ACCOUNTING 2018

Time : 3 Hours **(REGULAR)** **Max Marks: 100**

Instructions: Attempt any FIVE questions.

1. BASIC CONCEPTS:

(a) For each of the following statements write "True" or "False".

(1) Financial statements are prepared in the beginning of each accounting year.
(2) Assets + Expenses + Capital = Liability + Income
(3) Sales + Cost of goods sold – Expenses = Gross Income
(4) Drawings are recorded in the equity section of Balance Sheet.
(5) Purchases + Opening Inventory – Ending Inventory = Cost of Goods sold
(6) A dishonoured cheque is a cheque which is returned by bank due to insufficient cash balance in the account on which cheque is drawn.
(7) Bank reconciliation statement is an essential document for income statement.
(8) Owner's claim over assets of the business is called liability.
(9) Prepaid expenses are recorded in income statement.
(10) Depreciation expenses in a non-cash expense.

(b) Explain any five terminologies:

(1) Written off accounts (2) FiFo
(3) Inventory ending (4) Contra entry
(5) Un presented cheque (6) Goodwill
(7) Diminishing Balance Method

OR From the following account titles show the balances of any five in general ledger:

(1) Prepaid sales Rs.10,000.
(2) Sales Rs.1,00,000.
(3) Unearned fee Rs.5,000.
(4) Drawing Rs.8,000.
(5) Accumulated Depreciation Rs.1,800.
(6) Sales Return and Allowance Rs.750.
(7) Accrued Service Income Rs.7,550.
(8) Petty cash fund Rs.7,500.

2. ADJUSTING, CLOSING & REVERSING ENTRIES:

Following balances are taken from the unadjusted trial balance of Rayyan & Ayyan Bros. on June 30, 2018.

	DEBIT	CREDIT
Cash	40,000	
Accounts Receivable	3,50,000	
Prepaid Insurance	40,000	
Purchases	6,90,000	
Utility Expenses	25,000	
Rent Expenses	1,80,000	
Office Equipment	4,00,000	
Account Payable		85,000
Sales Revenue		8,50,000
Purchase Return		90,000
Capital		?
Total	1725,000	1725,000

DATA FOR ADJUSTMENT:

(1) Prepaid insurance Rs.15,000.
(2) Unpaid salaries Rs.15,000.
(3) Depreciation Expense Rs.30,000.
(4) Unrecorded Sales Rs.50,000.
(5) Inventory Ending Rs.50,000.

REQUIRED:

Prepare Adjusting, Closing and Reversing Entries.

3. ACCOUNT RECEIVABLE:

Following transaction and account balances are taken from the accounting record of Marium Traders:

Account Receivable balance at Jan. 1, 2016 Rs.2,75,000
Allowance for doubtful account balance (Cr) Rs.2,750

The transactions for the year ended Dec. 31, 2016 are as follows:

(1) Sales on account Rs.6,00,000.
(2) Sales discount availed by a customer Rs.15,000.
(3) Cash collected from customers Rs.4,75,000.

The company follows the Balance Sheet approach to estimate uncollectible accounts @ 1% of accounts receivable.

REQUIRED:

(1) Record the above transactions in General Journal.
(2) Give adjusting entry on Dec. 31, 2016.
(3) Prepare A/c. Receivable & Allowance for bad debts A/c.
(4) Prepare partial balance sheet.

4. DEPRECIATION:

(a) An equipment purchased 5 years ago, fully depreciated and is no longer in use. Equipment had no savage value now is removed from the books of accounts. Cost of equipment was Rs.5,00,000.

REQUIRED:

Give entry to record the scrapping of equipment.

(b) A Truck purchased 6 years ago, at a cost Rs.20,00,000. The truck is depreciated on Diminishing Balance Method @ 15%. After 4 years of use the truck is traded in, on a new model having a list price of Rs.20,50,000. Dealer grants a trade in allowance of Rs.2,40,000 for old truck.

REQUIRED: Record the exchange of truck on "Cost Basis": (Without recognizing Gain / Loss).

5. INVENTORY VALUATION:

(a) Big Bang Co. specializes in sale of sports goods. During the year 106000 units were sold for a total price Rs.8,00,000. The inventory on Jan. 1 consisted 9800 units valued at a cost of Rs.37,800.

Purchases during the year as follows:

20000 units @ Rs.4.10	30000 units @ Rs.4.18
50000 units @ Rs.4.25	10000 units @ Rs.4.80

REQUIRED:

(i) Compute ending inventory units.

(ii) Compute cost of ending inventory using FIFO Method, LIFO Method, Weighted Average Method.

(b) A perpetual inventory system is used by "Lotte Co." and an inventory card is maintained for each type of product in stock. Following transactions show the details of a product 'FLO'

Mar. 1	Balance	on hand	200	units @	Rs.6	Rs.1200
4	Sold	"	180	"	Rs.10	Rs.1800
12	Purchase	"	300	"	Rs.6.5	Rs.1950
20	Sold	"	125	"	Rs.11	Rs.1375
28	Sold	"	100	"	Rs.11	Rs.1100

REQUIRED:

(i) Compute the amount of Gross Profit where Co. uses FIFO Method of Inventory valuation.

(ii) Record the above transactions in General Journal including adjusting and closing entries if any.

6. PARTNERSHIP–FORMATION–ADMISSION:

(a) Navera, Savera and Sumera decided to form a partnership in the name of 'Shining Stars'. On Jan. 1, 2018. They completed following transaction.

(i) Navera contributed cash Rs.25,000 and furniture worth Rs.15,00,000.

(ii) Savea contributed office furniture and office building costing Rs.2,50,000 and Rs.25,00,000 respectively.

(iii) Sumera contributed equipment worth Rs.16,00,000 and supplies costing Rs.1,50,000.

Being equal partners, it is decided that any deficiency by any partner will be met in form of additional investment in cash.

REQUIRED: Prepare initial Balance Sheet of Shining Stars as on Jan. 1, 2018.

(b) Uzma and Asad are partners in a business 'Success Stories', Capital Balances of Uzma and Asad were Rs.2,88,000 and Rs.4,00,000 respectively. Their Profit / Loss sharing ratio 1:1. On March 1, 2018, they decided to admit a new partner, consider the admission for each of the following cases separately.

(i) Sarwar invests furniture worth Rs.1,00,000 and sufficient cash for 1/5 interest in partnership.

(ii) Sarwar invests Rs.1,12,000 to acquire 1/4 share in business (use Bonus Method).

(iii) Sarwar invests Rs.2,00,000 to acquire 1/5 interest in partnership (use Goodwill Method).

REQUIRED:

Prepare partner's capital account after admisaion of Sarwar and also pass necessary General Entries.

7. CORRECTION OF ERRORS / OMISSIONS, FINANCIAL STATEMENT:

(a) Following Errors / Omissions were found before closing of books of accounts:

(i) A customer has supplied goods to the Co. valued Rs.500, and it has been agreed that this amount should be offset against the money owed to the entity by the customer. No entry has yet been recorded for this contra adjustment.

(ii) Accrued wages Rs.10,000 were recorded as accrued salaries.

(iii) Purchase Returns of Rs.20,000 were recorded as Sales Returns.

(iv) A dishonoured cheques returned by bank is not recorded Rs.10,000.

(v) Accounts Receivable collected from Mr. A Rs.1,00,000 was recorded in Mr. B account.

(vi) Outstanding Commission expense was overlooked Rs.15,000.

(vii) Accrued service income Rs.30,000 was unrecorded.

(viii) A note receivable Rs.1,550 is collected but recorded in Account Receivable.

REQUIRED:

Pass rectifying entries in General Journal assuming that the errors were discovered before closing the accounts.

(b) XY Co. Income Statement for the year ended Dec. 31, 2018.

Credit Sales	?
Less: Sales Return	10,000
Net Credit Sales	4,00,000
Cash Sales	?
Total Sales	5,10,000
Less: Cost of Goods Sold	
Purchase	?
Add: Transportation in	500
Total Purchases	?
Ending Inventory	80,000
Cost of Goods Sold	?
Gross Profit	2,30,000
Less: Operating Expenses	
Insurance Expenses	10,000
Salaries Expenses	25,000
Depreciation Expenses	?
Total Expenses	?
Net Profit	1,75,800
Add: Commission Income	?
Total Income	1,85,000

REQUIRED:

Complete the above questioned marked accounts.

ACCOUNTING 2017

(REGULAR)

Time : 3 Hours Max Marks: 100

Instructions: Attempt any FIVE questions.

1. BASIC CONCEPTS:

(a) Place the relevant concept from the following in front of each statements:

- Historical Cost Concept
- Money Measurement Concept
- Business Entity Concept
- Conservatism
- Matching Concept

No.	Transactions	The Concept Applied
(a)	Electricity bill paid for the Owner's residence is not recorded as a business expense	
(b)	Fixed assets are kept in books at their cost price	
(c)	Allowances are made for doubtful debts	
(d)	Merchandise bought in kilograme is recorded in rupees (not in quantity)	
(e)	Rent a/c. is adjusted for a prepayment	

(b) How would you show the effect of the following transactions of a Furniture Trader in Ledger and Balance Sheet? (Do not show the amount in each column)

Transaction	Ledger	Balance sheet
Purchase furniture on credit for office use.	Dr. Furniture Cr. A/Payable	Increase: Fixed Asset Increase: Current Lia.
Bought furniture (for sale purpose) on account		
Sold furniture costing Rs.7000 for Rs.9000 on cash		
Owner took office furniture for home use		
Owner took merchandise for home use		
Office Furniture sold at breakeven (no loss no gain) in cash		

(c) The following table describes the effects of transactions on accounting equation. You are required to describe the transactions after analyzing each effect.

The first effect of transaction 'o' may be described as follow: "Bought merchandise on account from a supplier."

No.	Cash	A/Rec	Inventory	Bank	Equip.	Loan	A/pay	Rent Payable	Capital
	29000	5000	21000	(3500)	5000	12000	3000	1500	4000
			1000				1000		
1.		(300)		300					
2.			(2200)	2500					300
3.				(2000)		(2000)			
4.									
5.	600			(600)					
6.				(500)					(500)
7.	(1500)							(1500)	
8.		300		(300)					
9.				2500	(3000)				(500)
10.	5000								5000
11.	(800)								(800)

2. WORK SHEET:

Hasan is running a super store, the following balances were extracted from his books on December 31, 2016.

Merchandise Inventory	15,000	Custom duty on purchase	650
Fixture and Fitting	49,000	Sales	78,500
Purchases	51,800	Accounts Receivable	20,500
Drawing	2,000	Capital	50,000
Accounts Payable	11,200	Commission Income	2,540
Salaries & Wages	10,160	Cash	2,130
Loan from National Bank	10,000	Off. Supplies Expense	1,000

The following adjustments have to make before preparing financial statement:

(a) Merchandise inventory was valued at Rs.10,000 at cost.
(b) The A. Receivable are expected to be realized Rs.20,000
(c) Owner had taken Rs.300 worth of merchandise for personal use.
(d) Commission amounting to 710 was received in advance.
(e) 5% of Fixture & Fittings were bought for sales purpose.
(f) Salaries and wages do not include accrued wages of Rs.140.

REQUIRED:

Prepare a ten column work sheet for Hasan's Business.

3. ADJUSTMENTS:

Name of Accounts	Debit	Credit
Store Supplies Expenses	2,000	----
Store Supplies	2,800	----
Unexpired Insurance	1,050	----
Insurance Expense	750	----
Rent Income	----	

Unearned Rent	----	2,000
Office Supplies Expenses	4,200	----
Office Supplies	500	----

REQUIRED:

Prepare entries in General Journal to adjust the accounts under the following independent conditions:

(a) On Dec. 31, un-expired insurance Rs.750; Store Supplies on hand Rs.300 and Rent collected in advance Rs.3,000.

(b) On Dec. 31, un-expired insurance Rs.1,200; and Unearned Rent Rs.1,500.

(c) Office Supplies.Expenses for the year Rs.4,500 and Rent Income earned but not yet received Rs.3,000.

(d) Insurance Expense for the year Rs.1,000 and Rent earned during the year Rs.6,500 of which Rs.1,000 is still receivable.

4. CASH CONTROL:

(a) What is a source document? Describe any three source documents used to record entries in cash book.

OR Distinguish between Bank Statement and Bank Reconciliation Statement.

(b) Ebrahim's Cash Book as at June 30, 2017 showed a debit balance of Rs.8,800 whereas the Bank Statement, at the same date, indicated a different balance that is Rs.9,042. On closer scrutiny, the following were discovered:

(1) The bank statement showed a standing order payment of Rs.385 for insurance.

(2) Huzaifa had paid a sum of Rs.577 direct to the business account.

(3) Cheque No. 526545 of Rs.640 was un-presented.

(4) Deposits not yet credited totaled Rs.605.

(5) A Cheque of Rs.654, received from a customer, was deposited in the bank but shown in the bank statement as Rs.454.

(6) The bank had charged Rs.25 for service fees and Rs.20 for Cheque Book.

(7) The bank had received a credit transfer of Rs.260 for dividends due to the firm.

REQUIRED:

(a) Prepare Bank Reconciliation Statement as on 30.6.2017

(b) Prepare entries in General Journal for the relevant items

5. ACCOUNTS RECEIVABLES:

Prepare adjusting and closing entries from the following independent cases & then show them in partial balance sheet:

(a) The items appearing in the trial balance are, Allowa for Bad Debts Rs.3,500 (Cr. Bal.) and Acc Receivables Rs.1,20,000. It is required to estimate Allowance for Bad Debts @ 5% of A/c. Receivables.

(b) The items appearing in the trial balance are, Allowa for Bad Debts Rs.16,800 (Cr. Bal.) and Acc Receivables Rs.2,42,000. It is required to write o further Rs.2,000 as Bad Debts and to estin Allowance for Bad Debts @ 5% of A/c. Receivables.

(c) The items appearing in the trial balance are, Allowa for Bad Debts Rs.3,500 (Dr. Bal.) and Acc Receivables Rs.1,20,000. It is required to increase Allowance for Bad Debts by Rs.6,000.

(d) The items appearing in the trial balance are, Allowa for Bad Debts Rs.12,000 (Cr. Bal.) and Acco Receivables Rs.1,20,000. It is required to estimate Allowance for Bad Debts @ 10% of A/c. Receivables.

6. INVENTORY VALUATIONS:

(a) What concept pertains to the process of stock takin the end of an accounting period?

OR In the economic environment of inflation, which meto of valuing inventory will yield higher cost of end inventory –FIFO or LIFO? How will this affect net pr of the firm for that particular year?

(b) Obaid Company's beginning inventory, purchases a sales during the financial month ended on March 31, 2017, a given as follows:

Date	Particulars	Quantity (units)	Rate	Total amoun
Mar. 1	Inventory	2200	50	110,000
" 2	Purchase	2000	60	120,000
" 12	Sales	3000	91	273,000
" 15	Purchase	3300	62	204,600
" 25	Sales	2800	101	282,800
" 28	Purchase	500	75	37,500

The company uses perpetual inventory system fo valuing inventory.

REQUIRED:

(i) Determine the cost of inventory using FIFO method.
(ii) Record the first two transactions in General Journal.

7. DEPRECIATION:

Raza Hospital purchased X-Ray machine on 4 Jan. 2015 at a list price of Rs.85,000 with a trade discount of 20%. The payment was made within the discount time as per term, that was 2/10, n/30. Sales tax of 16% was also paid on the net cash price. The hospital also incurred the following expenses:

Transportation Charges	1,200
Installation & Testing Cost	1,828
Packaging Charges	1,000
License fees for the current year	1,200
3 years fire insurance	3,600
Insurance in transit	1,170

During installation work of the machine, an adjacent machine was damaged and the repair cost paid Rs.650. After four months of successful use, the machine was cleaned, lubricated, and overhauled at a cost of Rs.1,200. It was estimated that the x-ray machine has a scrap value of Rs.8,000 at the end of its estimated life of 8 years. The manufacturer has also estimated that it will run 14,800 working hours efficiently, approximately.

REQUIRED:

(i) List the expenditures that would become part of the fixed asset account.

(ii) Calculate the total cost of the machine.

(iii) Show Partial Balance Sheet as on 31 Dec. 2015 if the machine had worked 2000 hours during the year.

(iv) Show adjusting entries for depreciation on 31 Dec. 2016, assuming that the machine has worked 2500 hours in the year.

8. PARTNERSHIP:

(a) As an accountant of a partnership firm, why would you like to sign a Partnership Deed? Enumerate (describe) three important items of a Partnership Agreement.

OR Describe five important impacts for an accountant if a 'Partnership Deed' does not exist.

(b) Junaid and Obaid are equal partners with capitals of Rs.1,50,000 each. Shafqat is admitted for a 40% (2/5) interest.

REQUIRED:

Make entries in General Journal for each of the following information cases:

(i) Shafqat invest cash Rs.2,40,000 in total capital of firm Rs.5,40,000.

(ii) Shafqat invests furniture Rs.90,000 and sufficient cash to make 40% (2/5) interest in the firm.

(iii) Shafqat purchases 40% (2/5) interest of each of the old partners after recording goodwill of Rs.1,50,000.

ACCOUNTING 2017

(PRIVATE)

Time : 3 Hours

Max Marks: 100

Instructions: Attempt any FIVE questions.

Q.1. WORKSHEET:

Following are the data related to pre-closing Trial Balance and Adjusted Trial Balance for Ahmed Associates for the month of March 2018.

Account Title	Trial Balance		Adjusted T. Bal.	
	Debit	Credit	Debit	Credit
Cash	70,000		70,000	
Commission Receivable	21,300		41,300	
Office Supplies	4,500		1,100	
Equipment	132,000		132,000	
Acc. Depreciation (Equ.)		28,800		29,900
Salaries Payable				11,000
Rent Payable				1,500
Unearned Commission		8,500		6,000
Ahmed's Capital		178,000		178,000
Commission earned		23,500		45,500
Salaries expense	11,000		22,000	
Rent expense			1,500	
Office Supplies expense			3,400	
Depreciation expense			1,100	
Total	238,800	238,800	272,400	272,400

REQUIRED:

Prepare a ten column worksheet from the above data.

Q.2. INCOME STATEMENT & BALANCE SHEET:

The following balances have been taken on June 30, 2017 from Ali & Co.:

DEBIT BALANCES: Cash Rs.1,00,000, Account Receivable Rs.3,50,000, Furniture Rs.1,00,000, Advertising expense Rs.40,000, Office Supplies expense Rs.15,000, Prepaid Rent Rs.60,000, General expense Rs.25,000, Delivery expense Rs.6,000, Merchandise Inventory (Opening) Rs.1,00,000, Purchases Rs.3,00,000, Carriage in Rs.4,000, Sales Salaries expense Rs.90,000, Sales Returns Rs.5,000.

CREDIT BALANCES: Sales Rs.6,00,000, Commission Income Rs.30,000, Accounts Payable Rs.1,35,000, Ali's Capital Rs.4,30,000.

ADJUSTMENT DATA:

(i) Prepaid Rent Rs.30,000.
(ii) Unused office supplies Rs.5,000.
(iii) Provide depreciation on Furniture Rs.10,000.
(iv) Provide for bad debts Rs.5,000.
(v) Outstanding Sales salaries Rs.10,000.
(vi) Closing Inventory Rs.90,000.

REQUIRED:

(a) Prepare Income Statement for the year June 30, 2017.
(b) Prepare Balance Sheet as on June 30, 2017.

Q.3. ACCOUNTS RECEIVABLE VALUATION:

The following accounts balances appear on Balance Sheet of Asif & Co. as on December 31, 2016.

A/c. Receivable Rs.69,000

Allowance for bad debts Rs.3,450.

During the year 2017, bad debts written off amounted to Rs.3,100, Total Sales (including Cash Sales of Rs.50,000) amounted to Rs.1,30,000 and total cash received (including recovery from previously written off account Rs.7,000) amounted to Rs.76,000.

The Company estimates bad debts at 5% of year end Accounts Receivable.

REQUIRED:

(i) Record the above transactions in General Journal Including year end adjusting entry.
(ii) Setup Accounts Receivable and Allowance for bad debts account and complete in all respect.
(iii) Prepare Partial Balance Sheet as on Dec. 31, 2017.

Q.4. INVENTORY VALUATION:

(a) During an accounting period Rashid & Sons. sold merchandise at market retail price Rs.11,20,000. At the end of the period following data were available from its records.

	At Cost	At Retail Price
Beginning Inventory	2,02,000	3,00,000
Purchases (Net)	7,78,000	11,00,000

REQUIRED:

Use Retail Price Method to estimate the ending inventory at Cost.

(b) The following are December inventory data for Sajid Co. The company uses perpetual inventory system:

Dec. 01	Inventory	300 Units @ Rs.30
Dec.12	Purchase	200 Units @ Rs.35
Dec.19	Sales	220 Units
Dec.25	Purchase	320 Units @ Rs.36
Dec.28	Sales	140 Units

REQUIRED:

Compute the cost of ending inventory and cost of goods sold for the month of December. Using

(i) FIFO (ii) LIFO (iii) Moving Average Method

Q.5. DEPRECIATION:

M/S. Rafique Trading Company acquired a machine at a cost of Rs.89,000 on March 31, 2013. The life of the machine was estimated 5 years with a residual value of Rs.9,000. The Company uses straight line method of computing depreciation. On Jan. 4, 2016 extra ordinary repairs were performed at a cos of Rs.18,500 due to which the normal life of the machine was extended to four years from January 2016. On October 1, 2018 machine was sold for Rs.19,000.

REQUIRED: Prepare dated Journal Entries for all of the transaction from 2013 to 2016.

6. BANK RECONCILIATION:

During the process of completing the Bank Reconciliation of Noor Co. On Dec. 31, 2016 the following facts were discovered:

Cash Book Balance Rs.5,040 (Dr) and
Bank Statement Balance Rs.1,540 (Dr)

(i) Bank charges of Rs.1,360 have not been entered in firm's record.

(ii) Cheque amounting to Rs.2,670 were issued but yet have not been presented for payment.

(ii) Cheques totaling Rs.7,620 were deposited into bank but had not yet credited by bank.

(iv) Rs.620 has been collected and credited by bank on account of dividend

(v) A cheque for Rs.250 has been wrongly debited by the bank.

(vi) A cheque drawn for Rs.60 had been incorrectly entered in cash book as Rs.660.

(vii) A cheque of Rs.1,240 deposited has been returned by the bank marked NSF.

REQUIRED:

(i) Prepare Bank Reconciliation Statement.

(ii) Pass Adjusting Entries in the Journal.

Q.7. PARTNERSHIP – RETIREMENT:

Daniyal, Bilal and Basit were partners of a firm, their sharing ratio is 3:2:1 respectively. Their last Balance Sheet stood as under:

Daniyal, Bilal and Basit Partnership,
Balance Sheet,
As on Dec. 31, 2017.

ASSETS		EQUITIES	
Cash	580,000	Accounts Payable	75,000
Accounts Receivable	150,000	Daniyal's Capital	380,000
Merchandise Inventory	110,000	Bilal's Capital	420,000
Equipment	285,000	Basit's Capital	250,000
	1125,000		1125,000

It is agreed that Bilal is to retire from the firm.

REQUIRED:

Give entries in the General Journal to record the retirement of Bilal and prepare Balance Sheet after retirement in each case separately.

(a) Bilal is paid from the firm's resources Cash Rs.4,70,000. Goodwill of the firm is not recorded.

(b) Bilal is paid from firm's resources Cash Rs.1,80,000 and Equipment Costing Rs.1,80,000.

8. PARTNERSHIP – LIQUIDATION:

Abid, Zahid and Shahid decided to discontinue operations as of March 1, 2017. Their Balance Sheet as on February 28, 2017 is as under:

ASSETS		EQUITIES	
Cash	20,000	Accounts Payable	90,000
Other Assets	130,000	Abid's Capital	30,000
		Zahid's Capital	20,000
		Shahid's Capital	10,000
	150,000		150,000

Other assets are sold for Rs.1,05,000. The partners share profit & loss in the ratio of 3:2:5.

REQUIRED:

Assuming that deficient partner pays his capital deficiency. (a) Prepare Liquidation Summary
(b) Pass Entries in the General Journal.

ACCOUNTING 2016

(REGULAR)

Time : 3 Hours Max Marks: 100

Instructions: Attempt any FIVE questions.

1. WORK SHEET:

Ledger of Muhammad Daniyal showed the following balances on June 30, 2016.

Cash	20,000	
Accounts Receivable	60,000	
Merchandise Inventory	50,000	
Prepaid Insurance	30,000	
Furniture	1,20,000	
Daniyal Drawing	30,000	
Cost of Goods Sold	3,25,000	
Supplies Expense	5,000	
Salaries Expense	40,000	
Allowance for bad debts		2,000
Accumulated Depreciation – Furniture		30,000
Unearned Rent		28,000
Daniyal Capital		1,80,000
Sales Revenue		4,60,000
Total	7,00,000	7,00,000

Additional data for adjustment on June 30, 2016.

(i) Bad debts are estimated 2% of sales.
(ii) Insurance was paid for six months on Jan. 1, 2016.
(iii) Depreciation on furniture 20% of written down value.
(iv) Salaries expense for the year Rs.45,000.
(v) Supplies on hand Rs.2,000.
(vi) Unearned Rent Rs.10,000.

REQUIRED: Prepare a ten column work sheet.

2. ADJUSTING & CLOSING ENTRIES:

Take data from Question No.1 prepare adjusting, closing and reversing entries.

3. DEPRECIATION:

On January 1, 2013 Babar Press purchased a machine for cash Rs.28,800 estimated useful life of machine is five years and estimated salvage value of Rs.4,800. Straight line depreciation was used.

REQUIRED:

Give entries to record disposal of machine under each of the following assumptions:

(i) Machine was sold for cash Rs.18,000 after two years use

(ii) At end of 3rd year the machine was traded in for a similar one. The new machine had a list price of Rs.36,000. Trade in allowance was Rs.16,200.

(iii) The machine was scrapped after four years use. Since scrap dealers were unwilling to pay anything for the machine, it was given to a scrap dealer for his services in removing it.

4.(a) INVENTORY VALUATION:

Records of Bilal Arshad who uses periodic inventory system, show the following data on June 30, 2016.

Date	Description	Units	Unit cost
January 1	Inventory	20,000	5.00
February 5	Purchases	25,000	5.50
March 12	Purchases	35,000	6.00
April 19	Purchases	40,000	7.00
May 5	Purchases	60,000	8.00
	Sales during the period	1,30,000	10.00

REQUIRED: Compute cost of ending inventory under each of the following methods:

(i) First in first out (ii) Last in first out (iii) Weighted Ave.

(b) INVENTORY VALUATION:

The following transactions were completed by Ghayas Store:

(1) Purchased merchandise from Saim on account for Rs.3,00,000 on credit terms 2/10, n/60.

(2) Merchandise returned to Saim Rs.25,000.

(3) Made payment to Saim within discount period.

(4) Sold merchandise costing Rs.2,50,000 to Ghulam Nabi at 40% above cost.

(5) Ghulam Nabi returned defective goods Rs.56,000.

REQUIRED:

Record the above transactions using perpetual inventory system.

5. VALUATION OF A/C. RECEIVABLE:

On June 30, 2016 accountant of Zeeshan Co., prepared aging schedule of 98 customers as follows:

Total A/R	Not yet Due	1-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due
8,63,125	4,58,975	2,36,700	1,08,350	22,500	36,600

Two accounts receivable were accidentally omitted from this schedule. The following data are available regarding these accounts:

Asif Javed owes Rs.10,625 from two invoices; invoice no.21, dated March 14 in the amount of Rs.7,450; and invoice no.58 dated May 9, in the amount of Rs.3,175.

Saqib Mufeez owes Rs.9,400 from two invoices; invoice no.570, dated May 20 in the amount of Rs.3,375; and invoice no.650 dated June 15, in the amount of Rs.6,025.

REQUIRED:

(a) Reconstruct the aging schedule containing 100 customers as of June 30, 2016.

(b) Compute estimated bad debts. The following percentage of each age is estimated to be uncollectible. Not yet due 2%; 1-30 day, 5%; 31-60 days, 10%; 61-90 days, 25%; over 90 days, 40%

(c) Prepare adjusting entry to record bad debts expense on June 30, 2016. Allowance for bad debts account has a balance of Rs.15,000 before adjustment.

(d) Prepare general journal entries to:
  (i) write off the over 90 days past due account.
  (ii) recovery of 50% of the written off accounts.

6. BANK RECONCILIATION STATEMENT:

The accountant of Zuffiqar & Sons has extracted the following data from its Cash Book and its Bank Statement on January 25, 2017.

(1) Balance as per cash book Rs.49,500.
(2) Balance as per bank statement Rs.54,620.
(3) Last day deposit not shown in the Bank Statement Rs.12,500.
(4) Direct deposit by customers not recorded in cash book Rs.20,000.
(5) Cheques issued but not presented into bank for payment Rs.9,500.
(6) Cheques deposited into bank but not credited by the bank Rs.7,280.
(7) Cash deposited Rs.6,500 was recorded in the cash book as Rs.5,600.
(8) Bank charges not recorded in cash book Rs.1,000.
(9) Promissory note paid by the bank not recorded in cash book Rs.10,400.
(10) Rent collection not recorded in cash book Rs.5,000.
(11) Cash deposited Rs.1,200 but recorded by bank as Rs.2,100.

REQUIRED:

(i) Prepare Bank Reconciliation Statement.

(ii) Prepare Adjusting Entries.

7. PARTNERSHIP – LIQUIDATION:

Rivera Fashions decided to liquidate their business. Prior to liquidation their balance sheet on January 31, 2017 showed as under:

Cash	50,000	
Other Assets	4,50,000	
Account Payable		1,40,000
Summaiya, Capital		1,35,000
Khadija Capital		1,20,000
Mariyam Capital		1,05,000
Total	5,00,000	5,00,000

Profit and loss sharing ratio was 3 : 2 : 1. Other assets were sold for Rs.1,17,000. Liabilities were paid in full. Khadija has personal assets and will contribute any necessary amount. Other partners are personally insolvent.

REQUIRED:

(i) Prepare all required entries to record liquidation of the firm. (ii) Prepare Liquidation Summary.

8.(a) DIVISION OF PROFIT AND LOSS:

Anwar, Zain and Arshad Latif are partners having capital balances of Rs.4,50,000 and Rs.3,00,000 respectively. They agree to share net income as follows:

(i) Interest at 8% on capital balances.
(ii) Salary of Rs.2,40,000 to Anwar & Rs.1,50,000 to Arshad.
(iii) Bonus to Arshad Latif Rs.60,000.
(iv) Remaining profit or loss to be divided equally.

The net income for the year ended Dec. 31, 2016 amounted to Rs.5,00,000.

REQUIRED:

(i) Prepare income distribution summary.
(ii) Prepare entries to record distribution of net income.

(b) FORMATION OF PARTNERSHIP:

Ayesha and Fatima formed Fatima Store with a capital of Rs.5,00,000 of which Ayesha is to have 40% interest in capital and Fatima is to have a 60% interest in capital.

Aysha brings furniture, which costs Rs.2,00,000 at an agreed value of Rs.1,62,000. Fatima provides equipment that costs Rs.1,75,000 and has an agreed value of Rs.2,25,000. Each partner also invests necessary cash to comply with the partnership agreement.

REQUIRED:

(i) Prepare journal entries to record investment of Ayesha and Fatima. (ii) Also prepare initial balance sheet.

ACCOUNTING 2016

(PRIVATE)

Time : 3 Hours Max Marks: 10[illegible]

Instructions: Attempt any FIVE questions.

1. WORK SHEET:

Following are the balances taken from the record [illegible] HIRA BROS. on Dec. 31, 2016.

DEBIT BALANCES: Cash Rs.40,000; Account Receivable Rs.60,000; Allowance for bad debts Rs.1,000; Merchandise Inventory Rs.68,500; Prepaid Rent Rs.9,000; Equipment Rs.1,00,000; Drawing Rs.25,000; Cost of Goods Sold Rs.1,80,000; Utilities expense Rs.24,000; Wages expense Rs.32,000; Office Supplies Expense Rs.15,000.

CREDIT BALANCES: Sales Rs.2,19,500; Unearned Commission Rs.60,000; Bond Payable Rs.45,000 Hira Capital Rs.?

DATA FOR ADJUSTMENT:

(i) Commission earned Rs.54,000.
(ii) Rent expired Rs.6,000.
(iii) Accrued Wages Rs.9,000.
(iv) Depreciation was estimated at 5% on cost.
(v) Allowance for bad debts 5% of Account Receivable.
(vi) Office supplies used Rs.13,000.

REQUIRED: Prepare ten column worksheet.

2. ADJUSTING & CLOSING ENTRIES:

Take data from Question No.1 prepare adjusting, closing and reversing entries.

3. BANK RECONCILIATION STATEMENT:

The following data relate to Zeeshan & Co.

(1) Balance as per bank statement on Dec. 31, Rs.18,552.
(2) Balance as per cash book on Dec. 31 Rs.6,950.
(3) Outstanding cheques Rs.9,950.
(4) A deposit of Dec. 31, Rs.16,500 was not shown in the bank statement.
(5) Bank collected a Note Receivable Rs.7,115 but not recorded in cash book.
(6) Cheque deposited by a customer directly into bank but not recorded in cash book as Rs.9,501.
(7) Cheque drawn by Zahid & Co. was debited by bank to the account of Zeeshan U Co. Rs.450.
(8) A cheque of Mateen & Sons for Rs.1,764 returned with bank statement as dishonoured.

(9) Dividend collected by bank was not recorded in cash book Rs.4,000.

(10) Bank charges Rs.250.

REQUIRED:

(i) Prepare a bank reconciliation statement on Dec. 31.

(ii) Prepare adjusting journal entries.

4. INVENTORY VALUATION:

The following information is used for inventory valuation of Asim & Co. on March 31.

Inventory on March 01	600 units @ Rs.2
Purchase on March 08	200 units @ Rs.4
Purchase on March 12	200 units @ Rs.6
Purchase on March 18	300 units @ Rs.8
Sale on March 16	400 units @ Rs.14
Sale on March 25	600 units @ Rs.12

REQUIRED:

(a) Compute cost of merchandise sold & cost of inventory at March 31 under each of the following methods:
(i) Weighted Average (ii) FIFO (iii) LIFO

(b) Compute Gross Profit under each method (Co. uses periodic system)

5. ACCOUNT RECEIVABLE:

Following transactions and account balances are taken from the accounting record of MAT Traders:

Account Receivable balance at Jan.1, 2016 Rs.2,75,000.
Allowance for doubtful accounts balance (Cr) Rs.2,750

The transactions for the year ended Dec. 31, 2016 are as under:

(i) Sales on account Rs.6,00,000.
(ii) Sales Discount availed by a customer Rs.15,000.
(iii) Cash collected from customers Rs.4,75,000.

The company follows the balance sheet approach to estimate uncollectible accounts @ 1%of Account Receivable.

REQUIRED:

(i) Record the above transaction in General Journal.

(ii) Give adjusting entry on Dec. 31, 2016.

(iii) Prepare Account Receivable & Allowance for bad A/c.

(iv) Prepare partial balance sheet.

6. PARTNERSHIP ADMISSION:

Ali and Babar are partners with capital of Rs.1,00,000 and 1,50,000 sharing profit and losses in the ratio of 2 : 3 respectively. They decided to admit Fahad for 1/5 interest

(7) Fixed assets are depreciated @ 10% per annum under Diminishing balance method.

REQUIRED: Prepare 10 column worksheet.

3. **ADJUSTING, CLOSING & REVERSING ENTRIES:**

Take the data given in Question No.2.

REQUIRED: Record adjusting, closing & reversing entries.

4. **VOUCHER SYSTEM:**

Sadia Company uses voucher system. Selected transactions for Aug. 2015 are as given below.

(1) Prepared a cheque of Rs.15,000 to establish petty cash fund.
(2) Purchased equipment for Rs.10,000 on credit terms 2/10, n/30 from Modern Traders.
(3) Purchased furniture for Rs.30,000. Paid cash Rs.10,000 and balance is payable.
(4) Returned equipment to Modern Traders worth Rs.500.
(5) Paid Modern Traders within discount period.
(6) Paid Rs.21,000 to settle notes payable including interest of Rs.1,000.
(7) Paid advertisement in advance Rs.15,000.
(8) Issued 5% 30 day note payable of Rs.15,000 and paid Rs.25,000 in full settlement of voucher payable of Rs.40,000.

REQUIRED: Using general journal form prepare entries in: (1) Voucher Register (2) Cheque Register (3) General Journal

5. **ACCOUNTING RECEIVABLE:**

Opening balances on 1, Jan. 2014.

Account Receivable Rs.150,000, Allowance for Bad Debts Rs.5,000,

During the year 2014 following transactions were completed:

(1) Cash sales Rs.75,000.
(2) Credit sales Rs.175,000.
(3) Cash collection on account Rs.200,000.
(4) Sales return Rs.5,000.
(5) Bad debts written off Rs.7,000.
(6) Recovery from previously write off account Rs.3,000.

REQUIRED:

(1) Prepare Account Receivable account.
(2) Compute & record bad debts exp. estimating bad debts:

(a) @ 5% of accounts receivable under balance sheet approach.

(b) @3% of net credit sales under income statement approach.

3) Prepare partial balance sheet under both approaches.

6. INVENTORY VALUATION:

Following transactions are related to Abid Traders.

Dec.2015	01	Inventory	500 units	@ Rs.7.00
	05	Purchased	3000 units	@ Rs.6.00
	07	Purchased	5000 units	@ Rs.5.00
	10	Sold	3500 units	@ Rs.15.00
	15	Purchased	7000 units	@ Rs.8.00
	17	Sold	5000 units	@ Rs.16.00
	20	Purchased	4000 units	@ Rs.6.00
	25	Sold	4500 units	@ Rs.17.00
	30	Paid carriage outward on sales Rs.3,000.		

REQUIRED: Find Gross Profit using periodic system under:

(a) LIFO Method (b) Weighted Average Method

7. DEPRECIATION:

A manufacturing company purchased machine on 1st July, 2011 for Rs.550,000 with estimated life of 10 years and scrape value of Rs.50,000.

On 1st Jan. 2014 the company decided that depreciation method be changed from Straight line to Diminishing balance @10% per annum.

On 30 June 2015 machine was sold for Rs.350,000.

The Co. follows calendar year as accounting period.

REQUIRED: Record general journal entry for disposal of machine, showing computations.

8. RETIREMENT OF PARTNER:

The following is balance sheet of a partnership firm:

ASSETS		EQUITIES	
Cash	400,000	Accrued expense	100,000
Inventory	100,000	A Capital	100,000
Account receivable	50,000	B Capital	200,000
Shop Building	150,000	C Capital	300,000
Total	700,000	Total	700,000

C retires and receives Rs.350,000 cash in full settlement.

REQUIRED: You are required to record the retirement of C and prepare balance sheet after his retirement, using both goodwill and bonus methods separately.

ACCOUNTING 2015

(PRIVATE)

Time : 3 Hours Max Marks: 100

Instructions: Attempt any FIVE questions.

1. FINANCIAL STATEMENT:

The following balances have been taken from the pre-closing trial balance of M/S Shah & Co. on 31, Dec. 2015.

DEBIT BALANCES: Cash Rs.88,000, A/c. Receivable Rs.1,00,000, Merchandise Inventory Rs.45,000, Prepaid Office Rent Rs.20,000, Sales Equipment Rs.85,000, Drawing Rs.10,000, Sales Return & Allowances Rs.8,000, Purchases Rs.2,00,000, Transportation in Rs.20,000, Office Salaries Expenses Rs.50,000, Sales Salaries Expenses Rs.60,000.

CREDIT BALANCES: Allowance for bad debts Rs.15,000, Allowance for Depreciation Rs.25,000, A/c. Payable Rs.65,000, Mortgage Payable Rs.20,000,Shah Capital Rs.1,23,000, Sales Rs.4,00,000, Commission Income Rs.8,000, Purchase Return & Allowance Rs.14,000, Purchase Discount Rs.16,000.

DATA FOR ADJUSTMENT ON DEC. 31, 2015.

1. Increase the allowance for bad debts by Rs.5,000.
2. Prepaid office rent expired Rs.8,000.
3. Depreciation sales equipment for the year @ 10% by Diminishing Balance Method.
4. Office salaries expenses outstanding Rs.9,000.
5. Sales salaries were prepaid to the extend of Rs.8,000.
6. Merchandise inv. at Dec. 31, was valued of Rs.62,000

REQUIRED: Multiple steps Income Statement & Classified Balance Sheet.

2. WORKSHEET OR ADJUSTING & CLOSING ENTRIES:

Take the data from Question No.1

REQUIRED: Prepare 10 Column Worksheet.

OR Record Adjusting & Closing Entries.

3. BANK RECONCILAIATION:

The following information pertains to Ibrahim & Co. as on February 29, 2016.

1. Balance as per cash book Rs.16,766.95
2. Balance as per bank statement ?
3. A deposit of Rs.4,017.15 made after banking hour on July 31, does not appear in bank statement.

4. Notes receivable collected by bank Rs.4,545 not shown in cash book.
5. Bank services charges of Rs.7.65 not entered in cash book.
6. A cheque of Rs.835.02 issued for purchase of office equipment erroneously entered in cash book as Rs.853.02.
7. Cheques issued but yet not paid by bank for Rs.640.80, Rs.861.12 and Rs.301.05.
8. A cheque of Rs.180 deposited but returned by bank Marked "NSF".

REQUIRED: (a) prepare a schedule sgowing additions to and deductions from the balance per cash book to arrive at the adjusted balances.

(b) Determine the balance per bank statement.

(c) Prepare adjusting entries.

4. INVENTORY VALUATION:

(a) The merchandise Inventory of Ayan & Co. was destroyed by fire on 4th May 2015. The following data were obtained from the accounting record:

Merchandise Inventory (Beginning)	11,20,000
Purchases	10,56,000
Purchase Return & Allowance	52,000
Sales	28,70,000
Sales Return & Allowances	8,000
Estimated Gross Profit Rate	41%

REQUIRED: Calculate the estimated cost of merchandise destroyed by fire.

(b) Each of the following lines represents a separte set of information, copy the table and fill the missing amount working is required:

No	Net sales	Beg. Inventory	Net purchase	Ending Inventory	Cost of Goods sold	Gross Profit	Operating Exp	Net Income or Loss
1	300,000	95,000	130,000	44,000	?	119,000	90,000	?
2	600,000	90,000	340,000	?	330,000	?	?	25,000
3	700,000	230,000	?	185,000	490,000	210,000	165,000	?
4	900,000	?	500,000	150,000	?	260,000	300,000	?
5	?	260,000	?	255,000	660,000	225,000	250,000	(25,000)

5. DEPRECIATION:

On Jan. 1, 2014 Fahad Co. purchased a machine at a cost of Rs.61,875. The machine had estimated useful life of 15 years and 300,000 units, its estimated residual value is

RS.1,875 . The machine produced 27,000 units in 2014 and 21,600 units in 2015.

REQUIRED:

Compute the following table showing computations:

		Depreciation Expenses		Book value at the end of	
No	Depreciation Method	2014	2015	2014	2015
1	Straight Line				
2	Units of Production				
3	Sum of the year digit				
4	15% Diminishing Bal.				

6. ACCOUNT RECEIVABLE:

(a) The following information is related to Shaheer & Company on Dec. 31, 2015.

Account Receivable	5,00,000
Allowance for bad debts	15,000
Sales	7,50,000
Sales Return & Allowances	25,500
Cash collected from customers	8,75,000
Bad debts estimated 3% on A/c. Receivable	

REQUIRED: Compute and Record the estimated bad debts expense at Dec. 31, 2015.

(b) An analysis of the account receivable of Sahir International at 31, Dec. 2015 produced the following age group.

		Rs.
1.	Not yet due	49,000
2.	1 to 30 days past due	21,000
3.	31 to 60 days past due	12,800
4.	61 to 90 days past due	3,000
5.	Over 90 days past due	5,000

Percentage considered uncollectible:
2% of Group 1, 5% of Group 2, 10% of Group 3,
20% of Group 4, and 50% of Group 5.

REQUIRED:

1. Compute the estimated amount of uncollectible.
2. Record the adjusting entry for bad debts expense assuming that allowance for bad debts account has a balance of Rs.4,000.

7. LIQUIDATION OF PARTNERSHIP:

Sami, Ayan and Ibrahim decided to discontinue business operation as on 31st Dec. 2015, and liquidated their partnership. The partners have capital balance of Rs.45,600, Rs.25,200 and Rs.41,600 respectively. The cash balance is

Rs.15,200, the book value of non-cash assets total Rs.1,57,200 and liabilities total Rs.60,000. The partners share income and loss in the ratio of 4 : 2 : 4. The non-cash assets were sold for Rs.1,50,000 and the liabilities are paid and remaining cash is distributed among the partners. The partner with debit capital balance pays the amount owed to the firm.

REQUIRED: Prepare a summary of Liquidation and present necessary entries in general journal form.

8. CORRECTION OF ERRORS:

1. Outstanding Advertising Expenses was overlooked Rs.20,000.
2. Rs.1,500 paid for proprietor's son tuition fee debited to general expense account.
3. Rs.50,000 spent on the extension of Building was debited to building repair account.
4. Equipment purchased on credit for Rs.15,000 was entered in purchase account.
5. Rs.5,500 received from Rahim have been credited to Karim's account.
6. Additional Investment by owner of Rs.1,00,000 was credited to Sales Account.
7. Sales Returns of Rs.7,000 was charged to purchase a/c.
8. Prepaid Salaries of Rs.30,000 was included in salaries expense account.
9. Cash drawings for Rs.6,000 was credited to the bank column of cash book.
10. Goods value Rs.1,500 taken by the owner for his personal use was credited to sales account.

REQUIRED:

Pass rectifying entries in General Journal assuming that the errors were discovered before closing the accounts.

ACCOUNTING 2014

Time: 3 Hours **(REGULAR)** Max Marks 100

Instructions: Attempt any FIVE questions.

1. BALANCE SHEET – ADJUSTING & COLSING ENTRIES:

(A) The following are adjusted balances of Tariq & Company in December 31, 2013.

DEBIT BALANCES		CREDIT BALANCES	
Cash	35,000	Account Payable	20,000
Merchandise Inv.	20,000	Unearned Rent	15,000
Other Assets	60,000	Tariq Capital	70,000
Sale Return & Allow	15,000	Sales	200,000
Sales Discount	5,000	Purchase Ret. & All.	16,000
Purchases	150,000	Purchase Discount	4,000
Transportation in	10,000	Commission Income	5,000
Salaries Expense	25,000		
Insurance Expense	10,000		
	330,000		330,000

Merchandise inventory on December 31, 2013 was valued at Rs.30,000.

REQUIRED: Prepare closing entries in general journal and Balance Sheet on Dec. 31, 2013.

(B) The following are selected balances taken from the ledger of Naeem & Company on Dec. 31, 2013.

	Debit	Credit
Accounts Receivable	80,000	
Allowance for bad debts	2,000	
Prepaid Insurance	9,000	
Prepaid Rent	20,000	
Accrued Salary		12,000
Commission Income		15,000

Data for adjustment on Dec. 31, 2013.

(1) Allowance for bad debts is estimated at 2% of the year end balance of Accounts Receivable.

(2) Insurance expired for the year Rs.9,000.

(3) Accrued Solitaries amounted to Rs.15,000.

(4) Prepaid Rent on Dec. 31, 2013 was nil.

(5) Commission Income for the period Rs.19,000.

REQUIRED: Prepare adjusting entries in general journal.

2. CASH CONTROL:

(A) A voucher system is used by Sana Corporation. A few of the transaction are presented below:

(1) Purchase Furniture Rs.60,000 paying Rs.25,000 and signing a note for the balance.

(2) Issued a 10% 30 day note of Rs.50,000 and paid Rs.25,000 in settlement of a Voucher Payable Rs.72,000.

(3) Issued a 12% 60 day note in settlement of an outstanding voucher for Rs.22,000.

(4) Prepared Voucher for Rs.45,000 payable to Asim & Company for merchandise purchased.

REQUIRED: Using General Journal Forms, record the above transactions in Voucher Register, Cheque Register and General Journal.

(B) On comparison of cash book entries with those of the Bank Statement of Nazir & Company on January 6, 2015, following differences were found:

(1) Cash Book balance Rs.31,800.

(2) Bank Statement balance Rs.9,400.

(3) Cheque for Rs.9,500 deposited into Bank was wrongly entered in Bank Statement as for Rs.5,900.

(4) A cheque for Rs.8,000 issued in settlement of A/c. Payable was erroneously entered in Cash Book as for Rs.3,000.

(5) Nazir & Company had an error in recording a payment to supplier Rs.13,500 whilst the cheque was issued for correct amount of Rs.15,300.

(6) Cheque deposited on January 6, but not shown on bank statement Rs.12,000.

REQUIRED: Prepare Bank Reconciliation Statement on January 6, 2015.

3. INVENTORY VALUATION:

(A) The following data relate to the business of Shahab & Co. which uses a Periodic Inventory System:

Nov. 1	Beginning inventory 2000 units @ Rs.12.
" 12	Purchases 4000 units @ Rs.14.
" 18	Purchases 10000 units @ Rs.18.
" 22	Purchases 8000 units @ Rs.22.
" 29	Purchases 5000 units @ Rs. ?
" 30	Ending inventory 7000 units.

Cost of goods sold Rs.4,38,000 Company uses the LIFO Method.

REQUIRED: **Determine: (i) Cost of ending units, (ii) Unit cost and total cost of Nov. 29 purchases.**

(B) Shahzad & Company deals in computers and uses Perpetual inventory system. The record of company show the following transactions for the month of October, 2014.

Oct. 5.	Purchased 30 Computers @ Rs.10,000.
Oct. 22.	Purchased 20 Computers @ Rs.12,000.
Oct. 25.	Purchased 25 Computers @ Rs.11,000.
Oct. 28.	Sold 40 Computers @ Rs.15,000 on credit

REQUIRED: **Compute the Cost of Goods Sold and Gross Profit of 40 Computers under FIFO method.**

4. VALUATION OF ACCOUNTS RECEIVABLE:

Following is a list of Accounts Receivable for Zeenat & Company at Dec. 31, 2013.

Transactions Dates	Customers	Amount Due
January, 30	Shiraz Store	5,000
July, 20	Badar & Co.	20,000
September, 15	Faizan Store	32,000
October, 27	Kamil & Co.	9,000
November, 10	Saleem & Sons	40,000
November, 12	Akbar Store	1,20,000
December, 10	Arif Sons	80,000
December, 28	Nazir & Co.	60,000

REQUIRED:

(a) Prepare a schedule to compute the estimated portion of each age group that will prove uncollectible and the required balance in the Allowance for doubtful accounts. The following percentages of each group are estimated to be uncollectible 1 – 30 days, 2%; 31 – 60 days, 4%; 61 – 120 days, 10%; and over 120 days, 20%.

(b) Prepare the Journal Entry to bring the Allowance for Doubtful Accounts up to its required balance at Dec. 31, 2013. Prior to making the adjustment, the account has debit balance of Rs.1,650.

5. DEPRECIATION:

The following selected transactions were completed by Danish & Company.

(1) Beginning balance of Machine A (1.1.12) Rs.2,20,000 and Allowance for Depreciation Machine A (1.1.12) Rs.80,000. Assume that the Co. uses the Diminishing Balance Method @ 20% on reduced balance every year.

(2) Company purchased Machine B for Rs.2,00,000 on May 1, 2012. he Company's policy is to use Machine B Hours per

day and charge Depreciation Expense at Rs.5 per hour. The Machine is operated during the year 2012 for only 160 days and operated in Year 2013 for only 220 days.

(3) Company purchased Machine C on April 1, 2012 for Rs.2,60,000. Estimated life 15 years and its scrap value was Rs.20,000. The Company uses Sum of the year's Digit Method.

(4) Company purchased Machine D on September 1, 2012 for Rs.2,00,000. Its scrap value was estimated at Rs.20,000 and useful life 20 years. The Company uses Straight Line Method.

REQUIRED:

(1) Compute the Depreciation Expense of each machine separately for the year ended on Dec. 31, 2012 and 2013.

(2) Pass J. Entries to record the Depreciation Exp. for the year ended on Dec. 31, 2013 for each machine.

6. PARTNERSHIP FORMATION & LIQUIDATION:

(a) Aslam and Akmal were doing separate businesses. On may 5, 2014, they decided to form a partnership by merging their business. On this date, their balance sheet was a under:

	ASLAM	AKMAL
Cash	40,000	60,000
Other Assets	2,00,000	2,40,000
Accounts Payable	50,000	80,000

The assets and liabilities were taken at the book value in the new partnership. Aslam and Akmal decided that each partner's capital in the new partnership will be Rs.2,10,000. They contributed the deficiency, if any, from their private fund.

REQUIRED: **Prepare Journal entries to record formation of partnership firm.**

(B) Aziz, Bilal and Chand decided to liquidate the partnership on Jan. 1, 2014. Just before liquidation, following balances appeared in the balance sheet:.

Cash Rs.2,00,000; Good will Rs.1,00,000; Other Assets Rs.7,00,000; Liabilities Rs.2,00,000. Aziz Capital Rs.1,60,000; Bilal Capital Rs.2,20,000; Chand Capital Rs.4,20,000.

They shares Profit and Losses in the ratio of 2:2:1 respectively. Other assets realized Rs.5,00,000, Liabilities were paid. All partners are personally solvent.

REQUIRED: Give General Journal entries relating liquidation and final settlement of partners.

7. PARTNERSHIP – ADMISSION:

Abid and Shahid are partners with Capital Balance Rs.1,20,000 and Rs.1,80,000 respectively sharing Profit and Losses in the ratio of 1:2. They admit Khalid;

REQUIRED: Give General Journal entries to record the admission of Khalid in each of the following situations considered separately:

Situation A: Khalid invests sufficient cash to give him 1/3 interest in the firm.

Situation B: Khalid invests Rs.1,20,000 for 1/3 interest. Ab... and Shahid do not reduce their Capital.

Situation C: Khalid invests Rs.1,80,000 for 1/3 interest in the firm. His capital account is to be credited with the entire amount of his investment.

Situation D: Khalid invests Rs.1,20,000 for ¼ interest (Bonus to be recorded).

8. MISCELLANEOUS:

The following selected transactions related to Nafees & Company.

(1) An equipment costing Rs.80,000 was traded in with new equipment having a list price of Rs.1,00,000, receiving a trade-in-allowance of Rs.40,000. The book value of old equipment on the date of exchange was Rs.50,000.

(2) Sold for Rs.4,00,000 half portion of land costing Rs.2,50,000. Received according to term of sales Rs.3,00,000 in cash a 10% 4-month note for the bal.

(3) Purchased 1500 units of merchandise of on credit @ Rs.20 each (Co. uses Periodic Invent. System)

(4) Sold 1000 units of merchandise costing Rs.30 each on account @ Rs.40 each (Company uses Perpetual Inventory System).

(5) A previously written off account of Rs.20,000 was subsequently recovered to the extent of Rs.12,000.

(6) End of the period analysis of Accounts Receivable subsidiary ledger revealed one of the customers a/c. showing credit balance of Rs.15,000.

(7) Unpaid Salary amounted to Rs.18,000.

(8) Commission earned but not received Rs.20,000.

REQUIRED: **Record the above transactions in General Journal.**

ACCOUNTING 2014

(PRIVATE)

Time : 3 Hours — Max Marks: 100

Instructions: Attempt any FIVE questions.

1. ADJUSTED TRIAL BALANCE & COLSING ENTRIES:

The following is the Trial balances of Mansoor Traders on December 31, 2014.

DEBIT BALANCES		CREDIT BALANCES	
Cash	10,000	Account Payable	10,000
Bank	15,000	Bank Loan	60,000
Furniture	17,000	Unearned Rent	5,000
Machinery	25,000	Salary Payable	1,000
Office Equipment	5,000	Mansoor Capital	100,000
Cost of goods sold	75,000	Sales	104,000
Sales Return	15,000	Adv. from customer	15,000
Salaries Expense	18,000		
Prepaid Advertising	16,000		
Merchandise Inv.	23,000		
Goodwill	12,000		
Office Supplies	4,000		
Account Receivable	60,000		
	295,000		295,000

(i) Salaries expense for the year Rs.15,000.
(ii) Interest outstanding on Bank Loan at @ 10% for three months.
(iii) Unused office supplies Rs.500.
(iv) Prepaid advertisement Rs.2,000.

REQUIRED: Prepare:

(i) **Adjusting Trial Balance** (ii) **Closing Entries.**

2. FINANCIAL STATEMENT / WORK SHEET

The following balances relate to M/S. Masroor & Company at year end on Dec. 31, 2014.

DEBIT BALANCES		CREDIT BALANCES	
Account Receivable	24,000	Account Payable	13,000
Cash	30,000	Unearned Commission	3,000
Merchandise Inv.	15,000	Allow. for bad debts	2,000
Office Equipment	50,000	Sales	115,000
Cost of goods sold	100,000	Masroor Capital	110,000
Drawing	3,000		
Sales Return	1,000		
Advertising Exp.	5,000		
Salaries Expense	7,000		
Rent Expense	5,000		
Office Supplies	3,000		
	243,000		243,000

ADJUSTMENTS:

(i) Allowance for bad debts 5% on A/c. receivable at year end.

(ii) Rent expense of the business Rs.6,000.
(iii) Equipment purchased on 1st April and be depreciated by sum of years digit method with the life of five years and scrape value Rs.5,000.
(iv) Commission earned Rs.3,000.
(v) Return of merchandise purchased on credit Rs.1,000 was overlooked.

REQUIRED: Prepare Either income statement & balance sheet **OR** 10 Columns Worksheet.

3. ACCOUNT RECEIVABLE:

The accountant of Farman & Co. provided the following:
(1) Account Receivable opening balances Rs.10,000.
(2) Allowance for bad debts opening bal. Rs.1,000.
During the year following transactions were completed:
(a) Cash Sales Rs.72,000.
(b) Credit Sales Rs.78,000
(c) Collection from customers Rs.40,000
(d) Sales returns and allowances Rs.700.
(e) Customers accounts written off Rs.1,500
(f) Previously written off account recovered Rs.700
(g) At end of the period a customer's account showed credit balance Rs.2,000.

REQUIRED:
(i) Record bad debts expense, estimating allowance for bad debts @ 5% on ending balance of A/c. Receivable.
(ii) Record bad debts expense estimating bed debts expenses @ 2% on credit sales.

4. BANK RECONCILIATION STATEMENT:

The following information is available for preparing bank reconciliation statement of Yousuf & Co. on March 9, 2015.
(1) Credit balance as per Cash Book Rs.8,420.
(2) Debit balance as per Bank Statement Rs.48,000.
(3) Cheques issued in favour of suppliers Rs.35,000 out of which presented cheques were for Rs.28,000.
(4) Cheques deposited into Bank Rs.75,000 out of which cheques for Rs.40,000 were cleared.
(5) Cheque issued Rs.4,500 to a supplier was not entered in Company books.
(6) Bank charged interest on overdraft Rs.500, not recorded by Company.
(7) Bank credited the account Rs.1,500 as dividend.
(8) A cheque issued to supplier Rs.8,750 was wrongly entered in business as Rs.5,870.

(9) Bank dishonoured cheque of a customer which was deposited into Bank Rs.5,100 Bank debited Rs.100 as bank charges.

REQUIRED: Prepare

(a) Bank Reconciliation Statement.

(b) Adjusting entries to update the business record.

5.(a) PARTNERSHIP – FORMATION:

Abid, Khalid, Sajid & Zahid contributed capitals in ratio of 10%, 20%, 30%, 40% respectively.

REQUIRED: Prepare general journal entries if Sajid invests Rs.1,50,000.

(b) PROFIT OR LOSS DISTRIBUTION:

Adam, Akram and Aslam are partners in a firm. Their capital accounts are as under:

ADAM CAPITAL

1st Apr.	Cash	40,000	1st Jan.	Balance	400,000
1st Oct.	Cash	50,000			

AKRAM CAPITAL

1st May	Cash	30,000	1st Jan.	Balance	400,000
			1st Jul.	Cash	100,000

ASLAM CAPITAL

1st Jun.	Cash	20,000	1st Jan.	Balance	400,000
1st Sep.	Cash	10,000	1st Aug.	Cash	60,000

Partnership deed states that:

(i) Partners will receive respectively Rs.1,000, Rs.2,000 and Rs.3,000 per month as salary.

(ii) 5% interest on beginning capital will be allowed.

(iii) Bal. to be distributed in their ending capital ratio

REQUIRED:

(a) Prepare income distribution summary, assuming net income for the year Rs.4,00,000.

(b) Pass the journal entry to close the income summary account on Dec. 31.

6. PARTNERSHIP ADMISSION:

Qudsia and Sadia are Partners in a firm. Their Balance Sheet on Dec. 31, 2014, was as under:

BALANCE SHEET

ASSETS		EQUITIES	
Cash	50,000	Account Payable	100,000
Bank	150,000	Qudsia Capital	200,000
Merchandise	300,000	Sadia Capital	200,000
	500,000		500,000

They agreed to admit Iqra as a partner:

REQUIRED: Record the journal entry and prepare balance sheet for each of the following cases separately.

Case (i) Iqra invests Rs.150,000 for 1/3 interest in total capital of the firm of Rs.600,000.

Case (ii) Iqra invest Rs.300,000 for 1/3 interest in total capital of the firm of Rs.900,000.

7. INVENTORY VALUATION:

The following transactions are about inventory of HME Co. which uses perpetual inventory system.

Aug. 1	Balance 7,000 units of Rs.49,000.
" 5	Purchase 3,600 units for cash Rs.18,000.
" 9	Purchase 4,000 units on credit for Rs.32,000.
" 13	Sold 5,000 units for cash Rs.50,000.
" 17	Purchase 3,500 units for Rs.28,000.
" 21	Sold 3,000 units for cash Rs.30,000.
" 25	Sold 3,900 units for cash Rs.39,000.
" 29	Purchase for cash 4,400 unit for Rs.22,000.
" 30	Sold on credit 5,000 units for Rs.50,000.

REQUIRED: Prepare inventory card under:

(i) Moving Average Method **(ii) LIFO Method.**

8. DEPRECIATION:

(1) Machine A: purchased on 1st May 2012 for Rs.5,00,000. Its life was estimated 8 years & scrape value Rs.50,000. Using sum of the year's digits method, compute depreciation expense on 31st Dec. 2012 & 2013.

(2) Machine B: Purchased on 1st August 2012 for Rs.3,50,000. Its life was estimated 10 years and salvage value Rs.50,000. Using 10% Diminishing Balance Method, compute depreciation expense on 31st Dec. 2012 & 2013.

(3) Machine A mentioned above was sold on 30th April 2014 for cash Rs.3,00,000. Prepare general journal entries for its disposal.

ACCOUNTING 2013

(REGULAR)

Time : 3 Hours Max Marks: 100

Instructions: Attempt any FIVE questions.

1. The following Trial balance data have been taken from the books of Zaman Ltd. The accounts are maintained on a calendar-year basis and are adjusted and closed annually;

Cash Rs.66,600; Accounts Receivable Rs.98,400; Merchandise Inventory (Jan. 1, 2013) Rs.124,000; Unexpired Insurance Rs.3,600; Office supplies Rs.1,600; Building Rs.120,000; Accumulated Depreciation: Building Rs.4,800; Equipment Rs.32,000; Accumulated Depreciation: Equipment Rs.9,600; Accounts payable Rs.95,800; Zaman Capital Rs.? Zaman Drawing Rs.36,000; Sales Rs.652,000 ; sales Returns Rs.10,400; Purchases Rs.380,000; Purchase Return Rs.4,000; Transportation in Rs.9,600; Salaries expense Rs.80,800; Misc. Expenses Rs.2,200.

<u>Data for Adjustments:</u>

(i) Unexpired insurance on December 31,Rs.1,200
(ii) Supplies used Rs.1,000.
(iii) The buildings are being depreciated over a 25-year useful life. The equipment is being depreciated over a 10-year useful life.(Use straight line method)
(iv) Salaries payable as of December 31, were Rs.10,000
(v) Inventory of Merchandise on Dec. 31, was Rs.79,200

REQUIRED: Prepare 10-columns Work Sheet.

2. Take the data from Q-1.

REQUIRED:

Prepare Adjusting, Reversing & Closing Entries.

3.(a) What is the distinction between a capital Expenditure and Revenue Expenditure?

(b) Wassem Traders disposed of Plant assets in the following transaction.

(i) Office equipment costing Rs.70,000 having Accumulated Depreciation Rs.59,500 were disposed, receiving no proceeds from the scrap dealer.
(ii) Traded in an old truck for a new one. The old truck has cost Rs.44,000 and accumulated depreciation Rs.28,000. The price of the new truck was Rs.68,000. Received a Rs.20,000 trade in allowance for the old truck and paid the balance in cash.
(iii) Sold an old furniture costing Rs.25000, having accumulated depreciation Rs.15,000 for Rs.10,000.

REQUIRED: Record the abcve transactions in General journal. Show the necessary computations.

4.(a) Why do most companies that use perpetual inventory system also take an annual physical inventory?

(b) Record the following transaction in General Journal under periodic and perpetual inventory system; also prepare inventory account in skeleton T form under perpetual system.

(i) Purchase Merchandise on account for Rs.30,000.
(ii) Merchandise returned to supplier costing Rs.2,000.
(iii) Sold Merchandise on account for Rs.30,000, cost of Merchandise was Rs.24,000.
(iv) Merchandise returned from customer Rs.2,000, cost of which was Rs.1,600.

5. On December 31, 2012, account receivable and allowance for uncollectible of M/S. Zia Ltd. had the following balances:

Account Receivable	Rs.200,000
Allowance for uncollectible (before adjusting)	6000

Analysis of account receivable subsidiary ledger revealed that one customer is having credit balance of Rs.10,000.

During 2013, the following transactions were completed:

(i) Sold Merchandise on account for Rs.500,000 (This include sale of Rs.10,000 to the customer who made advance payment in 2012)
(ii) Bad Debt written off Rs.20,000.
(iii) Receivable collected Rs.430,000 including Rs.30,000 against an account receivable which was previously written off.

Company's policy is to provide a bad debt provision of 10% on year end balance of account Receivable.

REQUIRED: Prepare all possible entries (Including adjusting and closing) for the year 2012 and 2013.

6. The Cash Book of Khalid & Co. showed a debit balance of Rs.19,000 while the Bank Statement on October 31, 2013 showed the balance of Rs.43,000:

Following Discrepancies were discovered:

(i) Dividend Collection by the bank on behalf of Khalid & Company Rs.30,000.
(ii) Dishonoured cheque of a customer Rs.6,000.
(iii) Note paid by the bank on behalf of Khalid & Co. Rs.11,200 (Including Interest of Rs.1,200)
(iv) A Cheque of Rs.13,400 of a customer was erroneously recorded in Cash Book as Rs.15,200.

(v) A Customer's cheque of Rs.14,000 deposited into bank, did not appear in Bank statement.

(vi) Cheque is issued to supplier for Rs.18,000, did not appear in Bank statement.

(vii) Cheque issued for Rent Rs.14,400, appeared wrongly in Bank Statement as Rs.5,400.

REQUIRED: (i) Prepare a bank reconciliation statement.

(ii) Prepare Journal entries needed on Khalid's Company books as indicated by the reconciliation.

7. Asad, Bilal and Qasim are partners of the firm, Sharing Profit & Loss in the ratio of 3:2:1 respectively. The following balances appeared in their ledger on September 30, 2012:

Cash Rs.36,250; Fees Receivable Rs.16,250; Equipment Rs.17,500; Accounts payable Rs.4,375; Asad Capital Rs.23,750; Bilal Capital Rs.26,250; Qasim Capital Rs.15,625.

On this date, Bilal retired from the firm.

REQUIRED: Record the retirement of the Bilal under following separate cases and prepare a Balance Sheet in case (ii). Show necessary computations:

Case (i) Bilal is paid cash Rs.20,250 (use Bonus method)

Case(ii) Bilal is paid cash Rs.20,000 and is issued a note of Rs.30,000 (use Goodwill Method)

8. The following balances were provided by M/S Sun Star Associate on April 30, 2013:

Cash Rs.50,000; Other assets Rs.200,000; Accounts Payable Rs.20,000; A CapitalRs.120,000; B, Capital Rs.60,000; C, Capital Rs.50,000.

On this date the partners decided to liquidate their business. The following transactions were made:

(i) Other asset were sold for Rs.35,000.

(ii) Account payable were paid in full.

(iii) Liquidation expenses of Rs.30,000 were paid.

A had enough personal resources to meet his capital deficiency (if any). B and C did not have enough personal resources to meet their capital efficiency (if any)

REQUIRED: All possible entries in General Journal and set up "T" account for cash and partners' capital accounts.

ACCOUNTING 2013

Time : 3 Hours (PRIVATE) Max Marks: 100

Instructions: Attempt any FIVE questions.

1. **ADJUSTING AND CLOSING ENTRIES:**

Following data is taken from the books of Rah consultation services:

	Unadjusted Trial Balance		Adjusted Trial Balance	
Cash	21,700		21,700	
Account Receivable	16,900		16,900	
Unexpired Insurance	600		550	
Office Supplies	720		500	
Land & Building	160,000		160,000	
Office Equipment	54,000		54,000	
All. for depreciation (Equipment)		195		390
Accounts Payable		23,500		23,500
Unearn Consultation Fee		1,800		1,500
Sarwar Capital		226,420		226,420
Sarwar Drawings	1,500		1,500	
Commission Income		15,400		15,400
Advertising Expense	2,500		2,500	
Sales Salaries Expense	9,395		9,575	
Insurance Expense			50	
Office Supplies Expense			220	
Depreciation Expense			195	
Consultation Fee Earned				300
Salaries Payable				180
Total	267,315	267,315	267,690	267,690

REQUIRED: (i) With the help of above trial balances record necessary adjusting entries.

(ii) Prepare closing entries for the above data.

2. DEPRECIATION:

(a) Define :

(i) Depreciation (ii) Book Value (iii) Trade in Allowance

(b) Noman Industries Ltd prepare its financial statements on Dec. 31 each year. At Dec. 31, 2012 following balances were reported.

	Machine A	Machine B
Cost	4,50,000	3,00,000
Accumulated Depreciation	(1,80,000)	(45,000)
Net Book Value	2,70,000	2,55,000

From January 1, 2013 Directors decided to change the depreciation method from Diminishing Balance to Straight line. At this date salvage value and useful life of Machine A were estimated Rs.10,000 and 5 years, while those of Machine

B Rs.3,000 and 6 years. On September 30, 2013 Machine A was sold for Rs.2,25,000.

REQUIRED: (i) Prepare Journal entries to record depreciation and the disposal of Machine A on September 30.

(ii) Prepare Journal entry to record depreciation on Machine B for the year ended Dec. 31, 2013.

(iii) Prepare Balance Sheet on December 31, 2013.

3. PARTNERSHIP – ADMISSION:

Affan and Ayyan are partners. Their profit & loss sharing ration is 2:3. Their financial position on June 30, 2013 was as under:

ASSETS		EQUITIES	
Cash	75,000	Account Payable	50,000
Other Assets	4,25,000	Affan Capital	1,50,000
		Ayyan Capital	3,00,000
	5,00,000		5,00,000

On June 30 their Income Summary account showed a Debit Balance of Rs.75,000. On July 5, Partners decided to admit Mr. Ahmed as new partner for 2/5 interest in firm.

REQUIRED: Taking in consideration all above information record the admission of Mr. Ahmed, in General Journal:

(i) If he invests Rs.2,75,000 and is credited with his entire investment.

(ii) If he brings cash and land Rs.20,000 and Rs.1,50,000 respectively.

4. ACCOUNT RECEIVABLE:

(a) Following is the Account Receivable ledger of Faisal Ltd

ACCOUNT RECEIVABLE

Opening Balance	7,05,600	Written off	27,500
Sales	3,70,000	Collections	3,00,000

DURING THE YEAR COMPANY RECORDED SALES OF RS.4,75,000 INCLUDING A CASH SALE OF RS.1,05,000.

REQUIRED:

Using the above information you are required to prepare adjusting entries for each of the following assumption separately. Company uses balance sheet approach to estimate bad debts @ 5% of accounts receivable at end.

(i) The allowance for doubtful accounts has a Credit balance Rs.12,672.

(ii) The allowance for doubtful accounts has a Debit balance Rs.4,262

(b) Asad & Sons uses income statement approach to estimate bad debts. On April 1, account receivable amounted Rs.6,00,000 and Allowance for Doubtful Accounts had a credit balance of Rs.3,000. It was estimated that uncollectible accounts expense would amount to ¼ of 2% of net Credit Sales made during the month. During April Total Sales amounted to Rs.7,50,000 including 20% of cash Sales. On April, 20 an account receivable of Mr. Arshad of Rs.11,000 was written off.

REQUIRED:

(i) Record the adjusting entry for doubt full debts on Apr.30. (ii) Prepare Partial Balance Sheet.

5. PARTNERSHIP – RETIREMENT:

Salman Enterprises is a partnership of three friends, specialized in building construction. At the end of financial year the firm had the following Balance Sheet.

SALMAN ENTERPRISES,
BALANCE SHEET,
June 30, 2013.

ASSETS		EQUITIES	
Cash	1,75,000	Liabilities	1,98,000
Account Receivable	67,000	Munawar Capital	2,64,000
Land & Building	4,70,000	Muzafar Capital	1,80,000
Furniture & Fixture	98,000	Musharaf Capital	1,68,000
	8,10,000		8,10,000

Partners share profit & loss in the ratio of 50%, 30% and 20% respectively. It is agreed that Musharaf is to retire from business on this date.

REQUIRED:

Considering the following cases separately prepare Journal entry or entries to record retirement of Mr. Musharaf

Case 1. Musharaf sells ¼ of his interest to Muzaffar and balance of his interest is settled in cash.

Case 2. Musharaf agrees to accept land worth Rs.1,50,000 and cash Rs.20,000 as full and final settlement of his interest. Remaining partners are not ready to reduce their capital.

Case 3. Before retirement of Musharaf Partners agree on following revaluations:

(i) Land revalued at Rs.5,90,000.
(ii) Furniture and Fixture revalued at Rs.90,000.Musharaf is paid Rs.1,75,000 in cash as full and final settlement.

6. BANK RECONCILIATIION:

(a) Answer the following:

(i) Why bank reconciliation statement is prepared?

(ii) Is the bank reconciliation statement a part of financial statements?

(iii) Briefly explain: (a) Outstanding cheque (b) Unpresented cheque (c) NSF cheque

(b) The information listed below is available in reconciling bank balance for the SONA CHANDI Co. on Dec. 31, 2013.

(1) The bank statement at Dec.30, indicated a balance of Rs.10,034.70, however bank a/c showed a balance of Rs.12,761.94.

(2) Cash receipt of Rs.5,846.20 deposited into bank at Dec. 31 did not appear among the deposits.

(3) Out of the cheque issued in Dec. two cheque amounted to Rs.1,938.56 were not included among paid cheque.

(4) A service charge for Rs.40 by error deducted by bank from the a/c. of Sona Chandi Co. instead of Chandi Co.

(5) The paid cheque returned by bank disclosed an error that a cheque of Rs.504 had been recorded as Rs.50.40 in cash book.

(6) A cheque for Rs.220 returned by bank marked as NSF cheque.

(7) On Dec.31, the Co. received a memorandum from bank indicating that the note of Rs.1,904 had been collected.

(8) A debit memo for Rs.10 was enclosed with paid cheques for issuance of Co.'s cheque book.

REQUIRED: Prepare a bank reconciliation statement and adjusting entries for Sona Chandi Co.

7. INVENTORY VALUATION:

Given below is the data of AMNA MARIYAM Ltd. for the month of June 30, 2013. The firm uses periodic inv. system.

June 1	Beginning Inventory	300 units	@ Rs.55
June 4	Purchases	375 units	@ Rs.58
June 12	Purchases	400 units	@ Rs.65
June 20	Sales	375 units	@ Rs.60
June 22	Sales	175 units	@ Rs.66
June 24	Purchases	300 units	@ Rs.70
June 30	Sales	200 units	@ Rs.80

REQUIRED: (a) Compute the Cost of Ending Inventory and Cost of Goods Sold at the end of June 30, 2013 under each of the method: (i) LIFO Method (ii) FIFO Method (iii) Weighted Average Method.

(b) In your opinion which method is most suitable if company wants to show maximum profit to its share holders?

8. VOUCHER SYSTEM:

Sobia Co. uses a Voucher System for all major expenditures. Selected transactions for March 2013 are presented below:

(1) Issued cheque no. 74 for Rs.20,000 in payment of outstanding voucher no. 99.

(2) Issued cheque no. 75 for establishment of petty cash fund in the amount of Rs.5,000 (voucher no. 101)

(3) Purchased merchandise for Rs.21,000 from Ali Ltd. On account (voucher no. 102). Sobia Company follows perpetual system.

(4) Returned merchandise worth Rs.1,000 to Ali Ltd. (voucher no. 103)

(5) Issued cheque no. 76 in payment of voucher no. 103 after deducting 2% cash discount.

(6) Issued cheque no. 77 for travel advance to an employee (voucher no. 104) Rs.5,000.

(7) Signed a 60-days 10% note of Rs.12,000 in payment of outstanding voucher no. 100.

(8) Issued cheque no. 78 for Rs.15,600 in settlement of a note payable including interest Rs.600 (voucher no. 105)

(9) Issued cheque no. 79 for Rs.200 to reimburse the travel exp. incurred by employees in excess of travel advance.

(10) Issued cheque no. 80 to reimburse petty cash fund for supplies expense Rs.1,600, conveyance expense Rs. 1,100 & entertainment expense Rs.1,400 voucher no. 107

REQUIRED: Using General Journal form make entries as the case may be in: (a) Voucher Register (b) Cheque Register.

ACCOUNTING 2012

Max Marks: 100

Time : 3 Hours (REGULAR)

Instructions: Attempt any FIVE questions.

1. BANK RECONCILATION:

A comparison of the cash book (bank column) of Shamir & Co. and the bank account for the month of April 2011 revealed the following:

(i) Balance as per Cash Book, April 30, was Rs.4,95,000.

(ii) Balance as per Bank statement, April 30, was Rs.9,50,000.

(iii) Bill pay charges not recorded by company Rs.10,000.

(iv) The bank paid a standing order for insurance of Rs.9,000.

(v) The bank received direct credit transfer a payment of Rs.1,20,000 from Yahya.

(vi) Uncleared cheques Rs.1,50,000.

(vii) Promissory note paid by the bank was not recorded in the Co.'s cash recors of Rs.1,00,000 (including interest expense Rs.10,000)

(viii) Dividends collection was credited by the bank was not recorded in the Co.'s cash record of Rs.1,70,000.

(ix) A cheque was issued to Ahmed for payment of Rs.12,000 but was erroneously recorded by company as Rs.21,000.

(x) Unpresented cheques Rs.4,00,000.

(xi) Transaction charges Rs.15,000 not recorded in Cash Book.

(xii) Zakat deducted Rs.40,000 and mark up credited Rs.60,000 by bank.

(xiii) Withdrawal of cash Rs.20,000 from bank for personal use by Shamir was not recorded in cash book.

(xiv) Rent earned Rs.40,000 was collected and credited by Bank but was not record in Cash Book.

REQUIRED: Prepare Adjusting entries in G. Journal.

2. ACCOUNTS RECEIVABLE:

	A/R Balance Jan 1, 2011	25,00,000
	Allowance for bad debts balance	1,23,000
1.	Uncollectible customer's accounts	78,000
2.	Cash collection from customer account (including Rs.25,000 received from an account previously written off as bad debts.)	40,50,000
3.	Promissory notes received from customers to apply on account.	6,50,000
4.	Credit balance in customer's account represents advance payment.	1,45,000
5.	Gross credit sales for the year.	81,00,000
6.	Sales discount	55,000

On Dec 31, 2011 the A/R included Rs.8,50,000 of the Past Due accounts, After a careful study of all the past due accounts, the management estimate that the probable loss contained therein was 20% and that in addition 2% of the current A/R might prove uncollectible.

REQUIRED:

(a) Prepare journal entries in General Journal for all the transactions in 2011.

(b) Prepare the adjusting and closing entries at Dec 31, 11.

3. INVENTORY VALUATION:

(a) The Gap uses a Periodic inventory System. During the first year of operations, the company made four purchases of a particular product. Each purchase was for 300 units and the prices paid was Rs.7 per unit in the first purchase, Rs.8 per unit in the second purchase, Rs.10 per unit in the third purchase, and Rs.11 per unit in the fourth purchase. At year end, 350 of these units remain unsold.

REQUIRED: Compute the cost of goods sold under the FIFO method and LIFO method, respectively.

(b) On the morning of April 10, 2011 a fire destroyed the entire merchandise inventory in the Stores. The merchandise was un-insured. The following data are available:

Sales Mar. 1, 2010 to April 9, 2011	2,16,000
Inventory Mar. 1,2010	30,000
Purchases Mar. 1, 2010 to April 9, 2011	1,89,000
Gross Profit on cost	25%

REQUIRED: Record out the cost of inventory destroyed by fire?

4. DEPRECIATION:

(a) An extra ordinary repairs was made at a cost of Rs.65,000 to an equipment on Oct 1, 2010 and it extended its normal life from 5 years to 9 years. Payment was made in cash for the extra ordinary repairs.

REQUIRED: Record extraordinary repairs.

(b) A Textile industry depreciates its machinery at 10% per annum on straight line basis. On April 1, 2010 the book value of Machinery was Rs.8,40,000, its original cost was Rs.12,00,000. On July 1, 2010 a new machine was purchases for Rs.25,000. On December 31, 2010 an old machine having written down value of Rs.40,000 on April 1, 2010 (original cost Rs.60,000) was sold for Rs.30,000.

REQUIRED: Give all necessary entries in the General Journal assuming year ended on Mar 31, 2011. (Show computations)

5. FINANCIAL STATEMENT:

The following Financial Statements for the year ended Dec. 31, 2011 was drawn by inexperienced accounts clerks.

NAEEM SHIPPING LTD.
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011

Revenues:
Chartering Revenue 3,44,000

EXP
Depr
Flee
Vess
Insu
Stor
Acc
Net
Ca
W
E
D
M
C
8

EXPENSES:

Depreciation expense	35,000	
Fleet expenses	2,52,000	
Vessel fleet	54,000	
Insurance expanse	7,000	
Stores and spares parts	2,000	
Accrued Salaries	10,000	(3,60,000)
Net Loss		(16,000)

NAEEM SHIPPING LTD.
BALANCE SHEET
DECEMBER 31, 2011

ASSETS		EQUITY		
Cash	40,000	Advertising & Publicity		10,000
Workshop Equipment	25,000	Unearned Chartering Revenue		5,000
Diesel fuel, lubr. & Maintenance	56,000	Capital	123,000	
		Net Loss	(16,000)	1,07,000
Official machinery & appliances	1,000			
	1,22,000			1,22,000

REQUIRED: There are a numbers of errors that you required to check out and reproduce the corrected Financial Statements.

6. CLOSING ENTRIES:

(a) Hassan Trading Co's sales during the year Rs,2,00,000, the net income is 10% of sales, operating expenses of the Co. allocated as 20% selling expenses and 16% Administrative expenses of sales and remaining as cost goods sold.

REQUIRED: Prepare closing entries in General Journal.

(b) Amjad & Co. shows the balances of the following accounts at Dec. 31, 2011:

Advertising expenses Rs.30,000, Wages Expenses Rs.5,750, Supplies Expenses Rs.7,500, Bad debts Expense Rs.1,000, Allowance for Depreciation – Equipment Rs.20,000, Utilities Expenses Rs.1,400, Insurance Expenses Rs.15,000, Interest Expense Rs.300, Income Tax Expense Rs.28,000, Commission income Rs.2,75,000 which includes Rs.50,000 as Advance Commission, Drawing Rs.5,000, Accrued Expenses Rs.5,000 and Accrued income Rs.3,000.

REQUIRED: Prepare closing entries in General Journal.

7. PARTNERSHIP-ADMISSION:

The capital balances of Fahad and Fawad were

Rs.190,000 and Rs.180,000 respectively as on March 31, 20..
On this date they decided to admit Hamadan as a new partner.

REQUIRED:

Show the necessary entries in the general journal of the firm to record admission of Hamadan under each of the following assumption separately:

(i) Hamadan invests furniture Rs.45,000 and sufficient cash for a one-third interest in the business.

(ii) Hamadan invests cash Rs.200,000 and is to receive a one-half interests. Fahad and fawad decided to retain their present capital balances.

(iii) Hamadan invests cash Rs.150,000 and is to receive a one-fourth interest. Total capital of the firm after his admission is to be Rs.600,000.

(iv) Hamadan purchased a one-third interest of Fahad for Rs.55,000 and a one- fourth interest of Fawad for Rs.50,000 cash.

8. ADJUSTMENT & CORRECTION OF ERRORS:

(a) Following data is provided for adjustment by Maqsood & Co.

(i) A one-year bank loan in the amount of 80,000 was obtained on Nov. 1. No interest was paid or recorded. The interest accrued at Dec. 31 was Rs.2500.

(ii) On Dec 16, a suit of rooms was rented to a corporation for six months at a monthly rental of Rs.320. The entire six months rent of Rs.1,920 was collected in advance and credited to unearned rental revenue, at Dec. 31, Rs.160 of which was still unearned.

(iii) Salaries earned by employees at Dec. 31 but not yet paid amount to Rs.45,000.

(iv) Insurance Premium paid Rs.24,000 for 2 years and recorded as Unexpired insurance. At Dec. 31 insurance for 3 months was converted to expense.

REQUIRED: Pass the adjusting entries in General Journal

(b) The following errors were made during 2011 & were discovered before closing of the books of accounts of Mansoor Co.

(i) Sales return of Rs.5,000 was charged to Purchase A/c.

(ii) Rs.75,000 spent for the extension of building was debited to Building Repairs Account.

(iii) Outstanding Advertising Exp. was overlooked Rs.20,000

(iv) Prepaid Salary of Rs.48,000 was included in Salary Expense.

REQUIRED: Pass rectifying entries in General Journal.

ACCOUNTING

2012

Time : 3 Hours (PRIVATE) Max Marks: 100

Instructions: Attempt any FIVE questions.

1. WORK SHEET:

Following trial balance data has been taken from the books of ALI Ltd. for the year ended December 31, 2009.

Cash Rs.220,000, Accounts Receivable Rs.75,000, Office Supplies Expense Rs.5,000, Unearned Commission Rs.50,000, Machine Rs.150,000, Accounts payable Rs.80,000, Allowance for Depreciation - machine Rs.5,000, Merchandise inventory Rs.50,000, Allowance for Bad debts (Dr) Rs.3,000, Cost of Goods Sold Rs.200,000, Prepaid Rent Rs.3600, salaries Expense Rs.6,000, Drawing Rs.5,000, Capital Rs.296,000, Sales Revenue R.280,000, Long term Loan?

DATA FOR ADJUSTMENT:

1. Used office supplies Rs.3,000.
2. Rent was paid for 1 year on April 30, 2009.
3. Allowance for Bad debts estimated @ 6% of Accounts Receivable at end.
4. Unexpired salaries Rs.1,500.
5. The machine has a life of 80,000 hours and estimated salvage value is Rs.50,000. Machine has operated 5,000 hours during 2009.
6. Interest accrued on long term loan @ 6% per annum. Loan acquired on September 1, 2009.

REQUIRED: Prepare ten columns Work Sheet.

2. CORRECTION OF ERRORS:

(A) The following errors/omissions were made during 2011 & were discovered before closing of the books of accounts

(i) Purchase return of Rs.20,000 was charged to sales return.

(ii) Outstanding advertising expenses were overlooked Rs.60,000.

(iii) Rs.50,000 spent for building repairs the extension of building was debited to Building account.

(iv) Prepaid salary of Rs.15,000 was included in salary expense.

(v) Accrued Rent income of Rs.25,000 was overlooked.

REQUIRED: Pass rectifying entries in General Journal.

(B) Describe the four basic types of Adjusting entries with examples of adjusting entries.

ACCOUNTING 2012

(PRIVATE)

Time : 3 Hours Max Marks: 100

Instructions: Attempt any FIVE questions.

1. **WORK SHEET:**

Following trial balance data has been taken from the books of ALI Ltd. for the year ended December 31, 2009.

Cash Rs.220,000, Accounts Receivable Rs.75,000, Office Supplies Expense Rs.5,000, Unearned Commission Rs.50,000, Machine Rs.150,000, Accounts payable Rs.80,000, Allowance for Depreciation - machine Rs.5,000, Merchandise inventory Rs.50,000, Allowance for Bad debts (Dr) Rs.3,000, Cost of Goods Sold Rs.200,000, Prepaid Rent Rs.3600, salaries Expense Rs.6,000, Drawing Rs.5,000, Capital Rs.296,000, Sales Revenue R.280,000, Long term Loan?

DATA FOR ADJUSTMENT:

1. Used office supplies Rs.3,000.
2. Rent was paid for 1 year on April 30, 2009.
3. Allowance for Bad debts estimated @ 6% of Accounts Receivable at end.
4. Unexpired salaries Rs.1,500.
5. The machine has a life of 80,000 hours and estimated salvage value is Rs.50,000. Machine has operated 5,000 hours during 2009.
6. Interest accrued on long term loan @ 6% per annum. Loan acquired on September 1, 2009.

REQUIRED: Prepare ten columns Work Sheet.

2. **CORRECTION OF ERRORS:**

(a) The following errors/omissions were made during 2011 & were discovered before closing of the books of accounts.

(i) Purchase return of Rs.20,000 was charged to sales return.

(ii) Outstanding advertising expenses were overlooked Rs.60,000.

(iii) Rs.50,000 spent for building repairs the extension of building was debited to Building account.

(iv) Prepaid salary of Rs.15,000 was included in salary expense.

(v) Accrued Rent income of Rs.25,000 was overlooked.

REQUIRED: Pass rectifying entries in General Journal.

(b) Describe the four basic types of Adjusting entries with examples of adjusting entries.

3. DEPRECIATION:

(a) Wazir Company purchased the following mach[illegible] under one head i.e. office equipment.

Machine	Date of Purchase	Cost	Residual value	Life/ Rate	Metho[illegible]
A`	30.06.2009	500,000	20% of cost	20 Years	Straig[illegible] Line
B	01.11.2010	400,000	80,000	10 Years	Diminish[illegible] Balanc[illegible]

REQUIRED: Prepare adjusting journal entries for 20[illegible] 2010 and 2011 for all machines. Company year ends [illegible] December 31 each year Company has operated 3000 Hours

(b) Shah Company purchased machine at a cost [illegible] Rs.70,000 which has a book value of Rs.45,920 on Se[illegible] 30,2011.

REQUIRED: Prepare Journal entries to record th[illegible] following independent cases:

(a) The machine was exchanged with a new machine costing Rs.84,000 with trade in value Rs.46,90[illegible] (Gain/loss is not be recognized)

(b) The machine was sold for 30,000 cash.

4. ACCOUNTS RECEIVABLES:

(a) XY company has the following balances on Jan 1,2009: Accounts Receivable-Control Rs.400,000, Allowance for bad debts Rs.5,000. During the year company completed the following transactions:

1. Of the total Sales 20% is cash sales which amounts to Rs.80,000.
2. Sales Discount Rs.10,000.
3. Advances from customers Rs.150,000

REQUIRED:

(i) Prepare adjusting journal entries if Allowance for bad debts is estimated @ ½ of 5% of Net Credit Sales.

(ii) Prepare Partial Balance Sheet as on Dec. 31, 2009.

(b) AB Company has Debit balance in A/R Rs.50,000 and Credit balance of Rs.2000 in Allowance for bad debts A/c. on July 1,2009.

During the year the company sold merchandise on account Rs.150,000. One of the customers account written off Rs.7000. Recovered previously written off account Rs.10,000 to the extent of Rs.6,000. Company's policy is to estimate its bad debts @ of 10% of year end Account Receivable.

REQUIRED:

1. Prepare adjusting Journal entries to record bad debt exp
2. Prepare Partial Balance Sheet as on June 30, 2010.

5. BANK RECONCILIATION STATEMENT:

On September 1, 2010 Sardar Company has credit balance in the Bank column of its cash book Rs.70,000 and debit balance in the Bank statement Rs.86,000.

Company found the following errors when preparing its reconciliation statement.

1. Cheques issued to:

Suppliers	Amounts	Date of issue	Cheque no.
Muhakamuddin Trader	15,000	28.06.2010	709087
Babar Company	20,000	15.07.2010	709123
Nadeem & Sons	40,000	10.08.2010	709224

Cheque No. 709087 & 709224 presented for payment.

2. Issued a cheque of Rs.3,150 but it was recorded in the company,s book Rs.2,450.
3. Services charges not recorded in the cash book Rs.800
4. Following cheques deposited in the bank:

Customer	Date of deposit	Cheque No.	Amount
Rehman Traders	June 28, 2010	50897	65,000
Aftab Co.	July 15, 2010	60876	50,000
Arslan Bros.	Aug. 10, 2010	32567	60,000

Cheque No. 60876 of Aftab Co. returned by the bank marked NSF, and other are uncleared.

5. Interest on investment credited by the bank Rs.125,000 was not recorded in the cash book.
6. Deposited a cheque of Rs.30,670 but it was wrongly entered in the Co.'s book as Rs.15,170.

REQUIRED: Prepare Bank Reconciliation Statement.

6. PARTNERSHIP:

Following Balance Sheet relate to the business of Mr. Shahani, Moin and Rasheed as on November 30, 2010.

AB&C Partnership,
Balance Sheet,
As on Nov. 30, 2010.

ASSETS		
Cash		100,000
Accounts Receivable	70,000	
Allowance for bad debts	2,000	68,000
Office Supplies		15,000
Furniture	150,000	
Accumulated Depreciation	25,000	125,000

Stock		60,0[illegible]
Total Assets		368,0[illegible]
EQUITIES		
Accounts Payable		68,0[illegible]
Owner's Equities		
Shahani Capital	80,000	
Moin Capital	120,000	
Rasheed Capital	100,000	300,0[illegible]
Total Equities		368,0[illegible]

They share profit and loss in the ratio of their capitals. On this date they decided to admit Mr. Sanaullah as a new partner under the following cases separately.

(a) If Sanaullah invests sufficient amount of cash to acquire 1/4th interest in the business.

(b) If Sanaullah invest Rs.70,000 for 1/5th interest in the business. Old partners do not agree to reduce their capitals.

(c) If Sanaullah invests Furniture Rs.50,000 and cash Rs.120,000 in the business and old partners agreed to give him a 1/5th interest in the business. The total capital of the firm after his admission Rs.470,000.

(d) If Sanaullah invest Rs.150,000 for a 1/4th interest. The total capital of the firm after his admission Rs.500,000.

REQUIRED:

(i) Prepare Journal entries to record the admission of Mr. Sanaullah.

(ii) Prepare Balance Sheet of ABC & D partnership just after the admission of Mr. Sanauallah in case (a)

7. INVENTORY VALUATION:

Following transactions relate to the business of Husnain Traders:

November

1. Balance in merchandise inventory 6000 units @ Rs.7.00
2. Purchased merchandise for cash Rs.42,000 at a unit price of Rs.4.00.
5. Purchased merchandise on account 5000 units at a unit price of Rs.5.00.
7. Sold 8200 units on account at Rs.10.00 per unit.
10. Purchased 7000 units at Rs.5.00 per unit.
12. Sold 12100 units on account at Rs.10.00 per unit.
15. Purchased 9000 units at Rs.8.00 per unit.
20. Sold 12100 units on account at Rs.10.00 per unit.
25. Paid carriage out on sales Rs.3,500.

REQUIRED:

5. Purchased merchandise on account 5000 units at a unit price of Rs.5.00.
7. Sold 8200 units on account at Rs.10.00 per unit.
10. Purchased 7000 units at Rs.5.00 per unit.
12. Sold 12100 units on account at Rs.10.00 per unit.
15. Purchased 9000 units at Rs.8.00 per unit.
20. Sold 12100 units on account at Rs.10.00 per unit.
25. Paid carriage out on sales Rs.3,500.

REQUIRED:

(i) Prepare dated journal entries (Assume that company uses LIFO method under perpetual inventory system).

(ii) Compute the amount of Gross Profit under LIFO.

8.(a) Define Accounting and differentiate it from book keeping.

(b) Define the following accounting concepts:
(i) Matching (ii) Cost (iii) Consistency (iv) Going concern

ACCOUNTING 2011

Time : 3 Hours (REGULAR) Max Marks: 100

Instructions: Attempt any FIVE questions.

1. **WORK SHEET:**

Following is the pre-closing trial balance of Mehfooz & Co. on December 31, 2010.

Title of Account	Debit	Credit
Cash	70,000	
Accounts Receivable	24,000	
Aircraft	12,00,000	
Allowance for depreciation – Aircraft		12,000
Accounts Payable		18,000
Bank Loan		25,000
Capital		10,00,000
Revenue from Passengers		2,60,000
Revenue from Cargo		85,000
Maintenance & overhaul	33,000	
Passenger services	15,000	
Aircraft fuel	26,000	
Salaries expense	32,000	
Total	14,00,000	14,00,000

ADDITIONAL INFORMATION:

(i) Salaries accrued Rs.3,000 and Prepaid salaries for Rs.5,000

(ii) Bad debts estimated at 10% of Accounts Receivable.
(iii) Interest on bank loan Rs.5,000 outstanding.
(iv) Unearned revenue from Cargo Rs.10,000 and earned Receivable Rs.7,000.
(v) Proprietor withdrew cash from the business Rs.5,000 for private use.
(vi) Book value of Aircraft was estimated at Rs.11,76,000.

REQUIRED:

Prepare a Ten-Column Work Sheet from the above data given above.

2. ADJUSTING AND OPENING ENTRIES:

Take the balances & adjustment data given in Q. no.1

REQUIRED:

(i) Adjusting & opening journal entries in General Journal.
(ii) Name any three basic principles of Accounting observed necessarily for making periodic adjustments.

3. ACCOUNTS RECEIVABLE:

(a) The following information is related to Saleem & Co.

Account Receivable Jan. 1, 2010	10,00,000
Allowance for bad debts (Cr) Jan. 1, 2010	5,000
Credit sales & collection during the year	8,00,000
Account Receivable written off during the year	20,000
Bad debts estimated 5% on accounts Receivable, ending balance.	

REQUIRED:

Compute the amount of bad debts and give an adjusting entry at December 31, 2010.

(b) The following ledgers a/c. are extracted from Naeem & Co.

ACCOUNTS RECEIVABLE

Jan.1 Bal.	150,000	ii. Sales Return	15,000
i Sales	600,000	iii. Cash	400,000
		iv. Sales discount	10,000
		v. Notes Receivable	25,000
		vi. Allowance for b/d	10,000

ALLOWANCE FOR BAD DEBTS

vi. Acc. Receivable	10,000	Jan.1 Balance	15,000

REQUIRED: Prepare entries in General Journal from the above posting.

4. INVENTORY VALUATION:

(a) The following data relate to the business of Aamir & Co.

Date		Units	Unit Cost
Nov. 1	Opening Inventory	6000	Rs.100
Nov. 5	Purchase	3000	Rs.150
Nov.15	Sold	4000	Rs.250
Nov.25	Purchase	7000	Rs.180
Nov.30	Sold	6000	Rs.300

REQUIRED: (i) Prepare inv. card under FIFO Method

(ii) Assume that Co. uses Periodic Inventory System. Compute cost of goods sold and merchandise inventory (ending) under LIFO Method and calculate Gross Profit.

(b) Saad Co. sells merchandise. At December 31, 2010 the Co.'s inventory amounted to Rs.50,000. During the 1st week of Jan. 2011 the Co. made only one purchase and one sale. These transactions were as follows:

Jan.3 Sold merchandise for Rs.20,000 cash. The total cost of merchandise amounted to Rs.11,200.

Jan.7 Purchased merchandise amounted to Rs.10,000; terms 2/10, n/30.

REQUIRED:

Prepare Journal entries to record above transactions under perpetual inventory system.

5. VOUCHER SYSTEM:

Nazim & Co. uses Voucher System by net price method. Following are the vouchers prepared and cheques issued during December, 2010.

Dec.1 Prepared Voucher No.348 for Rs.40,000 payable to Amjad & Co. for machinery purchased on terms 3/10, n/30.

" 5 Prepared Voucher No.349 for Rs.35,000 payable to Samsam & Co. for purchase of Mrds. on terms 2/10, n/30.

" 7 Issued cheque No.203 in payment of Voucher No.348.

" 10 Prepared Voucher No.350 for Rs.4,800 to replenish the petty cash fund for the following disbursement: Supplies Rs.2,200, Entertainment Rs.1,300, Postage Rs.300 Miscellaneous general expense Rs.1,000.

" 20 Issued cheque No.204 for in payment of Voucher No.349 because the discount period had elapsed.

" 25 Prepared V. No.351 for Rs.5,000 as drawing by owner

" 27 Issued cheque No.205 in payment of Voucher No.351.

" 28 Prepared Voucher No.352 for Rs.10,000 payable to employees for December, 2010 salaries.

" 31 Issued cheque No.206 in payment of Voucher No.352.

REQUIRED:

Record the above transactions in General Journal Form.

6. DEPRECIATION:

(a) Yasir & Co. provides the following information:

Rate per unit	Cost	Salvage value	Estimated production units
Rs.	Rs.	Rs.	---
2	80,000	20,000	?
4	100,000	?	20,000
?	150,000	30,000	30,000
3	?	50,000	150,000

REQUIRED:

Compute the missing amounts from the above table.

(b) On October 1, 2008, Qasim & Co. purchased a machine for Rs.6,00,000 on account. The machine had an estimated service life of 10 years and an estimated residual value of Rs.50,000. The Company uses SUM OF THE YEARS DIGIT METHOD for depreciation. On September 30, 2010 the Company traded the machine for a new machine having an invoice price of Rs.5,00,000. The Trade-in-Allowance for the old machine on the date of the exchange was Rs.4,00,000.

REQUIRED:

Prepare dated entries in General Journal to record purchase of machine, and the exchange of machine on September 30, 2010. (Show all Computations)

7. PARTNERSHIP:

(a) Given: (i) Salary payable to a partner
(ii) Drawings made by a partner
(iii) Fresh capital introduced by a partner.
(iv) Share of profit earned by a partner
(v) Commission payable to a partner.
(vi) Interest on capital of a partner.
(vii) Interest on drawing of a partner.

REQUIRED:

Assuming the partner's capital accounts are fixed, record the above events in relevant accounts.

(b) Ansari and Wilayat were partners sharing profits in the ratio of 3:2. On the date of dissolution, their capitals: Ansari Rs.76,500; Wilayat Rs.43,000. The amount payable to creditors was Rs.2,75,000. The balance of cash was Rs.7,600. The other assets realized Rs.2,54,300. The expenses on dissolution were

Rs.15,400. All partners were solvent.

REQUIRED:

Prepare G. Journal entries for the above transactions.

4. CORRECTION OF ERRORS:

(a) The following errors were made during the current year and were discovered before closing the books of accounting:

(i) Accrued advertising expense of Rs.5,000 was overlooked.

(ii) Return of goods of Rs.1,500 by Shakeel was entered in error in Raheel's account.

(iii) Cash drawings of Rs.4,000 was credited to the bank of the cash book. (iv) Repairs to Machinery of Rs.3,000 was charged to Machinery

REQUIRED: Rectifying entries in General Journal.

(b) The following errors were made during the year 2009 and were discovered during 2010:

(i) Ending inventory was overstated by Rs.10,000.

(ii) Credit purchase of Rs.8,000 was not recorded in 09 although goods were received & included in the inventory of 2009.

(iii) Additional investment by owner of Rs.1,00,000 was credited to Sales Account.

(iv) Goods taken out for owner's use Rs.7,000 was debited to General Expenses.

REQUIRED: Rectifying entries in General Journal.

ACCOUNTING 2011

Time : 3 Hours (PRIVATE) Max Marks: 100

Instructions: Attempt any FIVE questions.

Q.1. The following is the pre-closing trial balance of Yasir & Company on December 31, 2010.

Title of Account	Debit	Credit
Cash	3,00,000	
Accounts Receivable	2,00,000	
Merchandise Inventory	1,00,000	
Prepaid Advertising	90,000	
Cost of Goods Sold	7,00,000	
Salaries expense	55,000	
Supplies expense	15,000	
Rent expense	40,000	
Accounts Payable		1,00,000

Unearned Commission		50,000
Yasir Capital		2,50,000
Sales		11,00,000
Total	15,00,000	15,00,000

Additional Information for Adjustment:

(i) Commission income is unearned to the extent Rs.15,000.
(ii) Supplies used during the year Rs.3,000.
(iii) Commission receivable for the year Rs.14,000.
(iv) Prepaid rent Rs.25,000.
(v) Salaries payable for the year amounted to Rs.5,000.
(vi) Advertising prepaid Rs.43,000.

REQUIRED:

(a) Prepare Income Statement for the year ended on Dec.31,10
(b) Prepare Balance Sheet as on Dec.31, 2010.

Q.2. Following is the unadjusted trial balance of Mansoor Trading Company at December 31, 2010.

Title of Account	Debit	Credit
Cash	20,000	
Accounts Receivable	1,80,000	
Merchandise Inventory	50,000	
Office Supplies	4,000	
Furniture	1,00,000	
Allowance for depreciation – Furniture		38,000
Accounts Payable		50,000
Mansoor Capital		2,05,000
Mansoor Drawing	15,000	
Sales		2,67,000
Rent Revenue		80,000
Purchases	1,80,000	
Salaries expense	51,000	
Insurance expense	40,000	
Total	6,40,000	6,40,000

Supplementary Data for Adjustment:

(i) Merchandise inventory on 31.12.10 was Rs.60,000.
(ii) Salaries expense for the year amounted to Rs.45,000.
(iii) Unexpired insurance Rs.3,500.
(iv) Depreciation on Furniture for the year Rs.15,000.
(v) Office supplies on hand on December 31, 2010 Rs.1,000.
(vi) Rent revenue includes an amount received in advance Rs.2,000.

(vii) Goods costing Rs.2,000 were taken by Mansoor for private use was not recorded.

REQUIRED: Prepare a Ten-column work sheet.

Q.3. During the process of completing the bank reconciliation of Rahim Co. on July 31, 2011, the following facts wee discovered: Cash book balance Rs.5,60,000

Bank Statement Balance (Dr) Rs.4,30,000.

(i) A cheque for Rs.51,000 deposited into bank was wrongly entered into bank statement for Rs.15,000.
(ii) L/c documents retired but not recorded in cash book Rs.4,50,000.
(iii) Bank charged markup on Running Finance Rs.3,600.
(iv) Cash withefew Rs.5,00,000 was recorded in cash book but withholding Tax Rs.1,000 not recorded.
(v) Bank credited excess L/c margin charged Rs.9,200.
(vi) M/S Asim Co. paid Rs.1,35,000 through online.
(vii) Cheque of Zulfiqar Co. returned Rs.80,000 by bank. And bank charged Rs.450.
(viii) Rahim Co. paid to Irfan Co. Rs.50,000 through online but not recorded in cash book.
(ix) Bank charged commission Rs.650.
(x) Bank debited Rs.92,500 against L/c margin but not recorded in cash book.
(xi) Uncleared cheques Rs.8,50,000.
(xii) Unpresented cheques Rs.4,30,000.

REQUIRED:

Prepare Bank Reconciliation Statement and also adjusting entries in the journal.

Q.4. Following transactions relate to business of Babar:

Nov.1 Balance in merchandise inventory 7000 units @ Rs.7.00
2. Purchased merchandise for cash Rs.21,000 at a unit price of Rs.4.00
5. Purchased merchandise on account Rs.2,500 at a unit price of Rs.5.00
7. Sold 4,100 units on account at Rs.10.00 per unit.
10. Purchased 5,000 units at Rs.5.00 per unit
12. Sold 10,100 units at Rs.10.00 per unit.
15. Purchased 4,500 units at Rs.8.00 per unit
20. Sold 5,000 units at Rs.10.00 per unit.
25. Paid carriage outwards on sales Rs.2,500.

REQUIRED:

(a) Prepare dated journal entries, assuming that company uses FIFO method under perpetual inventory system.

(b) Show necessary computations for cost of ending inventory, cost of goods sold & sales of merchandise.

(c) Compute the amount of G. Profit under FIFO method.

Q.5. Asim Company purchased the following machine under one head i.e. Machinery:

Machine	Date of Purchase	Cost (Rs)	Ewsidual Value	Life/Rate	Method
A	June 30 2008	500,000	20% of Cost	20 years	Straight Line
B	Nov. 1, 2009	400,000	80,000	15%	Reducing Balance
C	July 4, 2010	300,000	20,000	70,000 hours	Working hours

Company year ends on December 31 each year.

REQUIRED:

(1) Prepare adjusting journal entries for 2008, 2009 and 2010 to record depreciation for machine. The company has operated Machine C 3000 hours in 2010.

(2) Show allowance for depreciation account for Machinery for the year 2010.

(3) Prepare a partial balance sheet on December 31, 2009.

Q.6.(a) Rafiq & Co. has the following balances on Jan. 1, 2010

Account Receivable – Control Rs.4,50,000

Allowance for bad debts Rs.7,500

During year company completed the following transactions.

(1) Total Sales including 60% cash sales of Rs.5,00,000.
(2) Sales Discount Rs.10,000.
(3) Collected cash from customer Rs.2,40,000.
(4) One of the customer accounts receivable subsidiary ledger showed a credit balance of Rs.5,000.

REQUIRED:

(1) Prepare akjusting journal entries if bad debts estimated @ ½ of 5% of Net Credit Sales. (2) Prepare Partial Balance Sheet.

(b) The following account balances appears on the Balance Sheet of Zafar & Sons as on Dec. 31, 2010.

Account Receivable – Control Rs.96,000

Allowance for doubtful debts Rs.1,920

During January 2011, the following events took place:

(i) Accounts Receivable of Rs.3,500 are written off as uncollectible.

(ii) An account Receivable for Rs.1,500 was written off in 2010 is recovered.

(iii) Aging of Accounts Receivable at the end of month indicated that Rs.2,000 to be uncollectible.

REQUIRED:

(1) Give the necessary journal entries to give effects to the above transactions.

(2) Prepare a partial balance sheet after giving effect to the above events.

Q.7.(a) Nuvaira and Khuba are partners with capital of Rs.26,000 and Rs.22,000 respectively. They admit Erma as partner with $1/4^{th}$ share in the profit of the firm. Erma brings in Rs.26,000 as his share of capital.

REQUIRED:

Give journal entry to record goodwill on Erma's admission.

(b) Maham, Alvena and Zobia were partners in a firm sharing profits in the ratio of 3 : 2 : 1. Zobia's retirement the goodwill of the firm was valued at Rs.30,000.

REQUIRED: Pass necessary entry for the treatment of goodwill on Zobia's retirement without opening Goodwill Account.

Q.8. Attempt any Four of the followings:

(i) Differentiate between the Books of Original Entry & the Book of Final Entry. Explain each of them with three examples.

(ii) Define any TWO of the following accounting concepts:
(a) Matching (ii) Cost (iii) Consistency (iv) Going concern

(iii) Why does a business prepare Trial Balance, Income Statement & Balance Sheet? Make comparison between any two.

(iv) Describe the differences between Capital Expenditures and Revenue Expenditures.

(v) (a) Why do businesses spend a lot of money on Accounts Department?
(b) Who are the possible stakeholders of a business.