

PUNJAB UNIVERSITY PAPER 2012

Time Allowed: 3 hours

Max. Marks: 100

Attempt any FIVE questions from the following. All questions carry equals marks.

Q.1 The following are the extract from the balance sheet of Safdar Company Ltd. Shahkot, as an 31-12-2011.

Authorized Capital:

	Rs.
400,000 ordinary shares of Rs. 10 each	<u>40,00,000</u>

Issued and Subscribed Capital:

100,000 ordinary shares of Rs. 10 each ✓	10,00,000
✓ Shares premium	7200,000
✓ Reserves fund	600,000
✓ Profit and loss A/c	350,000

A resolution was passed by the company determining of one bonus share for every two shares held at present. For the purpose of bonus Rs. 100,000 at to be provided out of share premium and the balance equally out of reserve fund and profit and loss account.

REQUIRED:

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

Q.2 Akhtar Ltd. Faislaabald purchased machinery on hire purchase from Mazhar Ltd. Faisalabad on 1st January 2001. The terms of the hire purchase agreement:

- (1) Cash price of machine Rs. 20,000.
- (2) Rate of interest 12% p.a. (plus interest).
- (3) Depreciation 20% on original cost.
- (4) Down payment Rs. 8,000 and balance to be paid in 3 annual installment of Rs. 4,000 each plus interest.

REQUIRED:

Prepare Hire Vendor Account, Machinery Account and Hire Purchaser Account in the books of both parties for two years. Also draw balance sheet at the end of second year.

Q.3 Iqbal & Co. of Faisalabad has a branch of Lahore; goods are sent by head office at cost price. All expenses of the branch are paid by the head office. From the following particular, prepare branch account in the book of head office:

	Rs.
Stock at branch on 1/1/2011	1,500
Goods supplied to branch during the year	24,000
Salaries	1,200
Rent	360
Telephone	100
Petty expenses	150
Remittances received from the branch during the year	27,500
Stock on 31/12/2011	1,250
Balance of petty cash on 31/12/2011	10

Q.4 Amir and company Shakargarh with an authorized capital of Rs. 1,000,000 divided into 100,000 shares of Rs. 10 each. On 31st December 2002, 50,000 shares were fully called and paid up. The following are the balances taken from the ledger of the company at 31st December, 2002.

	Rs.		Rs.
Stock	100,000	Printing and stationary	4,800
Sales	850,000	Advertisement	7,600
Purchases	600,000	Postage and telephone etc.	21,000
Wages	140,000	Debtors	77,400
Discount allowed	8,400	Creditors	70,400
Discount received	6,300	Plant and machinery	161,000
Insurance upto 30 th June 2003	13,440	Furniture	34,000
Salaries	37,000	Cash at bank	279,600
Rent	12,000	General reserve	50,000
General expenses	17,900	Loan from managing director	31,400
Profit & loss (Cr.)	12,440	Bad debts	6,400

ADDITIONAL INFORMATION:

- (1) Closing stock Rs. 200,000.
- (2) Depreciation to be charge on plant and machinery 15% p.a. and furniture at the rate of 10% p.a.
- (3) Outstanding expenses: Wages Rs. 10,400, Salary Rs. 2,400 and Rent Rs. 1,200.
- (4) Dividend at 5% on paid up share capital to be provided.

REQUIRED:

Prepare trading and profit and loss account for the year ended 31st December 2002 and also a balance sheet as at that time.

Q.5 The following data are taken from company balance sheet prepared for the Nazir and Company.

Particulars	2009 Rs.	2010 Rs.
Cash	16,000	30,000
Marketable security	20,000	10,000
Trade receivable (net)	45,000	55,000
Inventories	60,000	75,000
Prepaid expenses	1,500	2,500
Plant and equipment (net)	80,000	85,000
Intangible assets	25,000	22,500
Other assets	5,000	6,000
Total assets	<u>252,500</u>	<u>286,000</u>
Current liabilities	60,000	100,000

REQUIRED:

From the data given calculate for both 2009 and 2010:

- (1) The working capital
- (2) The current ratio
- (3) The acid-test ratio
- (4) The ratio of current assets to total assets
- (5) The ratio of cash to current liabilities

Q.6 Punjab Ltd. Faisalabad is contractor for the construction of a pier for the Seafront Development Company. The value of the contract is Rs. 300,000 and payment is made by the engineers certificate subject to a retention of 10% of the amount certified; this is to be held by the Seafront Development Company for six month after the completion of the contract.

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

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

REQUIRED:

Prepare contract account and work in progress account in the book of contractor, also shows the relevant items as would appear in the balance sheet.