

Question Paper 2014

Time : 3 Hours

Marks: 100

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

Q. 1 A draws on B a bill of exchange for Rs. 5,000 on 1st January 2013 at three months for mutual accommodation B accepts the bill and sends it to A who gets it to A who gets it discounted for Rs 4,800 and remits immediately half of the proceeds to B On 31st March 2013 , A unable to send the B for Rs 3,500 B sends Rs 900 to A. Before the maturity of the bill accepted by A, he becomes insolvent and 40 % is received from his estate as final dividend.

Required : Pass the journal entries in the books of both the parties Also, show A's account in B 's books.

Q. 2 From the following particulars prepare a Bank Reconciliation Statement of Mr. Shaheer as on 31.12.2013

- 1) Cash and cheques totaling Rs. 80,000 were sent to the bank in hte month of December but out of them one cheque for Rs. 10,000 was credited in the pass book on 2nd January 2014 .
- 2) On 26th December cheques were issued in favour of creditors for Rs. 38,000 but out of them two cheques for Rs, 10,000 each were encashed on 3rd January 2014.
- 3) Interest Rs 2,800 credited by the bank in the pass Book which was not recorded in the Cash Book.
- 4) Insurance premium Rs.4,000 was dire3ctly paid by the bank for which there was no record in the Cash book.
- 5) On 29th December a cheque for Rs. 26,000 was deposited into the bank but in January 2014the cheque was returned by the bank as dishonoured.
- 6) Balance as per the Pass Book (Credit) Rs. 120,800

Q. 3 The Trial Balance of Mr. Ishtiaq did not agree. The accountant transferred the difference to the Suspense account and subsequently detected the following mistakes.

1. Return of goods to a supplier, shabeer for Rs. 4,000 has Not been posted to his account.
2. Interest received Rs. 4,800 though entered in the Cash Book was not posted to the relevant income account.
3. Purchases return to Malilk shakeel Rs. 6,000 have been wrongly entered in the sales Return Book.
4. An amount of Rs7,680 which was to be debited to Shumaila account , wrongly debited as Rs 7,860
5. Rs. 14000 paid for purchase of furniture was charged to the Building account.
6. Rs. 16,000 being wages paid debited to Wages account twice.

Required: Give Rectifying journal Entries and Prepare Suspense Account.

Q4 . The following balances are obtained from the books of Mr.Zaheer as 31st December 2013

	01-01-2013	31-12-2013
Sundry creditors	31,200	28,400
Furniture & Fixtures	3,400	3,400
Bank Overdraft	40,800	39,200
Bills Receivable	30,500	28,800
Motor Car	4,200	4,200
Cat & Bank	900	2,800
Sundry Debtors	22,800	21,400
Stock in trade	33,400	37,400

The following additional information are relevant to the year 2013

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

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

Q.5 The following balances are taken from the books of a Trader.

Accounts Title	Rs	Accounts Title	Rs
Capital	1,50,000	Drawings	25,000
Stock (1-1-2013)	75,000	Plant & Machinery	68,750
Furniture	2,500	Purchases	1,12,500
Sales	3,12,500	Prepaid Insurance	4,375
Purchase Returns	3,750	Sales Return	3,125
Bills Receivable	6,250	Bills Payable	20,000
Salaries	35,000	Wages	31,250
Bad Debts	1,875	Investment @ 10%	3,750
Sundry Debtors	50,000	Sundry Creditors	75,000
Carriage	1,250	Cash	26,875
Land & Building	62,500	Loose Tools	1,250
Goodwill	50,000		

After making the following adjustments, prepare trading and profit and loss account/Income statement for the year ended 31st December 2013 and a balance sheet as on that date.

1. Stock on 31st December 2013 Rs.50,000.
2. Depreciate Plant & Machinery by 10% & Building by 5%.
3. Wages Rs 2500 are outstanding.
4. Provide 5% on debtors for bad and reserve for discount on debtors at 2%
5. Investment is made on 1.1.2013 and no interest has been received or recorded so far.
6. Insurance expired Rs. 1,875

Q.6. Convert the following Receipts and Payments Account of a Literary Society for the year ended 31 December 2013 into an Income and Expenditure account and prepare a Balance Sheet.

Receipts	Rs	Payments	Rs.
Balance at Bank 1-1-2013	500	Rent & Taxes	1,000
Subscriptions	10,000	Wages	500
Entrance Fees	1,500	Lightening Charges	250
Life Membership Fee	3,000	Lecturer's Fee	1,000
Donations	1,000	Books	1,500
Interest on Investment	100	Office Expenses	2,000
Receipts and Lectures	3,000	Fixed Deposit on 1.7.2013@10%	10,000
		Furniture	2,000
		Cash	850
	19,100		19,100

At the beginning of the year the society had the following assets:

Books Rs.4000, Furniture, Rs.1000, Investment Rs.1000

Subscription Receivable at the beginning of the year was Rs.1000 and at the end of the year was Rs/ 500, Rent is outstanding for six months Rs. 500 both at the beginning and at the end of the year. Capitalize Entrance fee and life membership fee. Depreciate Furniture Rs.300 and Books Rs.100. Interest on Fixed Deposit was not yet received.

Q. 7. Humaira and Saba were partners in a firm sharing profits and losses in the ratio of 3:2. Their business position was as below:

Assets	Rs.	Liabilities	Rs.
Cash	1,500	Humaira's Capital	51,450
Stock	28,000	Saba's Capital	36,750
Sundry Debtors	19,500	Sundry Creditors	11,800
Machinery	48,500		
Furniture	2,500		
Total	100,000	Total	100,000

They agree to admit Rehana into the partnership and give her 1/8th share in the future profits on the following terms:

- 1) Goodwill of the entire firm to be valued at twice the average of the last three year's profits which amounted to Rs. 21,000; Rs. 34,000 and 25,560/
- 2) Rehana to bring in cash for the amount of her share of Goodwill
- 3) Rehana is to bring in cash Rs. 15000 as her capital

You are asked to record the above transactions in the books of the firm and prepare balance sheet of the new firm Also state the future profit sharing ratio.

Q.8. Define Double entry book keeping system, Discuss its advantages and disadvantages.