Prepare Contract Account and Balance sheet from the following Trial Balance on 31st December, 2013

	Rs.		Rs.
Land & Building	97,500	Share Capital	145,000
Bank Balance	16,000	Creditors	18,500
Charged to Contract:		Wages Outstanding	6,500
Material	57,500	Cash received on contract	112,500
Plant	25,000	(75% of work certified)	
Wages	79,000		
Expenses	7,500		
	282,500		282,500

On 31st December, 2013 materials costing Rs. 3,500 weee on site, the cost of work done but uncertified was Rs. 12,500. Of the material charged to contract, material costing Rs. 4,000 were lost in an accident. Depreciation at 10% was charged on Plant.

Q. # 3:

The following is the Trail Balance of Sony Limited Company for the year ending December 31st, 2014.

	Rs.	Rs.
Salaries and Wages	136,200	
Carriage Outward	23,200	
Interim Dividend	48,000	
Share Capital		700,000
Gross Profit		353,100
Technical Know How	36,000	
Closing Stock	566,000	
Furniture	140,000	
Profit & Loss Account		148,500
Freehold Property	400,000	
Share Premium		80,000
Cash in hand	30,000	
Debtors	230,000	
9% Debentures		200,000
General Reserves		56,000
Bills Receivable	24,000	
Debentures Interest	9,000	
Creditors		100,800
Bills Payable		24,000
Transfer to General Reserves	20,000	
	16,62,400	16,62,400

P.T.O.

- 1) Sony Company has an authorized capital of Rs. 12,00,000 divided into ordinary shares of Rs. 10 each. The company had issued 70,000 shares which are fully paid.
 - 2) Depreciation is to be provided @ 10% on furniture and property.
 - 3) Credit sales Rs. 6,900 were left unrecorded.
 - 4) Create provision for bad debts @3% on debtors.
 - 5) The Directors proposed the following:
 - a. 4% proposed dividend
 - b. Provision for taxation Rs. 60,000.
- You are required to prepare trading and profit & Loss A/c for the year ended 31st December, 2014 and Balance sheet as on that data.

Q. # 4: A firm of building contractors began to trade on 1st April, 2013. The following was the expenditure on the contract for Rs. 300000:
 Material issued to contract Rs. 51000; Plant used for contract Rs. 15000; Wages incurred Rs. 81000; Other expenses incurred Rs. 5000.
 Cash received on account by 31st March, 2014 amounting to Rs. 128000, being 80% of the work certified. Of the plant and material charged to the contract, plant which cost Rs. 3000 and materials which cost Rs. 2500 were lost. On 31st March, 2014 plant which cost Rs. 2000 was returned to stores, the cost of work done but uncertified was Rs. 1000 and materials costing Rs. 2300 were in hand on site.
 Charge 15% depreciation of plant and take to the profit and loss account 2/3 of the profit received. Prepare a contract account, contractee's account and balance sheet from the above particulars.

Q. # 5: Explain different types of debentures.

Q. # 6: The trading and Profit and Loss Account of Pak Electronic for the year ending March 31, 2013 is as under:

PARTICULARS		PARTICULARS	
	Rs.		Rs.
Purchases:		Sales:	
Transistors (X)	160,000	Transistors (X)	175,000
Tape Recorders (Y)	125,000	Tape Recorders (Y)	140,000
Repair (Z)	80,000	Repair (Z)	35,000
Wages	48,000	Stock on 31st March 2013:	
Rent	10,800	Transistors (X)	60,100
Sundry Expenses	11,000	Tape Recorders (Y)	20,300
Net Profit	40,200	Repair (Z)	44,600
	475,000		475,000

Prepare Departmental Account for each of the three departments X, Y and Z mentioned above after taking into consideration the following:

- (a) Transistors and Tape Recorder are sold at the show room. Servicing and repair are carried out at workshop.
- (b) Wages comprises: Show room 3/4, Workshop 1/4. The wages of show room be divided between department X and Y in the ratio of 1:2
- (c) The workshop rent is R.500 p.m. The rent of the show room is to be divided equally between dept. X and Y.
- (d) Sundry Expenses are to be allocated on the basis of turnover of each department.

Q. # 7: What do you mean by liquidation of company? Distribute the difference between liquidation and insolvency?

Q. # 8: Write short answers on the following:

- | | | |
|---------------------------|-------------------------------|---------------------------|
| 1-Define Right Shares | 2- Define Mortgage Debentures | 3-Define Banker Ratio |
| 4-Define Amalgamation | 5- Define Capital Profit | 6-Define Interim Dividend |
| 7- Define Creditors | 8- Define Goodwill | 9-Define Delcredre |
| 10-Define Work Certified. | | |



UNIVERSITY OF THE PUNJAB

PART – II S/2016
Examination:- B. Com.

Roll No.

Subject: Advanced Financial Accounting
PAPER: BC-401

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q.1: Answer the following questions in brief.

- Explain the term dividend.
- What is meant by right shares?
- Name the different types of debentures.
- What is difference between "account sale" and "sale account?"
- Define del-creder commission.

Q.2: A Company has 12% outstanding debentures of Rs.100,000 On 1st January, 2014. The Company pays interest on 30th June and 31st December. It purchases its own debentures as investment of Rs.10,000 at 98 ex-interest on 1st May, 2014. The Company decides to cancel its own debentures purchased by it on December 31, 2014.

Required: Pass the necessary Journal entries in the books of the Company for the year 2014. (Please support your entries along with working notes)

Q.3: Maira Hassan Ltd. purchased a machine on 1-1-2013 on hire purchase system. The cash price of the machine was 11,175 and payment was to be made as follows:

Rs.3,000 was to be paid on signing of the contract and balance in three equal installment of Rs.3,000 each, at the end of the each year. The hire vendor charges interest 5% p.a. Maira Hassan Ltd. writes off depreciation @ 15% p.a. on diminishing balance method. Maira Hassan Ltd. could not pay the installments due on 31-12-2014 and as result of this; the hire vendor took the possession of machine.

Required: Show the ledger accounts in both parties' books.

Q.4: What are the grounds on which a company issue right shares? Explain its objective and procedure of issuing right shares?

Q.5: The following particulars relates to the contract undertaken by Khawaja Shahkot Developers Engineers:

Material sent to site Rs. 85,349; labor engaged on the site Rs.74, 375; plant installed at cost Rs.15, 000; direct expenditure Rs.3, 167;

Establishment charges Rs.4,126; Material returned to stores Rs.549; work certified Rs.195,000; cost of work not certified Rs.4,500; material in hand at the end of year Rs.1,883; wages accrued at the end of year Rs.24,00; direct expenses accrued have been agreed at Rs. 250,000; cash received from contractee was Rs.180,000.

You are required to prepare Contract Account, Contractee account and also show calculation of work in progress and balance sheet.

Q6: Kashif Trading Company Limited presents the following balance sheet as on 31st December, 2014:

LIABILITIES	Rs.	ASSETS	Rs.
Authorized Capital:	30,00,000	Land & Building	900,000
Issued, subscribed & paid up:		Plant & machinery	800,000
12,000 shares of Rs.100 each	12,00,000	Furniture	190,000
General reserve	800,000	Stock	250,000
Profit & loss	250,000	Debtors	220,000
Creditors	175,000	Bank	130,000
Provision for tax	65,000		
	24,90,000		24,90,000

The company purchases fresh machinery for Rs.200, 000 for which it pays Rs.25, 000 in cash and for balance allots ordinary shares of Rs.100 each at 25% premium. The company then issues two bonus shares for every five ordinary shares held at present. For the purpose of amount of bonus, utilize the profit & loss account and balance out of reserves.

Required: You are required to pass the journal entries for the above arrangements and redraft the company's balance sheet.

P.T.O.

Q.7: From the following balance sheet calculate (a) Current ratio (b) Quick ratio (c) Total debt equity ratio (d) Fixed assets to total assets ratio (e) Long term debt to equity ratio.

LIABILITIES	Rs.	ASSETS	Rs.
Equity share capital	200,000	Land and buildings	80,000
General reserve	90,000	Machinery	120,000
Sundry creditors	60,000	Cash	10,000
Bills payable	20,000	Bank	30,000
Bank overdraft	30,000	Stock	140,000
Provision for tax	5,000	Short-term investments	25,000
Proposed dividend	10,000	Sundry debtors	40,000
Outstanding salaries	5,000	Less provision	<u>4,000</u>
Long term loans	60,000	Bills receivable	10,000
		Prepaid insurance	9,000
		Preliminary expenses	20,000
	480,000		480,000

Q.8: From the following list of balances of Farooq Ltd. as on 31st March 2014 has been exerted from its books of accounts. Prepare profit & loss account of the year ended 31st March 2014 and balance sheet as at that date.

	Rs.		Rs.
Land and building	70,000	Share capital	100,000
Furniture and fitting	4,000	(1000 shares of Rs.100 each)	
Plant and machinery	50,000	General reserve	15,000
Stock on 31-03-2014	64,000	8% debenture	50,000
Salaries	4,000	Bank overdraft	2,000
Printing and stationary	600	Sundry creditors	8,000
Debtors	35,000	Share premium	5,000
Trade investment	3,000	Debenture redemption reserve	20,000
Cash in hand	1,000	Gross profit	52,000
Preliminary expenses	2,000	Profit and loss account	3,000
Advance payment of income tax	4,000		
Bank balance	9,400		
Interest	4,000		
Debentures interest	1,000		
Directors fees	2,000		
Rent, rates and insurance	1,000		
	255,000		255,000

The following information is relevant for the purpose of preparation of final accounts:

1. Outstanding expenses; audit fee Rs.1,000 interest on debentures for 6 months Rs.2,000.
2. Machinery worth Rs.20,000 was purchased and installed on 1st October 2013. Provide depreciation on land and building at 2.5% and on Machinery and Plant at 10%
3. Prepaid insurance Rs.400.
4. The directors desire the following appropriation to be made:
 - a) Rs.5,000 to be transferred to debentures redemption reserve.
 - b) Rs.2,000 to be transferred to the general reserve.
 - c) Dividend on share capital to be proposed at 8%.
 - d) Provision for taxation Rs.12,000.
5. Write off 50% of the preliminary expenses.
6. The authorized capital of the company consists of 5,000 Equity shares of Rs.100 each.



UNIVERSITY OF THE PUNJAB

PART – II A/2017
Examination:- B. Com.

Roll No.

Subject: Advanced Financial Accounting
PAPER: BC-401

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q 1: The following particulars relates to a contract undertaken by Ali Developers Engineers. Material sent to site Rs.85349; Labour engaged on site Rs.74375; Plant installed at cost Rs.15000; Direct expenditures Rs.3167; Establishment charges Rs.4126; Material returned to store Rs.549; work certified Rs.195000; cost of work not certified Rs.4500; Material in hand at the end of year Rs.1883; wages accrued at the end of year Rs.2400; Direct expenses accrued at the end of year Rs.240; value of plant at the end of year Rs.11000. The contract price has been agreed at Rs.250,000; Cash received from contractee was Rs.180,000.

Required: Prepare Contract Account; Contractee Account and work in Progress Account.

Q 2: A of Lahore consigned 500 radio sets costing Rs.1000 each to B of Sialkot on 1st March 2001. The expenses on consignment were freight Rs.5000; insurance Rs.2500 and carriage Rs.500.

B received the delivery of 470 radio sets. An account sale dated 30th June 2001 showed that 395 sets were sold for Rs.750,000 and B incurred Rs.2350 for carriage; Rs.6000 for godown rent. B was entitled to a commission of 6% on sales. B incurred expenses amounting to Rs.2800 for repairing the damaged radio sets remaining in stock.

Mr. A lodged a claim with insurance company which was admitted at Rs.22500.

Prepare consignment account and B account

Q 3: From the following information calculate for both companies:

- Gross profit Ratio
- Current Ratio
- Stock Turnover Ratio
- Liquid Ratio

	X Limited	Y Limited
Sales	2520000	2140000
Cost of Sales	1920000	1635000
Opening Stock	300000	275000
Closing stock	500000	350000
Other Current Assets	760000	640000
Fixed Assets	1440000	1600000
Net worth	1500000	1400000
Debts (long term)	900000	950000
Current Liabilities	600000	665000

Q 4: A Head Office in Kohat has a Branch in Lala Musa to which goods are invoiced by the Head Office at Cost price plus 25%. From the following particulars show how the Branch Account will appear in the Head Office Books (entries are to made at invoice price).

Particulars	Rs.	Rs.
Stock on 1 st January 2010 (invoice price)		12,500
Debtors on 1 st January 2010		12,000
Goods invoiced from Kohat		40,000
Remittances to Kohat:		
Cash sales	16,000	
Cash received from Debtors	29,500	45,500
Cash paid by branch debtors direct to head office		1,500
Goods returned to Hear Office		2,400
Cheques received from Kohat:		
Wages and salaries	11,000	
Rent, rates, etc.	3,000	
Insurance upto 31-03-2011	500	14,510
Stock on 31 st December 2001 (invoice price)		15,000
Debtors on 31 st December 2001		22,500

PTO

Q 5: Luqman Auto part company has authorized capital of Rs.500,000 divided into 50000 shares of Rs.10 each, of which 20,000 shares had been issued and fully paid. The following Trial Balance is extracted on 31st December, 2002.

	Debit	Credit
Stock on 1 st January	93210	
Returns	6340	4925
Sundry Manufacturing Expenses	19620	
9% Bank Loan		25000
Office Salaries and Expenses	34500	
Directors Remuneration	13230	
Freehold Premises	98000	
Furniture	7500	
Cash in Hand	1240	
Profit & Loss Account		19320
Investment	24000	
Debtors	52700	
Share Capital		200000
Purchases & Sales	359105	584750
Creditors		31110
Carriage	2450	
Clearing Charges	12500	
Interest on Bank Loan	1125	
Auditor Fee	11620	
Preliminary Expenses	9000	
Plant and Machinery	74200	
Cash at Bank	9765	
Advance Income Tax	35000	
	865105	865105

Adjustments:

- On 31st December 2002 closing stock valued at Rs.64240.
- Outstanding wages Rs.1380 while office salaries Rs.1500 are still payable.
- Depreciation on Plant and machinery is to be provided @15% and on furniture is to be 10%.
- Directors recommended the followings:
 - Provision for Income tax @ 30% of net profit.
 - Dividend @15% to the shareholders on paid up share capital.
 - Transfer to General Reserve Rs.10000.

Required: Prepare Trading and Profit and Loss Account, Profit and Loss Appropriation Account and Balance Sheet.

Q 6: On 1st January 2008 Haider & Company purchased machinery on hire purchase. The term of the contract were as follows:

- Cash price of the machine was Rs.40,000
- Rs.16,000 were to be paid on the signing of the agreement.
- The balance was to be paid in annual instalment of Rs.8,000 plus interest.
- Interest chargeable on the outstanding balance was 12% per annum. Depreciation at 10% per annum is to be written off on diminishing balance method.

Required: Pass journal entries in the book of both the parties (draw proper journal)

Q 7: Differentiate between consignment and sale.

Q 8: Explain different mode of winding up of Joint Stock Company.



UNIVERSITY OF THE PUNJAB

PART-II: 2nd Annual - 2017

Examination: B. Com.

Roll No.

Subject: Advanced Financial Accounting

PAPER: BC-401

TIME ALLOWED: 3 hrs.

MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q 1: Baby shoe of Lahore had a branch at Multan to which goods are invoiced at cost plus 25%. From the following information regarding Multan Branch, prepare Branch Account in the book of head office.

	Rs.
Opening Stock with branch	11,600
Closing Stock with branch	10,000
Credit Sales	30,500
Cash Sales	9,450
Cash received from debtors	19,200
Goods sent to branch	18,700
Goods in transit	1,300
Discount Allowed	2,500
Bad Debts	1,000
<u>Cash sent by Head Office to branch for:</u>	
Rent	1,500
Advertisement	2,600
Salaries	4,500
Sundry Expenses	750

Q 2: Ali Limited is a contractor for the construction of a pier for the Seafront Development Company. The value of the contract is Rs.300,000 and payment is by the engineer's certificate subject to a retention of 10% of the amount certified; this is to be held by the Seafront Development Company for six months after the completion of the contract. The following information is extracted from the records of Ali Limited.

Wages	41260
Material delivered to site by supplier	58966
Material delivered to site from store	10180
Hire of Plant	21030
Expenses charged to contract	3065
Overhead charged to contract	8330
Material on site on 30 th September	11660
Work certified	150000
Payment received	135000
Work in Progress (not the subject of a certificate to date)	12613
Wages accrued	2826
Material costing Rs.3384 was damaged and has to be disposed off for Rs.884	

REQUIRED: Prepare contract account, contractee account and also show the relevant items which will appear in the balance sheet.

Q 3: From the following Trading and Profit and Loss Account relate to Kashif Chemicals you are required to calculate:

- | | |
|--------------------------|----------------------------|
| (a) Gross Profit Ratio | (b) Operating Profit Ratio |
| (c) Operating Ratio | (d) Net Profit Ratio |
| (e) Stock Turnover Ratio | |

PARTICULARS	Rs.	PARTICULARS	Rs.
Opening Stock	10,000	Sales	280,000
Purchases	120,000	Closing Stock	20,000
Wages	20,000		
Gross Profit	150,000		
	300,000		300,000
Salaries	15,000	Gross Profit	150,000
Rent	25,000	Interest on Investment	2,000
Insurance	10,000		
Advertisement	14,000		
Interest on Debentures	8,000		
Net Profit	80,000		
	152,000		152,000

P.T.O.

Q 4: From the following Trial Balance of **Mehran Pulic Limited Company**, prepare Company's Final Account.

	Rs.		Rs.
Stock	15140	Share Capital:	
Purchases	32240	10,000 shares of Rs.10 each	100000
Rent	22000	Sales	135000
Wages & Salaries	8200	General Reserves	10000
Investment	48000	Creditors	4000
Plant & machinery	16000	Bills Payable	5000
Debtors	28000	Income from investment	1400
Bills Receivable	2000	Profit & Loss Account	13500
Cash	9560	Purchases Returns	2240
Land & Building	90000		
	271140		271140

ADJUSTMENTS:

1. Closing stock Rs.20000
2. Taxation provision required for the year Rs.6000.
3. Transfer Rs. 2000 to general reserves.
4. Plant & Machinery is to be depreciated @5% P.a.
5. Propose dividend @ 5%
6. Create provision for bad debts @5%.

Q 5: P Limited purchased machinery on hire purchase from Y Limited on 1st January 2001. The following are the particulars of the hire purchase agreement.

- a) Cash price of machine Rs.59685.
- b) Rate of interest 10% p.a.
- c) Depreciation to be charged @ 20% on the original cost.
- d) Hire purchase price was to be paid in three annual installment of equal value, the first installment becoming due and payable on 31st December 2001.

Required: Pass journal entries in the book of both the parties.

Q 6. The trading and Profit and Loss Account of Pak Electronic for the year ending March 31, 2002 is as under:

PARTICULARS	Rs.	PARTICULARS	Rs.
Purchases:		Sales:	
Transistors (X)	160,000	Transistors (X)	175,000
Tape Recorders (Y)	125,000	Tape Recorders (Y)	140,000
Repair (Z)	80,000	Repair (Z)	35,000
Wages	48,000	Stock on 31st March 2002:	
Rent	10,800	Transistors (X)	60,100
Sundry Expenses	11,000	Tape Recorders (Y)	20,300
Net Profit	40,200	Repair (Z)	44,600
	475,000		475,000

Prepare Departmental Account for each of the three departments X, Y and Z mentioned above after taking into consideration the following:

- (a) Transistors and Tape Recorder are sold at the show room. Servicing and repair are carried out at workshop.
- (b) Wages comprises: Show room 3/4, Workshop 1/4. The wages of show room be divided between department X and Y in the ratio of 1:2
- (c) The workshop rent is Rs.500 p.m. The rent of the show room is to be divided equally between dept. X and Y.
- (d) Sundry Expenses are to be allocated on the basis of turnover of each department.

Q 7: Explain different types of debentures.

Q 8: Define Company and explain its features.



UNIVERSITY OF THE PUNJAB

PART – II A/2018
Examination:- B. Com.

Roll No.

Subject: Advanced Financial Accounting
PAPER: BC-401

TIME ALLOWED: 3 hrs.
MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Question #1: Write short answers of the following:

1-Define Capital Stock 2- Define Bonds/PTC 3- Define Debt Equity Ratio 4- Define Share Premium 5- Define Bank 6- Who Is Hire Purchaser 7- Define Winding Up of the company 8- Define Work In Progress 9 -Define Inventory Stock Turnover Ratio. 10- Define Absorption

Question #2: Usman Munir & Company, Sargodha with an authorized capital of Rs. 1,000,000 divided into 100,000 shares of Rs. 10 each. On 31st December 2012, 50,000 shares were fully called and paid up. The following are the balance taken from the ledger of the company on 31st December 2012.

	Rs		Rs
Stock	100,000	Printing & Stationary	4,800
Sales	850,000	Advertisement	7,600
Purchases	600,000	Postage and Telephone etc.	21,000
Wages	140,000	Debtors	77,400
Discount allowed	8,400	Creditors	70,440
Discount Received	6,300	Plant and Machinery	161,000
Insurance Up to 30 th June, 2013	13,440	Furniture	34,000
Salaries	37,000	Cash at Bank	279,600
Rent	12,000	General Reserve	50,000
General expenses	17,900	Loan from managing director	31,400
Profit & Loss (Cr)	12,400	Bad Debts	6,400

Additional Information: i. Closing Stock Rs. 200,000. ii. Depreciation to be charged on Plant and machinery 15% p.a. and furniture at the rate of 10% p.a. iii. Outstanding expenses: Wages Rs. 10,400, salary Rs. 2,400 and Rent Rs. 1,200. iv. Dividend at 5% on paid-up share capital to be provided.

Required: Prepare trading and profit and loss account for the year ended 31st December 2012 and also a balance sheet as at that time.

Question #3: The Following data are taken in the comparative balance sheet prepared for the Stands Ford Company.

	2015	2016
Cash	RS. 16000	RS. 30000
Marketable security	20000	10000
Trade receivable	45000	55000
Inventories	60000	75000
Prepaid expenses	1500	2500
Plant and equipment	80000	85000
Intangible assets	25000	22500
Other assets	5000	6000
Total Assets	252500	286000
Current liabilities	60000	100000

From the given data calculate for both the years 2015 and 2016

1-The working capital 2. The current ratio 3. The acid –test ratio
4. The ratio of current assets to total assets 5. The ratio of cash to the current liabilities.

(P.T.O.)

Question #4: The contract ledger of a company indicates the under mentioned expenditure on the account of Contract "A" to 31st December 2003.

Materials	Rs. 240,000
Plant	Rs. 40,000
Wages	Rs. 128,000
Establishments expenses	Rs. 12,000

The contract began in January 2003; the contract price being Rs. 800,000. Cash received on account to date Rs. 480,000 which is 80% of the work certified; and the remainder is to be paid as to 10% on the completion and the balance six months after completion. The material on hand Rs. 20,000 and work not certified as Rs. 20,000.

Required: Prepare a contract account showing the profit to date after depreciating plant by 10%. How much profit would the company be justified in crediting to the profit and loss account? Show also the work-in-progress would appear on the balance sheet.

Question #5: =Following particular have been extracted from the balance sheet of Sitara industries Ltd as on 31 December 2001.

Liabilities and Capital	Rs
Authorized capital: (200,000) ordinary shares of Rs 10 each)	2,000,000
Paid-up capital: (100,000 ordinary shares of Rs 10 each)	1,000,000
Reserves	300,000
Un-appropriated profit	120,000
Long-term loans	400,000

The directors of the company made the following recommendation which approved by the shareholder in the annual general meeting: The Long-term loan of Rs. 400,000 converted into shares capital by the issue of ordinary shares of Rs 10 each at par and Bonus shares are to be issued at the rate of 15% on ordinary shares out of the Reserve and Un-Appropriated profit in equal proportion.

Required: Make the journal entries necessary to carry out above resolutions and show how they affect the Balance sheet as on 31 December 2001

Question #6: What journal entries Punjab Corporation is made in the following cases? Also, prepare a balance sheet for each.

- A company issued Rs 500,000 6%debenture at par redeemable at par.
- A company issued Rs 500,000 6%debenture at 10% discount redeemable at par.
- A company issued Rs 500,000 6%debenture at 5% premium redeemable at par.
- A company issued Rs 500,000 6%debenture at par redeemable at 10% premium.
- A company issued Rs 500,000 6%debenture at 10% discount redeemable at 5% premium

Question #7: The Nadeem Stores Ltd., Multan has a branch at Hyderabad. Goods are invoiced to the branch at a selling price, being cost plus 20%. The branch keeps it's on sale ledger and deposits all cash received daily to the credit of the Head Office Account opened at the MCB, Hyderabad. All expenses are paid by Cheques from Multan. From the following information, prepare Branch Account in the Head Office Books and make the necessary adjustments therein to arrive at the actual branch profit or loss during the year 2007

Stock on 1-1-07	30,000
Stock on 31-12-07	36,000
Sundry Debtors on 1-1-07	16,800
Sundry Debtors on 31-12-07	21,600
Goods Invoiced from H.O	218,400
Cash sales	215,000
Rent, Rates and Taxes	9,600
Sundry Expenses	1,920
Cash collected from debtors	210,000

Question #8: What is the need for Business Amalgamation? State the factors affecting such decisions.



UNIVERSITY OF THE PUNJAB

PART – II : 2nd Annual – 2018

Examination: B. Com.

Roll No.

Subject: Advanced Financial Accounting

PAPER: BC-401

TIME ALLOWED: 3 Hrs.

MAX. MARKS: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Question #1: The Nadeem Stores Ltd., Multan has a branch at Hyderabad. Goods are invoiced to the branch at being cost plus 25%. The branch keeps its own sales ledger and deposits all cash received daily to the credit of the head office account opened at HBL, Hyderabad. All expenses are paid by cheque from Lahore. From the following information, prepare Branch account in the Books of Head office after making necessary adjustments & Calculate branch profit and loss for the year 2012.

Particulars	Rs
Stock 01-01-2012	60,000
Stock 31-12-2012	72,000
Sundry Debtors 01-01-2012	33,600
Sundry Debtors 31-12-2012	43,200
Petty Cash 01-01-2012	1,500
Petty Cash 31-12-2012	1,500
Goods invoiced from H.O.	436,800
Wages Paid	19,200
Sundry Expenses	3,840
Cash Sales	259,200
Credit Sales	168,000
Cash Collected from debtors	158,400
Rent Paid	12,000

Question #2 Shakeel Part Company has Authorized Capital of Rs. 500,000 divided into 50,000 shares of Rs 10 each, of which shares had been issued and fully paid. The following trial balance as on 31 December 2010

Detail	(Rs)	Detail	(Rs)
Stock	93,210	Return out	4,925
Return in	6,340	9% Loan	25,000
Sundry Expenses	19,620	Profit & Loss	19,320
Office Salaries & Expenses	34,500	Share Capital	200,000
Director Remuneration	13,230	Sales	584,750
Freehold Premises	98,000	Creditors	31,110
Furniture	7,500		
Cash In Hand	1,240		
Investment	24,000		
Debtors	52,700		
Purchases	359,105		
Carriage	2,450		
Customs Clearing Charges	12,500		
Interest On Bank Loan	1,125		
Audit Fee	11,620		
Preliminary	9,000		
Plant & Machinery	74,200		
Cash At Bank	9,765		
Advance Income Tax Paid	35,000		
	865,105		865,105

Adjustments:

On 31 Dec 2010 Closing Stock valued at Rs.64,240; Outstanding wages Rs.1380 while office salaries Rs 1500 are still payable; Depreciation on plant and machinery is to be provided @5% and furniture is to be 10%; Market value of investment on 31-12-2010 is Rs 25000; Directors recommended the followings: Provision for income tax Rs. 25000; Dividend @15% to the shareholders on paid up share capital; Transfer to general reserve Rs10,000

Required: Prepare Trading, Profit and Loss account for the year ended 31 Dec.2010 and Balance Sheet.

P.T.O.

Question # 3 Following is Balance sheet of Nazir and company as on 31st Dec 2004

Liabilities	Amount	Assets	Amount
Share Capital	70,000	Land	20,000
General Reserve	25,000	Plant	20,000
Reserve For Confidence	10,000	Furniture	5,000
6% Debenture	25,000	Stock	50,000
Income Tax Payable	4,000	Bills Receivable	10,000
Bills Payable	3,000	Debtors	20,000
Bank Overdraft	3,000	Prepaid expenses	7,000
Sundry Creditor	10,000	Cash at bank	18,000
	150,000		150,000

Required a) Current Ratio; B) Liquid Ratio; C) Debt - Equity Ratio; D) Proprietary Ratio

Question #4: X Transport Ltd. Purchased from Lahore motors, 3 truck costing Rs 50,000 each on the hire purchases system. Payment was to be made Rs 30,000 down and the remainder in three equal installments together with interest at 9%. X transport ltd writes off depreciation at 20% on the diminishing balance methods. It paid installment due at the end of the first year but could not next year; Lahore Ltd agrees to leave one truck with the purchaser, adjusting the value of the other 2 trucks against the amount due. The trucks were valued on the bases of 30% depreciation annually.

Required: Show the necessary accounts in the books of X Transport Ltd for 2 years.

Question: 5

Write short answers of the following:

1-Define Ordinary Shares. 2- Define Debentures. 3- Define Stock Turnover Ratio 4- Define Final Dividend. 5- Define Operating Expenses 6- What is Loss on Consignment 7- Define Marketing Expenses. 8- Define Work Certified. 9 -Define Preferred Creditors. 10- Define Expected Normal Loss.

Question: 6

What is meant by Departmental Accounts? What are the objects and advantages of preparing Departmental Accounts?

Question: 7: Rashid of Lahore sends 100 sewing machines on consignment to Farooq at Karachi. The invoice price is at the rate of Rs.160 each. Rashid spends Rs.400 on packing and dispatch. Farooq receives the consignment and immediately accepts Rashid's draft for Rs. 8,000. Subsequently, Farooq informs Rashid that 80 machines have been sold at Rs. 185 each. Expenses paid by Farooq; freight Rs. 600, godown rent Rs. 50 and insurance Rs.100. Farooq is entitled to a commission of 6% on sales & 1.5 % as del-credre commission.

Required: Give general entries in the books of Rashid. Also, prepare necessary Ledger accounts.

Question: 8: The following are the extracts from the balance sheet of Safdar Ltd. as on December 31, 2007

Authorized capital

30,000 ordinary shares of Rs. 100 each Rs. 3,000,000

Issued and subscribed capital

10,000 ordinary share of Rs. 100 each fully paid 1,000,000

Reserve fund 825,000

Profit and loss account 330,000

The board of directors recommended to issuing bonus shares at the rate 15 shares of Rs.100 each for every 50 shares held at present. For this purpose Rs. 200, 000 is to be provided out of profit and loss account and the balance out of reserves. The board also recommended to issuing right shares of the company @ 30 shares of Rs. 100 each for every 50 shares at a premium of Rs. 20 per share. The approval of controller of the capital issue had already been obtaining.

Required: To Set Out journal entries to give effect to the resolution, and show how they would affect the balance sheet



UNIVERSITY OF THE PUNJAB

B.Com. Part – II Annual Exam – 2019

Subject: Advanced Financial Accounting

Paper: BC-401

Roll No.
Time: 3 Hrs. Marks: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q 1: Salman Construction Company began to trade on 1st January 2018, the company was engaged only one contract for which price was Rs.800000. Prepare Contract Account and Balance Sheet from the following Trial Balance on 31st December, 2018:

TRIAL BALANCE			
PARTICULARS	Rs.	PARTICULARS	Rs.
Land & Building	280000	Share Capital	300000
Bank Balance	32000	Creditors	27000
<u>Charged to Contract:</u>		Outstanding Wages	13000
Material	115000	Cash received on contract	320000
Plant	50000	(80% of work certified)	
Wages	158000		
Expenses	15000		
	565000		660000

On 31st December, 2018 material costing Rs.12,000 were on hand, the cost of work done but uncertified were Rs.20,000. Of the material charged to contract, material costing Rs.8000 was lost in an accident. Depreciation is charged @10 % on plant.

Q 2: X Limited purchased a machine on hire purchase from Y Ltd. on 1st January 2018. The following are the particulars of the hire purchase agreement:

1. Cash Price of machine Rs.60,000.
2. Rate of interest 10% p.a.
3. No Cash Down Payment
4. X limited pay installment of Rs.20,000 plus interest @10%.
5. Charge depreciation @20% on diminishing balance method

Prepare Y Ltd. Account and Machinery Account for three years.

Q 3: From the following Trading and Profit and Loss Account relate to Maira Hassan Chemicals; you are required to calculate:

- | | |
|--------------------------|----------------------------|
| (a) Gross Profit Ratio | (b) Operating Profit Ratio |
| (c) Operating Ratio | (d) Net Profit Ratio |
| (e) Stock Turnover Ratio | |

PARTICULARS	Rs.	PARTICULARS	Rs.
Opening Stock	10,000	Sales	280,000
Purchases	120,000	Closing Stock	20,000
Wages	20,000		
Gross Profit	150,000		
	300,000		300,000
Salaries	15,000	Gross Profit	150,000
Rent	25,000	Interest on Investment	2,000
Insurance	10,000		
Advertisement	14,000		
Interest on Debentures	8,000		
Net Profit	80,000		
	152,000		152,000

P.T.O.

Q 4: From the following Trial Balance of Mehran Public Limited Company, prepare Company's Final Account.

	Rs.		Rs.
Stock	15140	Share Capital:	
Purchases	32240	10,000 shares of Rs.10 each	100000
Rent	22000	Sales	135000
Wages & Salaries	8200	General Reserves	10000
Investment	48000	Creditors	4000
Plant & machinery	16000	Bills Payable	5000
Debtors	28000	Income from investment	1400
Bills Receivable	2000	Profit & Loss Account	13500
Cash	9560	Purchases Returns	2240
Land & Building	90000		
	271140		271140

ADJUSTMENTS:

1. Closing stock Rs.20000
2. Taxation provision required for the year Rs.6000.
3. Transfer Rs. 2000 to general reserves.
4. Plant & Machinery is to be depreciated @5% P.a.
5. Propose dividend @ 5%
6. Create provision for bad debts @5%.

Q 5: M/S Naeem Motors sent 100 cars to Haseeb on consignment. The cost of each car was Rs.12,000 but was invoiced to Haseeb at cost plus 25%. The expenses of M/S Naeem Motors were:

Freight Rs.7,000; Insurance Rs.3,000.

During transit one car was destroyed and the insurance company admitted Rs.9,000 towards that claim. Haseeb sold 7 cars at Rs.15,000 each and paid for storage and insurance Rs.3,400. Haseeb then accepted a bill for Rs.90,000 at 3 months drawn by M/S Naeem Motors which they discounted immediately with their banker at 6% p.a. It was agreed that Haseeb is to get 5% commission.

Give consignment account in the books of M/S Naeem Motors.

Q 6. The following is the Balance Sheet of XYZ Limited

LIABILITIES	Rs.	ASSETS	Rs.
Share Capital:		Sundry Assets	600,000
25,000 shares@ Rs.10 each	250,000		
General Reserve	110,000		
Profit & Loss Account	70,000		
Long Term Debt	170,000		
	600,000		600,000

The company decided to pay long term debt of Rs. 10 each at Rs. 12.5 each. It further issue bonus share @ 40% of issued capital for this purpose utilize the company Profit and Loss Account and balance out of General Reserve.

Required: Pass journal entries and prepare amended balance sheet.

Q 7: Explain the features of Joint Stock Company?

Q 8: Explain different types of branches?



UNIVERSITY OF THE PUNJAB

B.Com. Part – II 2nd Annual Exam – 2019

Subject: Advanced Financial Accounting

Paper: BC-401

Roll No.

Time: 3 Hrs. Marks: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Question #1:

A merchant of Mirpur has branch at Muzaffarabad to which he charges out the goods at cost plus 25%. The Muzaffarabad Branch keeps its own sales ledger and transaction cash received to head office every day. All expenses are paid from head office. The transactions for balances were as follow:

Particulars	Rs.	Particulars	Rs.
Stock 1-1-2010	22000	Bad debts	600
Debtors 1-1-2010	200	Allowances to customers	500
Petty cash 1-1-2010	200	Return inward	1000
Cash sales	5300	Cheques sent to branch:	
		Rent	1200
		Wages	400
		Salary and other expenses	1800
Goods sent to branch	40000	Stock 31-12-2010	26000
Collection on Ledger Account	42000	Debtors; 31-12-2010	4000
Goods return to head office	600	Petty cash	250

Required: Prepare the Branch Account and Debtor Account for the year ended 31-12-2010.

Question #2:

What are the conditions, compliance of company's ordinance 1984 for the "Formation of a Public Limited Company"?

Question # 3

What journal entries is made in the following cases? Also prepare balance sheet for each.

- A company issued Rs 900,000 6% debenture at par redeemable at par.
- A company issued Rs 900,000 6% debenture at 10% discount redeemable at par.
- A company issued Rs 900,000 6% debenture at 5% premium redeemable at par.
- A company issued Rs 900,000 6% debenture at par redeemable at 10% premium.
- A company issued Rs 900,000 6% debenture at 10% discount redeemable at 5% premium.

Question #4:

Write short answers of the following:

- 1- Define Unissued Capital
- 2- Define Debentures Redemption
- 3- Define Current Ratio
- 4- Define Dividend Warrant.
- 5- Define Grossing Up
- 6- Who Is Consignor?
- 7- Define Dissolution of Company
- 8- Define Bad Debt Reserve
- 9- Define Inventory Turnover Ratio.
- 10- Define Hire Purchase System

Question #5:

A balance Sheet of Salman Limited on December 31, 2013 was as follows:

Liabilities	Rs.	Assets	Rs.
Share Capital:		Sundry Assets	600,000
25,000 shares @ Rs.10 each	250,000		
Reserve Fund	110,000		
Profit & Loss Account	70,000		
Long Term Debts	170,000		
	600,000		600,000

The company decided to pay off long term debts by issuing ordinary shares of Rs.10 each at Rs.12.5 each. It further decided to issue bonus shares @ 40% of share capital. For this purpose, to utilize profit & loss account and balance out of reserve fund.

Required: Make necessary Journal entries to give effect to the recommendations of Board of Directors and show how they would affect the balance sheet.

Question #6:

On 1st January, 2013 Mujahid & Co., acquired a machine on Hire Purchase from Punjab Company on The terms of the agreement: The cash price of the machine was Rs. 200,000 and Rs 80,000 were to be paid on the signing of the agreement. The balance was to be paid in annual installment of Rs. 40,000 plus interest. While Interest was 10% per annum. Depreciation at 20% per annum is to be written off on the Straight-Line Method.

Required: Show the accounts in the books of Mujahid & Co. and Machinery Account in the balance Sheet of the purchaser as at 31st December 2014

Question #7:

The under mentioned balances appeared in the books of Saudi Co. Ltd. As on 31st December 2015

Particulars	Rs.	Particulars	Rs.
Stocks	172,058	Authorized and issued capital:	
Book debts	223,380	(60,000 shares of Rs. 10 each)	600,000
Investments	288,950	General reserve	250,000
Depreciation reserve	71,000	Unclaimed dividends	6,526
Cash balance	72,240	Trader creditors	36,858
Directors fees	1,800	Buildings	100,000
Interim dividend	15,000	Purchases	500,903
Interest (Cr)	8,544	Sales	983,947
Profit and loss account 1-1-2015	16,848	Manufacturing expenses	359,000
Staff provided fund	37,500	Establishment	26,814
		General charges	31,078
		Machinery	200,000
		Motor vehicles	15,000
		Furniture	5,000

From these balances and the following information Prepare The Company's Balance Sheet as on 31st December 2015 and Its Profit And Loss Account for the year ended on that date

- 1) The closing stock on 31st December were valued at Rs. 148,680
- 2) Provide Rs.10000 for depreciation of block and Rs. 1500 for the company's contribution to the staff fund
- 3) Interest accrued on investment amounted to Rs. 2750
- 4) Establishment includes Rs. 6000 paid to the manager who is entitled to remuneration @ 5% of profit ascertained to a minimum of Rs.10000 p.a.

Required: Make the Profit and Loss Account and Balance Sheet for the year 2015

Question #8:

Punjab Ltd. Faisalabad is contractor for the construction of a pier for the Seafront development Company. The value of the contract is Rs. 300,000 and payment is by engineer's certificate subject to a retention of 10% of the amount certified; this is to be held by the Seafront Development Company for six months after the completion of the contract.

Wages on site	Rs 41,260
Material delivered by supplier	58,966
Material from store	10,180
Hire of plant	21,030
Expenses charged	3,065
Overhead charged	8,330
Closing material	11,660
Work certified	150,000
Work uncertified	12,613
Payment received	135,000
Wages accrued on 30 September 2002	2,826

Material costing Rs. 3384 was damaged and had to be disposed of for Rs. 884

Required: Prepare contract Account and work in progress Account in the Book of contractor, also shows the relevant items as would appear in the Balance sheet.



UNIVERSITY OF THE PUNJAB

Associate Degree in Commerce /B.Com. Part – II Annual Exam – 2020

Roll No.

Subject: Advanced Financial Accounting

Paper: BC-401

Time: 3 Hrs. Marks: 100

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Question:1

Write Short Answers of the following:

- 1- Explain Amalgamation 2- Define Accounts Payable 3- Define Equity Finance 4- Explain Share Premium
- 5- Define Bank 6- Explain Foreign Branch 7- Special Resolution for Winding Up 8- Define Working Capital
- 9- Define Creditor's Turnover Ratio. 10- Explain Merger of Company

1- کمپنی کا اتحاد 2- قابل ادائیگی والے اکاؤنٹس 3- ایکویٹی فنانس 4- حصص پر بحیم 5- بینک 6- غیر ملکی شاخ 7- خصوصی قرارداد کمپنی سمیٹنے کے لئے 8- ورکنگ کیپٹل 9- قرض دہندگان کا کاروبار کا تناسب 10- کمپنی کے انضمام

Question:2

The following are the extracts from the Balance Sheet of Akhtar Company Limited Faisalabad as on 30th June 2017

Authorized Capital:	Rs.
40,000 ordinary shares of Rs.100 each	4,000,000
Issued, subscribed & paid up capital:	
20,000 shares of Rs. 100 each	2,000,000
Reserve Fund	1,200,000
Profit & Loss Account	800,000

The Board of Directors recommended:

- 1- To issue Bonus Shares in the ratio of one bonus share for every five ordinary shares held.
- 2- To issue Right Shares in the ratio of one right share for every four ordinary shares held. The Bonus Shares will not be entitled for above Right Shares. For the purpose of issue of bonus shares, the funds were to be provided out of Profit & Loss Account and Reserve Fund in Equal Proportion.

Required: Make necessary journal Entries to give effect to the recommendation of the Board and show how they would affect the Balance Sheet.

مطلوبہ: بورڈ کی سفارش کو اثر انداز کرنے اور یہ بتانے کے لئے کہ وہ بنیٹس شیٹ کو کس طرح متاثر کریں گے، ضروری جرنل کے اندراجات کریں۔

Question:3

Muslim Company Limited Karachi has 12% outstanding Debentures of Rs. 300, 000 on 1st January 2019. The company pays interest on 30th June & 31st December. It purchases 300 debentures for cancellation on 30th April, 2019 at Rs.98 Ex-Interest. It further purchases 200 debentures for redemption on 1st October, 2019, at Rs. 97 Cum-Interest.

Required: Pass necessary Journal Entries (including closing entries) in the books of company for 2019.

مطلوبہ: 2019 کے لئے کمپنی کی کتابوں میں جرنل کے ضروری اندراجات (بند ہونے والے اندراجات سمیت) پاس کریں۔

Question:4

Shafi & Co., Lahore has a branch at Gujrat. Goods are invoiced to the branch at the selling price, being cost plus 25%. The branch keeps its own sales ledger and deposits all cash received daily to credit of the head office account opened at IIBL, Gujrat. All expenses are paid by cheque from Lahore. From the following information. Prepare Branch account in the Books of Head office after making necessary adjustments & calculate branch profit and loss for the year 2019 and debtor account.

Particulars	Rs
Stock 01-01-2019	60,000
Stock 31-12-2019	72,000
Sundry Debtors 01-01-2019	33,600
Sundry Debtors 31-12-2019	43,200
Petty Cash 01-01-2019	1,500
Petty Cash 31-12-2019	1,500
Goods invoiced from H.O.	436, 800
Wages Paid	19,200
Sundry Expenses	3,840
Cash Sales	259,200
Credit Sales	168,000
Cash Collected from debtors	158,400
Rent Paid	12,000

ضروری اینڈ جسٹمنٹ کرنے کے بعد برانچ آف ہیڈ آفس میں برانچ اکاؤنٹ تیار کریں اور برانچ کے نفع و نقصان کا حساب کتاب 2019 اور قرض دہندگان کے حساب کریں۔

Question:5

What is Departmental Account System? Discuss its Important Features.

ڈیپارٹمنٹل اکاؤنٹ سسٹم کیا ہے؟ اس کی اہم خصوصیات پر تبادلہ خیال کریں۔

Question:6 X Transport Ltd. Purchased from Lahore Motors, 3 trucks costing Rs. 100,000 each on the hire purchase system on 1-1-2015. Payment was to be made Rs. 60,000 down and the remainder in 3 annual equal installments, together with interest at 12%. X Transport Ltd. Writes off depreciation at 20% on the diminishing balance method. It paid the installment due at the end of the 1st year but could not pay the next. Lahore motors agreed to leave one truck with purchasers, adjusting the value of the other 2 trucks against the amount due. The trucks were valued on the basis of 30% depreciation annually.

Required: Show the Necessary Accounts in the Books of X. Transport for 2 Years

ضرورت ہے: 2 سال تک ایکس ٹرانسپورٹ کی کتابوں میں ضروری اکاؤنٹس دکھائیں

Question:7

Shama Construction Co. Ltd has undertaken the construction of a building for a newly started company. The value of the contract is Rs. 625,000 subject to retention of 20% until one year after the certified completion of the contract and final approval of the company's engineer. The following are the details as shown in the books on 31st December, 2019.

	Rs.
Material from stores	40,600
Material direct to site	210,000
Material in hand on Dec. 31st 2019	3,150
Labor on site	202,500
Wages accrued on 31st Dec. 2019	3,900
Hire and use of plant-plant upkeep account	6,050
General overhead allocated to the contract	18,550
Direct expenses	11,500
Direct expenses accrued on Dec. 31st 2019	800
Work not yet certified at cost	8,250
Cash received from contractee	440,000
Amount of work certified	00

Required:

- (i) Contract Account (ii) Contractee's Account (iii) Show Relevant Items in Balance Sheet.

ضرورت ہے: بیلنس شیٹ میں متعلقہ اشیاء دکھائیں (iii) معاہدہ کا اکاؤنٹ (ii) معاہدہ کا اکاؤنٹ (i)

Question:8

The following Trial Balance relates to Ringo Ring Company Ltd. as on 31st March 2018.

Debit Balances	Rs.	Credit Balances	Rs.
Sundry Debtors	180,000	Share capital (3000 shares of 100 each)	300,000
Plant	81,000	Profit and Loss A/c (31-03-2017)	16,000
Furniture	12,000	Gross Profit	192,450
Closing Stock as at 31-03-2018	153,000	General Reserve	5,000
Rent and Taxes	24,000	Sundry Creditors	33,000
Salaries	47,000	Liabilities for expenses	9,550
Office Expenses	32,500	Discount-Cr	2,000
Discount	3,500	7% Debentures	40,000
Advance Income Tax	27,000		
Cash in hand	7,500		
Compensation to Employees	6,500		
Interim Dividend	12,000		
Preliminary Expenses	4,000		
Unexpired Payments	8,000		
	598,000		598,000

The following additional information is available: The Authorized Capital of company consists of 5,000 shares of Rs. 100 each. Office Expenses include Rs. 4,500 as audit fee and Rs. 500 as audit expenses. Charge depreciation on plant and furniture @ 8%; Outstanding Expenses: Salaries Rs. 4,000. Interest on debentures unpaid for one year. Transfer to General Reserve Rs. 8000 and Provision for Taxation to be made up to Rs. 15,000. Write off 50% of preliminary expenses and Rs. 5 per share as final dividend.

Required: - Prepare Profit & Loss account and Balance Sheet as on 31st March 2018.

ضرورت ہے: - 31 مارچ 2018 تک فٹج اور نقصان اور بیلنس شیٹ تیار کریں۔



UNIVERSITY OF THE PUNJAB
Associate Degree in Commerce / B.Com. Part – II
2nd Annual – 2020 & Annual – 2021

Roll No.

Time: 3 Hrs. Marks: 100

Subject: Advanced Financial Accounting

Paper: BC-401

NOTE: Attempt any FIVE questions. All questions carry equal marks.

Q.1 Amazon Limited has authorized capital of Rs. 600,000 divided into shares of Rs. 10 each. Following balances appeared in the ledgers of the company on December 31, 2020.

	Rs.		Rs.
Premises	300,000	Stock (1 January 2020)	75,000
Planting machinery	360,000	Fixtures	7,200
Interim dividend paid	7,500	Sundry debtors	87,000
Preliminary expenses	5,000	Goodwill	25,000
Purchases	185,000	Cash in hand	8,250
Freight	13,100	Cash at bank	39,900
Director's fee	5,740	Wages	84,800
Bad debts	2,110	General expenses	16,900
6% Debentures	300,000	Salaries	14,500
Profit and loss account (Cr.)	14,500	Share capital	460,000
Sundry creditors	50,000	Bills payable	38,000
General reserves	25,000	Sales	415,000
4% Government securities	60,000	Provision for bad debts	3,500
Debenture interest	9,000		

Additional information:

- Depreciate plant and machinery by 10% and fixtures by 5%.
- Write off 1/5 of preliminary expenses.
- Rs. 10,000 of wages were utilized in adding rooms to the premises; no entry has yet been made for it.
- Leave bad debts provision at 5% of the sundry debtors.
- Provide a final dividend at 5%.
- Transfer Rs. 10,000 to general reserves.
- Make a provision for income tax to the extent of Rs. 25,000.
- The stock on 31st December 2020 was Rs. 101,000.

Required: Prepare final accounts and the balance sheet relating to 2020 from the figures given above.

Q.2 Elegant Stores has two departments A and B. The following balances are extracted from their nominal ledgers on March 31, 2020.

	Rs. ('000)		Rs. ('000)
Opening Stock		Sales	
Department A	250	Department A	15,000
Department B	200	Department B	10,000
Purchases		Rates	130
Department A	11,800	Fire Insurance Building	50
Department B	8,200	Lighting and Heating	120
Wages of Sales Staff		Repairs to Premises	25
Department A	1,000	Internal Telephone	25
Department B	750	Cleaning Expenses	30
Delivery Charges	150	Accountancy and Audit Fee	120
General Office Salaries	750	General Office Expenses	60
Closing Stock			
Department A	300		
Department B	150		

The proportion of the total floor occupied by department was:

Department	A	1/5 th
Department	B	4/5 th

Required: Prepare Elegant Stores' Trading and Profit and Loss for the year ended March 31, 2020, apportioning the overhead expenses, where necessary, to show the Departmental Profit and Loss.

Q.3 Bilal Transport Limited purchased from Hino Motors 3 trucks costing Rs. 50,000 each on the hire purchase system. Payment was to be made Rs. 30,000 down and the remainder in three equal installments together with interest at 9%. Bilal transport limited writes off depreciation 20% on diminishing balance method. It paid the installment due at the end of first year but could not pay the next. Hino Motors agreed to leave one truck with the purchaser, adjusting the value of other two trucks against the amount due. The truck was valued on the basis of 30% depreciation annually.

Required: Show the necessary accounts in the books of Bilal Transport Limited for 2 years.

Q.4 Mr. Nouman has invested a sum of Rs. 200,000 in his own business which is a very profitable one. The annual profit earned from his business is Rs. 45,000 which includes a sum of Rs. 10,000 received as compensation of a part of his business premises.

As an alternative to his engagement in his business, he could have invested the money in long term deposits with the bank earning a normal rate of interest of 10% and could engage himself in employment thereby getting an annual salary income of Rs. 7,200.

Required: Considering 2% as fair compensation for the risk involved in the business, calculate the value of goodwill of his business on capitalization of super profits at the normal rate of interest.

Q.5 X limited forwarded on 1st January 2020, 200 plastic chairs to Y Limited to be sold on behalf of X Limited. The cost of one chair was Rs. 500, but the invoice price was Rs. 600. X Limited incurred Rs. 1,000 on freight and insurance and received Rs. 20,000 as advance from Y Limited. Y Limited paid Rs. 1,000 as octroi and carriage, Rs. 800 as rent and Rs. 600 as insurance and by 30th June 2020 had sold 160 chairs for Rs. 50,000. Y Limited is entitled to a Commission on sale at 10% on proforma invoice price and 25% of any surplus price realized. Y limited remitted the amount due from them by a bank draft.

Required: Give Journal entries to record the above transactions and show necessary Ledger accounts in the books of consignor.

Q.6 Extracts from the balance sheet of Ismail Industries are given below:

Authorized Capital:	
100,000 shares of Rs. 100 each	Rs. 10,000,000
Issued paid up and subscribed capital:	
40,000 shares of Rs. 100 each	4,000,000
Share premium	200,000
General Reserve	320,000
Profit and Loss account	800,000

Board of directors passed a resolution in its meeting to capitalize a part of existing reserves and profit by issuing bonus shares. 4 bonus shares are being issued for every 10 shares of Rs. 100 each already held in the company. For bonus issue, share premium was to be fully utilized, Rs. 600,000 to be taken out of profit and loss account and balance from general reserve.

Company also offers to its shareholders the right to buy 3 shares of Rs. 100 each at Rs. 125 each for every 5 shares held. All the rights were taken up.

Required:

Pass the necessary journal entries to give effect to the above transactions.

Q.7 Panda Construction Limited undertook the construction of a building for a client. The value of the contract is Rs. 2,500,000 subject to a retention of 25% until one year after the certified completion of the contract. The following other details as shown in the books on 31st December 2020.

	Rs.		Rs.
Material from Store	162,400	General Expenses	74,200
Material purchased by Site	840,000	Direct Expenses	46,000
Closing Materials	12,600	Direct Expenses Accrued	3,200
Labour	810,000	Work Certified	2,200,000
Wages Accrued	15,600	Work Uncertified	33,000
Plant	24,200	Cash Received from Client	1,760,000

Required: Prepare Contract account, Contractee's account, and show how the relevant items would appear in the Balance Sheet.

Q.8 Why do businesses amalgamate? Explain in detail.