

**QUESTION PAPER 2014**

**QUESTION NO. 1**

The extracts are taken from the draft balance sheet of Crescent Appliances Limited as on 31st December 2013:

<b>Authorized Capital</b>	<b>Rs.</b>
30,000 ordinary shares of Rs. 100 each	30,00,000

**Issued, Subscribed and Paid-up Capital:**

12,500 shares of Rs. 100 each	12,50,000
Reserve Fund	825,000
Profit & Loss Account	330,000

Board of Directors recommended issuing bonus shares at the rate 15 shares of Rs. 100 each for every 50 shares held at present. For this purpose, Rs. 200,000 is to be provided out of profit & loss account and the balance out of reserve fund.

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

**Required:**

Make necessary journal entries to give effect to the recommendations of board of directors and show how they would affect the balance sheet.

**QUESTION NO. 2**

**From the following information calculate for both companies:**

- (i) Gross profit ratio
- (ii) Working capital ratio
- (iii) Stock turnover ratio
- (iv) Liquid ratio

Particulars	Munir Ltd.	Moqem Ltd.
Sales	25,20,000	21,40,000
Cost of sales	19,20,000	16,35,000
Opening stock	300,000	275,000
Closing stock	500,000	350,000
Other current assets	760,000	640,000
Fixed assets	14,40,000	16,00,000
Net Worth	15,00,000	14,00,000

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Long term debts	900,000	950,000
Current liabilities	600,000	665,000

### QUESTION NO. 3

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

Particulars	Rs.
Stock 01-01-2012	60,000
Stock 31-12-2012	72,000
Sundry debtors 01-01-2012	33,600
Sundry debtors 31-12-2012	43,200
Petty caste 01-01-2012	1,500
Petty cash 31-12-2012	1,500
Goods invoiced from H.O	436,800
Wages paid	19,200
Sundry expenses	3,840
Cash sales	259,200
Credit sales	168,000
Cash collected from debtors	158,400
Rent paid	12,000

### QUESTION NO. 4

Define company what is the procedure of its formation?

### QUESTION NO. 5

Usman Munir & Company, Sargodha with an authorized capital of Rs. 10,00,000 divided into 100,000 shares of Rs. 10 each. Or 31st December 2012, 50,000 shares were fully called and paid up. The following are the balances taken from the ledger of the company at 31st December, 2012.

	Rs.		Rs.
Stock	100,000	Printing and Stationary	4,800
Sales	850,000	Advertisement	7,600
Purchases	600,000	Postage and Telephone	21,000
Wages	140,000	Debtors	77,400
Discount Allowed	8,400	Creditors	70,440
Discount Received	6,3000	Plant and Machinery	161,000
Insurance upto 30 <sup>th</sup> June 2013	13,440	Furniture	34,000
Salaries	37,000	Cash at BANK	279,600
Rent	12,000	General Reserve	50,000

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General Expenses	17,900	Loan from managing director	31,400
Profit and Loss (Cr.)	12,400	Bad debts	6,400

**Additional Information:**

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

**Required:**

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

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**QUESTION NO. 6**

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

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

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**QUESTION NO. 7**

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

**Required:**

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

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**QUESTION NO. 8**

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Define amalgamation. Why companies do amalgamation.