

University of the Punjab
Part I Annual 2015 Examination ADC/BCOM
Subject: Financial Accounting Paper: BC:304
Time Allowed: 3 Hours Maximum Marks: 100

Composed by Iftikhar Ali Lecturer Statistics, Finance & Accounting

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

Q. 1 Ali, Murtaza and Mujtaba are the debtors and creditors of each other. They drew the bills in the following manner.

- Ali drew on Murtaza for Rs. 15000 and on Mujtaba Rs. 12000
- Murtaza drew on Ali for Rs. 18,000 and on Mujtaba Rs. 10,000
- Mujtaba drew on Ali for Rs. 24,000 and on Murtaza Rs. 12000

All the bills were discounted at 10% .All the bills were paid on due date. Show entriem in the books of Ali, Murtaza and Mujtaba.

Q. 2 From the following particulars prepare the bank reconciliation statement of Mr. Mujtaba Rehan at 31st October 2014.

- Bank overdraft as per cash book Rs 3500
- Cheques issued but not encased during the year Rs 2200
- Bank charges not recorded in the cash book Rs 150
- Cheques deposited as per bank statement not entered in the cash book Rs. 950
- Club dues of Mr. Mujtaba paid by bank as per standing instruction not recorded in the cash book Rs. 100
- Cheques issued by Mr. Mujtaba dishonored Rs. 1200

Q.3 The following trial balance is extracted from the books of Behzad and Co on 31st March 2014. You are required to prepare trading and profit and loss a/c and balance sheet as on that date:

Details	Debit	Credit
Drawings	30,000	
Capital		372,000
Purchases & Purchases Return	450,600	1800
Stock on 1-4-2013	138,000	

Cash in Hand	10380	
Bank Balance	67,800	
Plant & Machinery	115,800	
General Expenses	2520	
Printing Charges	4920	
Accounting Fee	840	
Commission		9900
Investment Purchased on 1-4-2013 @ 10%	12,000	
Interest Received on Investment		600
Sundry Debtors & Creditors	108,000	89010
Wages	75000	
Salaries	42000	
Income Tax	4800	
Discount Allowed & Received	18,900	13,800
Sales Return & Sales	1650	626,850
Bill Receivable	9600	
Furniture	9150	
Rent & Rates	12000	
	1113,960	1113,960

The following adjustments are to be made:

- 1) Charge interest on Capital at 5% p.a and 3% on drawings.
- 2) Stock on 31.3.2005 is Rs. 156000
- 3) Provide Rs. 15,000 for wages.
- 4) Accrued rent is Rs. 1500
- 5) Charge 5% Depreciation on plant and machinery and 10 % on Furniture
- 6) Insurance to the amount of Rs.600 relates to next year.

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Q. 4 A trader by preparing his trial balance found Rs 780 excess debit and transferred it to the suspense are later he found the following errors .

- A. The total of the sales book Rs. 3,480 had not been posted to the sales A/C
- B. Sales of old furniture for Rs. 2400 were entered in the sales book.
- C. Commission a/c balance (Dr.) Rs. 2430 was not transferred to the trial balance.
- D. Purchase made from Ali stores for Rs 2250 had been forgotten to enter in the books.
- E. Cash paid to Rehan Rs. 3520 was posted to his a/c Rs. 3250.
- F. Goods sold to A for Rs. 1250 posted in B's account.

Pass the journal entries to rectify them and prepare the suspense account. Also show the effects on profit. Before rectification of errors the profit was Rs. 53790.

Q.5: The following balances are obtained from the books of Mr. Zaheer as 31st December 2013:

	01-01-2013	31-12-2013
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Sundry Creditors	31,200	28400
Furniture & Fixtures	3400	3400
Bank Overdraft	40800	39200
Bills Receivable	30500	28800
Motor Car	4200	4200
Cash at Bank	900	2800
Sundry Debtors	22800	21400
Stock in Trade	33400	37400

The following additional information are relevant to the year 2013:

Drawings during the year amounted to Rs.4,800, Depreciate Furniture at 10%. Write off Rs.800 on Motor Car. Provide Rs.1,000 as bad debts and 5% as reserve on Debtors, Provide reserve of Rs.1,600 on Bills Receivable.

Required: From the above information prepare a statement showing profit or Loss and Statement of Affairs for the year Ended December 31, 2013.

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Q.6: The following is the statement of Receipts & Payments of Murtaza Foundation Hospital for the year ending 31st December 2014.

Opening Balance:	Rs.	Payments	Rs.
Cash	500	Furniture Purchased	100
Bank	8000	Salaries	23000
Government Securities	180,000	Instruments Purchased	500
Receipts:		Diet Expenses	2000
Subscriptions	25,000	Surgery & Dispensary	1000
Interest	9000	Rent & taxes	500
Donation for Charity Fund	4000	Insurance	200
Miscellaneous	300	Office Expenses	700
		Miscellaneous Expenses	100
		Closing Balances:	
		Bank	18,000
		Cash	700
		Govt. Securities	180,000
	226800		226800

You are required to prepare the Income & Expenditure Account for the year and the Balance sheet as on 31st December 2014. The other assets on 1st January 2014 were: Furniture, Rs.. 2000; Land Rs. 50,000; Building Rs. 150,000; Instruments Rs. 3500. The Govt. Securities of the face value of Rs. 200,000 (Cost Rs. 180,000) represent investments of the 2013 Endowment Fund. The subscriptions received include Rs. 10,000 for the year 2013 but Rs. 7000 is outstanding for 2014. Salaries paid include Rs. 1000 for

2013 but Rs. 1500 is payable for 2014. Interest received includes Rs. 2000 for 2013 but Rs. 2300 is outstanding for 2014.

Q. 7 Irtaza and Murtaza were partner in a firm sharing profit equally. Their Business position as on 30th June 2014 is as follows:

Assets	Rs.	Liabilities	Rs.
Cash in hand	150	Sundry Creditors	6000
Stock	3600	Bank overdraft	1500
Sundry Debtors	6200	Irtaza's Capital	2100
Furniture	600	Murtaza's Capital	1600
Investments	650		
	11200		11200

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It is agreed to take Mujtaba into partnership and to make the following adjustments.

- Bad debts are to be written off for Rs.1,600.
- Value of furniture is to be reduced to Rs.400
- Depreciate stock at 10%
- Write off 20% on investment
- Raise Goodwill for Rs.1000

Mujtaba introduced Rs.1000 as capital for his 1/3rd share. Other partner's capital should be adjusted according to new partner's capital.

Q. No.8 Define bill of exchange. Discuss its features and types.

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