

**Question Paper 2012**

**Time : 3 Hours**

**Marks: 100**

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

**Question No. 1**

A sold goods to B for Rs. 50, 000 and drew on B a bill for the amount at 3 months. A endorsed the bill to his creditor. C. C endorsed it to his creditor D. D got the bill discounted by his bank at 12% p.a. On maturity, the bill is dishonored and bank pays Rs. 50 for noting charges.

Pass entries in the books of A, B, C, D and the bank.

**Question No. 2**

On 31st March, 2011, the Cash Book of Mr. Aqeel shows Rs.33, 436 as bank balance. But it does not agree with the balance as shown by the Pass Book. On comparison, you Find the following discrepancies:

- (1) The payment side of the cash book was under cast by Rs. 400.
- (2) A cheque issued for Rs: 524 on 25th March, was recorded in the cash column of the cash book.
- (3) A cheque of Rs. 600 deposited was recorded in the cash column of the cash book.
- (4) On 20th March, the debit balance of Rs. 6, 104 as on the previous day was brought forward as credit balance.
- (5) Of the total cheques amounting Rs. 46, 056 drawn in the last week of March 2011, cheque totaling Rs. 31, 260 en cashed in March.
- (6) Dividend of Rs. 1, 000 collected by the bank was not entered in the cash book.
- (7) Trade subscription of Rs. 400 paid by the bank was not recorded in the cash book.
- (8) One outgoing cheque for Rs. 1, 400 was recorded twice in the cash book.

Prepare a Bank Reconciliation Statement with the help of revised cash book as at 31st March, 2011.

**Question No. 3**

From the following Trail Balance and adjustments, you are required to prepare Trading and Profit and Loss Account for the year ended 31st December, 2011 and a Balance Sheet as on 31.12.2011

Debit balance	Rs	Credit balances	Rs
Cash at bank	31,800	Capital	420,000
Cash in hand	4,800	Sundry creditors	60,000
Closing stock	180,000	Bills payable	30,000
Plant and machinery	450,000	Sales	1390,200
Bills receivable	30,000	Provision for bad debts	2,100
Sundry debtors	303,600	Reserve	120,000
Purchases (adjusted)	540,000		
Buildings	300,000		
Salaries	66,000		
Wages	86,400		
Postage & telegrams	4,500		
Carriage inward	4,500		
Bad debts	5,700		
Carriage outward	6,000		
General expenses	9,000		

**Adjustments:**

- (i) Salaries unpaid Rs. 54,000
- (ii) Charge 5% interest on capital
- (iii) Raise Bad debts provision to 2.5% of debtors
- (iv) Transfer 2.5% of net profit to reserve a/c
- (v) It was discovered in January 2011 that the stock on 31st December, 2010 was over cast by Rs. 6,000.

**Question No. 4**

**In taking out the Trial Balance the accountant finds that the total of the credit side exceeds that of debit side by Rs.2, 410. He places the difference to a suspense account subsequently detects the following mistakes :**

- (i) Stationary purchased for Rs. 890 but debited to stationary account as Rs. 980.

- (ii) A sum of Rs. 650 received from Alain was credited twice in his account.
- (iii) Wages Rs. 250 paid to installing a machine were debited to wages account as Rs. 520.
- (iv) A sale of Rs. 350 was entered in the purchase book as Rs. 530 but customer's account was correctly debited with Rs. 350.
- (v) A sale of Rs. 1,000 to Fawad was credited to his account twice.
- (vi) Old furniture sold for Rs. 6,000 was passed through sale book.

**Give the rectifying entries and prepare the suspense account.**

**Question No. 5**

Enter five imaginary transactions in Journal, post them in ledger and prepare trial balance.

**Question No. 6**

**Write short notes on:**

- (i) Cash discount and trade discount.
- (ii) Fixed installment method and Diminishing balance method of depreciation.
- (iii) Work sheet and income statement.
- (iv) Capital expenditures and revenue expenditures.

**Question No. 7**

**The following are the assets and liabilities of Mr. Qaiser at the end and beginning of the year 2011, under single entry system**

	<b>As at 31<sup>st</sup> Dec 2011</b>	<b>As at 1<sup>st</sup> Jan 2011</b>
Land and building	58,800	60,000
Plant and machinery	120,000	96,000
Furniture and fixtures	16,200	16,000
Stock in trade	56,000	30,000
Sundry debtors	310,000	280,000
Loan from bank	150,000	145,000
Other outstanding liabilities	100,000	120,000
Cash at bank	80,000	90,000
	<b>32,000</b>	<b>36,000</b>

During the year Mr. Qaiser had withdrawn Rs. 6, 000 in cash and Rs. 3, 000 in goods from the business. He had also introduced Rs.100, 000 as additional capital. A machine book value Rs. 25, 000 had been sold during the year for Rs. 30, 000 and new machine costing Rs.58, 000 was purchased in replacement. New furniture costing Rs.2, 000 was purchased during the year.

**Prepare a statement of profit and loss for the year ended December 31 2011**

**Question No. 8**

**Ali and Babar are partners in a firm sharing profits and losses as All 3/4 and Babar 1/4 on January, 2011 their position was as given below;**

<b>Assets</b>	<b>Rs</b>	<b>Liabilities</b>	<b>Rs</b>
Plant	80,000	Capital Accounts	
Stock	20,000	• Ali	100,000
Debtors	60,000	• Babar	60,000
Cash at bank	40,000	Sundry Creditors	40,000
	<b>200,000</b>		<b>200,000</b>

Usman is now to join the partnership. He agrees to pay the partners Rs. 40, 000 by way of goodwill and introduce 3/5 of the combined capital of the two existing partners after depreciating plant and stock at 20% and 10% respectively and raising a reserve of 10% against sundry' debtors. The new partner is to be allowed 1/4th share of the profits of the firm.

**You are asked to record the above transactions in the books of the firm and give the resultant Balance sheet of the new firm.**