SOLVED PAPER 2010

QUESTION NO. 1

Abdullah's Journal

Date	Particulars	L.F	Debit (R.s)	Credit (R.s)
1st Jan. 2010	Omer account To sales account (Sold goods to Omer)		60,000	 60,000
"	Cash account To Omer account (Cash received from Omer)		12,000	 12,000
"	Bill receivable account To Omer account (Acceptance received for one month)		14,000	 14,000
"	Bill receivable account To Omer account (Acceptance received for two month)		16,000	 16,000
"	Bill receivable account To Omer account (Acceptance received for three month)		18,000	 18,000
2nd Jan. 2010	Akram account To bills receivable account To discount account (Bill endorsed to Akram)		14,200	 14,000 200
"	Bank account Discount account To bills receivable account (Bill discounted)		15,840 160	 16,000
4th Mar. 2010	Omer account To bank account (Bill dishonoured)		16,200	 16,200
"	Bills receivable account To Omer account To interest account (New acceptance received for the month)		16,500	 16,200 300
1st April. 2010	Omer account To bills receivable account (3rd bill cancelled)		18,000	 18,000
"	Bills receivable account To Omer account To interest account (New acceptance received 18000 * 10/100*3/12 = Rs. 450)		18,450	 18,000 450

4th June. 2010	Cash account To bills receivable account (Amount of 4th bill received)	16,500	16,500
4th July.	Cash account To bills receivable account (Amount of 5th bill received)	18,450	18,450

QUESTION NO. 2

Mr. Hamza
Bank Reconciliation Statement
As on 31st December, 2009

	Particulars	Amount (Rs.)
(a)	Balance as per pass book overdraft (Dr.)	4,700
(b)	Add; Unpresented cheques	750
		5,450
(c)	Less: Interest on overdraft paid by bank	235
		5,215
(d)	Less: Uncredited cheques	3,250
		1,965
(e)	Less: Bank charges charged by bank	65
		1,900
(f)	Add: Interest and dividend received by bank	350
		2,250
(g)	Less: Cheque omitted to bank	220
		2,030
(h)	Add: Direct payment by customer in to bank account	350
	Overdraft balance as per cash book (Cr.)	2,380

QUESTION NO. 3

Sania
Trading and Profit & Loss Account
For the year ending 31st December, 2009

Particulars		Rs.	Particulars		Rs.
Opening stock		15,040	Sales	121,850	
Purchases		85,522	Less: Returns	285	121,565
Carriage on purchases		1,291	Closing Stock		15,550
Gross profit c/d		35,262			
		137,115			137,115
Carriage on sales		800	Gross profit b/d		35,262
Establishment	2,135		Interest	340	
Add: Outstanding salary	500	2,635	Add: Accrues interest	120	460
Taxes and insurance	783		Accrued rent		150

Add: Outstanding taxes	150				
	933				
Less: Prepaid insurance	50	883			
Audit fee		400			
General charges		3,950			
Travelling expenses		325			
Discount		620			
Depreciation on:					
Motor car	2,400				
Furniture	164	2,564			
Bad debts	613				
Add: New provision	1,487				
	2,100				
Less: Old provision	1,320	780			
Net profit transferred B/S		22,915			
		35,872			35,872

Balance Sheet
As on 31st December, 2008

Assets		Rs.	Liabilities		Rs.
Cash in hand		988	Sundry creditors		18,852
Cash at bank		14,534	Bills payables		6,930
Stock		15,550	Outstanding salary		500
Bills receivable		5,884	Outstanding taxes		150
Sundry debtors	15,600				
Less: New provision	1,487	14,113	Capital	92,000	
Prepaid insurance		50	Add: Net profit	22,915	114,915
Investment	8,922				
Add: Accrued interest	120	9,042			
Building		70,000			
Motorcar	12,000				
Less: Depreciation	2,400				
Furniture	1,640				
Less: Depreciation	164	1,476			
Rent due		150			
		141,347			141,347

Note: There is a contingent liability of Rs. 500 which respect to bill discounted but not due till end of the year.

QUESTION NO. 4

Date	Particulars	L.F	Debit (Rs.)	Credit (Rs.)
(a)	Sales account To suspense account (Being the error Rectified)		3,600	 3,600
(b)	Sales return account To Suspense account (Being the error rectified)		100	 100
(c)	Customer's account To suspense account (Being the error rectified)		3,600	 3,600
(d)	Building account To Purchases account (Being the error rectified)		150,000	 150,000
(e)	Depreciation account To suspense account ((Being the error rectified)		9,500	 9,500
(f)	Suspense account To debtors account ((Being the error rectified)		17,600	 17,600

Effects on Profit:
(a) Overstated profit by Rs. 3,600.
(b) Overstated profit by Rs. 100.
(c) Understate profit by Rs. 150,000.
(d) Overstated profit by Rs. 9,500.

Suspense Account

Particular	Rs.	Particular	Rs.
Debtors	17,600	Balance b/d	800
		Sales	3,600
		Sales return	100
		Customer	3,600
		Depreciation	9,500
	17,600		17,600

QUESTION NO.5

Suleman
Statement Affairs
As at 31st December, 2009

Assets		Rs.	Liabilities	Rs.
Cash		16,600	Sundry creditors	130,000
Stock		18,400	Loan from money lender	113,200
Sundry debtors	151,000		Other liabilities	26,800
Less: Reserves	3,020	147,980		
Land and building	40,000		Capital on 31-12-09 (B.Fig.)	56,800
Less: Depreciation	800	39,200		
Furniture and fixture	6,000			
Less: Depreciation	300	5,700		
Plant and machinery	110,000			
Less: Depreciation	11,000	99,000		
		326,880		326,800

Suleman
Statement or Profit & Loss
For the year ended 31st December, 2009

	Particulars	Amount (Rs.)
	Capital as on 31-12-2009	56,880
	Add: Drawings during the year (6,000 + 1,600)	7,600
		64,480
	Less; Fresh capital introduced	2,000
	Adjusted capital as on 31-12-2009	62,480
	Less: Capital as on 1-1-2009	60,000
	Net profit during the year	2,480

QUESTION NO. 6

Realisation Account

Particulars		Rs.	Particulars		Rs.
Sundry Assets:			**Sundry Liabilities:**		
Bills receivable	2,800		Sundry creditors	4,500	
Investment	12,000		Bills payable	2,050	6,550
Debtors	15,500		**Bank:**		
Stock	9,700		Investment	10,200	
Furniture	1,850		B/R and debtors	14,100	
Machinery	7,500		Stock	7,275	
Building	22,500	71,850	Furniture	1,025	
Bank		300	Machinery	4,300	
Bank		6,550	Building	13,200	50,100

		Loss on Realisation Transferred to Capital A/C		
		A (4/9 x 22,050)	9,800	
		B (2/9 x 22,050)	4,900	
		C (1/3 x 22,050)	7,350	22,050
	78,700			78,700

(i) **Where the Capital are Fixed:**

Cash Account

Particulars	Rs.	Particulars	Rs.
Cash in hand	1,500	Payment to creditors	6,550
Cash at bank	2,250	Cost of realization	300
Assets realised	50,100	A's loan	2,000
Realisation loss:		A's capital	36315.93
A's capital	9,800	B's capital	23896.07
B's capital	4,900		
C's capital	512		
	69,062		69,062

A's Capital Account

Particulars	Rs.	Particulars	Rs.
Loss on realisation	9,800	Balance b/d	34,000
C's capital account	1484.07	Reserve fund	2,800
Bank	36315.93	Profit and loss account	1,000
		Bank account	9,800
	47,600		47,600

B's Capital Account

Particulars	Rs.	Particulars	Rs.
Loss on realisation	4,900	Balance b/d	23,000
C's capital account	1003.93	Reserve fund	1,400
Bank	23896.07	Profit and loss account	500
		Bank account	4,900
	29,800		29,800

C's Capital Account

Particulars	Rs.	Particulars	Rs.
Realisation account	7,350	Balance b/d	1,500
		Reserve fund	2,100
		Profit and loss account	750
		Bank account	512
		A's capital (34/57 x 2488)	1484.07
		B's capital (23/57 x 2488)	1003.93
	7,350		7,350

(ii) Where the Capital are Fluctuating:

Cash Account

Particulars	Rs.	Particulars	Rs.
Cash in hand	1,500	Payment to creditors	6,550
Cash at bank	2,250	Cost of realization	300
Assets realised	50,100	A's loan	2,000
Realisation loss:		A's capital	36300.06
A's capital	9,800	B's capital	23911.94
B's capital	4,900		
C's capital	512		
	69,062		69,062

A's Capital Account

Particulars	Rs.	Particulars	Rs.
Loss on realisation	9,800	Balance b/d	34,000
C's capital account	1499.94	Reserve fund	2,800
Bank	36300.96	Profit and loss account	1,000
		Bank account	9,800
	47,600		47,600

B's Capital Account

Particulars	Rs.	Particulars	Rs.
Loss on realisation	4,900	Balance b/d	23,000
C's capital account	988.06	Reserve fund	1,400
Bank	23911.94	Profit and loss account	500
		Bank account	4,900
	29,800		29,800

C's Capital Account

Particulars	Rs.	Particulars	Rs.
Realisation account	7,350	Balance b/d	1,500
		Reserve fund	2,100
		Profit and loss account	750
		Bank account	512
		A's capital (2488 x 378/627)	1499.94
		B's capital (2488 x 249/627)	988.06
	7,350		7,350

WORKING:

Fluctuating / Not Fixed Capitals:

A = 34,000 + 2,800 + 1,000 =**Rs. 37,800**

B= 23,000 + 1,400 + 500 = **Rs. 24,900**

QUESTION NO. 7

Separate entity concept

The separate entity concept is the concept that we should always separate the entity from its owner. The basic assumption is that transactions conducted by businesses are considered separated from those conducted by its owner. Therefore, it shall be recorded separately from the book of the business.

Dual aspect' concept

Dual Aspect Concept, also known as Duality Principle, is a fundamental convention of accounting that necessitates the recognition of all aspects of an accounting transaction. Dual aspect concept is the underlying basis for double entry accounting system.

Matching concept

The matching concept is an accounting practice whereby firms recognize revenues and their related expenses in the same accounting period. Firms report "revenues," that is, along with the "expenses" that brought them. The purpose of the matching concept is to avoid misstating earnings for a period.

Going concern concept

The going concern concept is a fundamental principle of accounting. It assumes that during and beyond the next fiscal period a company will complete its current plans, use its existing assets and continue to meet its financial obligations. ... This underlying principle is also known as the continuing concern concept.

Cost Concept

The cost concept is one of the basic underlying guidelines in accounting. It is also known as the historical cost principle. The cost principle requires that assets be recorded at the cash amount (or the equivalent) at the time that an asset is acquired.

QUESTION NO. 8

An accounting worksheet is a spreadsheet used to prepare accounting information and reports. Accounting worksheets are most often used in the accounting cycle process to draft an unadjusted trial balance, adjusting journal entries, adjusted trial balance, and financial statements.

The 10-column worksheet that I am familiar with will have the general ledger account titles in the first column followed by ten columns of amounts. There will be one debit and one credit column for each of the following five headings:

1. Trial Balance containing each account's unadjusted balance,
2. Adjustments containing any adjusting entries,
3. Adjusted Trial Balance containing the combination of the unadjusted balance and any adjustments,
4. Income Statement containing the adjusted balances for the revenue, expense, gain and loss accounts, and
5. Balance Sheet containing the adjusted balances for the asset, liability and owner's equity accounts.

Under the Income Statement columns, the difference between the total of the debit column and the credit column is the amount of net income or net loss. If the total of the credit column is larger than the total of the debit column, it indicates a positive net income (revenues are greater than expenses). If the total of the debit column is larger than the total of the credit column it indicates a net loss (expenses are greater than revenues).

A worksheet is useful for ensuring that accounting entries are derived correctly. ... The unadjusted trial balance for a reporting period is exported from the accounting software into a spreadsheet, and then adjusted in the spreadsheet to determine the effects of possible adjusting entries