

University of the Punjab
Part I Annual 2013 Examination ADC/BCOM
Subject: Financial Accounting Paper: BC:304
Time Allowed: 3 Hours Maximum Marks: 100

**Composed by Iftikhar Ali Lecturer Statistics, Finance &
Accounting**

<https://bcfeducation.com>

Note: Attempt any five questions. All questions carry equal marks.

Question No. 1

For their mutual Accommodation Asim draws a bill for Rs. 50, 000 on Wasif for three months. Wasif accepts it and returned it to Asim, The proceeds Of the bill are to be shared by Asim and Wasif in the ratio of 3/5 and 2/5 respectively. The bill is got discounted by Asim for Rs, 49, 750 and he remits 2/5 of the proceeds to Wasif. Before the due date Wasif draws another bill for Rs. 100, 000 on Asim at three months, which help of these proceeds the first bill is met by Wasif and remaining proceeds are shared Asim and Wasif in the ratio of 2/5 and 3/5 respectively. The bill is discounted for Rs. 99, 500. Before the due date of the second bill, Asim becomes insolvent and his estate pays only 25% of the debts.

Question No. 2

From the following particulars prepare a bank reconciliation statement as on 31st March 2011.

- (1) Bank balance as on 31st March 2011 as per pass book Rs. 15, 200
- (2) Bank charges debited Rs. 130 in the pass book
- (3) Cheques issued but not presented to bank for payment Rs. 2, 000
- (4) Cheques deposited to bank but not credited in the pass book Rs. 7, 000
- (5) A cheque entered as a deposit in a cash book instead of payment Rs. 220
- (6) Rs. 364 paid into Bank had been entered twice in the cash book.
- (7) The receipt column of the Cash Book has been over cast by Rs, 1, 000
- (8) A cheque drawn for Rs, 9 had been incorrectly entered in the cash book as Rs. 99.

Question No. 3

Pass necessary journal entries to rectify the following errors:

- (a) An item of Rs. 53 has been debited to a personal account as Rs. 35
- (b) A sum of Rs 100 written off as depreciation on furniture was not debited to depreciation account.
- (c) The total of purchase book was added Rs. 60 short.
- (d) A machine bought for Rs. 5,000 has been debited to purchase account.
- (e) Sale of old machine for Rs. 500 to Mehwish has been entered in the Sales Book.

- (f) Total of Return Outward book was Rs. 100 short.
- (g) A sale of Rs.359 to R has been entered correctly in the Sales Book but credited to S account as Rs. 395
- (h) Repairs Rs. 680 to Motor Truck has been debited to Motor Vehicle account as Rs 860
- (i) Cash received from John Rs. 300 has been debited to John's a/c.
- (j) Furniture purchased for Rs 3, 000 was not entered in the books.

Question 4:

The following are the balances extracted from the books of A. Rashid as at 31st December 2008.

Accounts Title	Rs.	Accounts Title	Rs.
Capital Account	90,000	Bad Debts Reserve	3240
Drawings	7600	Taxes & Insurance	1300
Purchases	89470	Discount Account Credit	190
Purchases Return	4240	Bills Receivable	1240
Sales	149840	Sundry Debtors	62970
Sales Return	2820	Sundry Creditors	16980
Stock (1-01-2008)	11460	Cash at Bank	12400
Salaries & Wages	6280	Cash in Hand	2210
Buildings	25,000	Office Furniture	3500
Freight & Cleaning Charges	16940	Traveler's Salaries & Commission	9870
Carriage Inwards	2310	Addition to Building	7000
Office Expense	1340	Rent Received	2100
Printing & Stationary	660		
Postage & Telegram	820		
Bad Debts	1400		

You are required to prepare trading and profit and loss account for the year ended 31st December 2008 and a balance sheet as on that date after making the following adjustments.

<https://bcfeducation.com>

- (1) Depreciate building by $2\frac{1}{2}\%$ and office furniture by 5%
- (2) Reserve for bad debts to be made up to Rs. 4,000
- (3) Salaries outstanding for December Rs. 570
- (4) Rent Receivable Rs. 200
- (5) 5% interest to be charged on capital.
- (6) The value of Stock on 31st December 2008 was Rs. 14, 290
- (7) Unexpired insurance amounted Rs. 240

Question No. 5

Jamil does not maintain proper books of accounts. From the following particulars prepare trading and profit and loss accounts for the year ended 31st December, 2010 and the balance sheet on that date.

Analysis of the other transactions is as follows:

	31.12.2011	31.12.2012
Debtors	90,000	2500
Stock	4900	6600
Furniture	500	750
Creditors	3000	2250

Analysis of the other transactions is as follows:

Cash collected from debtors	304,000
Cash paid to creditors	22,000
Salaries	6,000
Rent	750
Office expense	900
Drawings	1,500
Additional capital introduced	1,000
Cash sales	750
Cash purchases	2,500
Discount allowed	150
Discount inwards	350
Returns inwards	500
Returns outwards	400
Bad debts	100

He has Rs. 2, 500 as cash balance at beginning of the year

<https://bcfeducation.com>

Question No. 6

Define work sheet. How is work sheet used?

Question No. 7

Sarmad and Bilal were partners in a firm sharing profits equally. Their business position on 30th June 2009 was as follows:

Assets	Rs.	Liabilities	Rs.
Cash in hand	300	Sarmad's Capital	4200
Stock	7200	Bilal's Capital	3200
Sundry Debtors	12400	Bank Overdraft	3000
Furniture	1200	Sundry Creditors	12000
Investments	1300		

It is agreed to take Shahid into partnership and to make the following adjustments:

- (1) Bad debts to be/written off Rs. 3,200
- (2) Value of furniture to be reduced to Rs.800
- (3) Depreciate stock @ 10%

(4) Write off 20% on investments.

Shahid introduced Rs. 2000 as capital for his 1/3 share. Other partner's capital should be adjusted according to new partner's capital.

Prepare necessary Journal entries regarding above arrangements. Also prepare important Ledger Accounts.

<https://bcfeducation.com>

Question No. 8

Enumerate the methods of calculating depreciation. Discuss briefly the merits and demerits of each method.

For More Learning Visit <https://www.youtube.com/c/BlueChipFin/featured>