

B.Com. Part 1st

Annual -2012

Roll No.

Course Code: **BC-304**

Course Title: **Financial Accounting**

Time Allowed: 03:00 Hours

Maximum Marks: 100

Pass Marks: 40%

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

1- Noman for Mutual accommodation draws a bill for Rs.45,000 on Ahsan at three months. Noman gets the bill discounted by his banker for Rs.43,875 and remits Rs.14625 to Ahsan. On maturity Noman is not able to send the amount due to Ahsan, to enable him to meet the bill. He, however, accepts the bill for Rs.56,250 which is discounted by Ahsan for Rs.52,875. Ahsan meet his acceptance and remits Rs.2,700 to Noman. Before the due date of the bill, Noman becomes insolvent and a dividend of 60 paise in the rupee is received from his estate.

Required: Pass journal Entries and show accounts of Noman in the books of Ahsan.

2- a) A trader has two Banks Accounts-A/C No.1 and A/C No.2. The following particulars relating to A/C No.1 are available on 31st March 2010.

- (1) Pass book balance overdrawn Rs.60, 000.
- (2) Cheque drawn prior to 31st march but not presented as yet Rs.16, 000.
- (3) Cheque paid into the bank on 31st March, 2010 but not yet credited Rs.28000.
- (4) Interest debited by the bank but not entered in the in the cash book as yet Rs.1, 600.
- (5) Transfer from A/C No.2 to A/C No.1 recorded by the bank on 31st March, but not entered in the cash book Rs.12, 000
- (6) Bank charges debited by the bank but not recorded in the cash book as yet Rs.40.

Required: prepare a bank reconciliation Statement for A/C No.1 as on 31st March 2010

b) Enter the following transaction in the books of A.Rahim in a double column cash book and a balance the same on 30th April, 2010.

2010

April 1: Cash in hand Rs.80, 000 and Bank overdrawn balance Rs.27, 000.

April 4: Received two cheques for cash sales;

a) From X. Rs. 1, 20,000 .b) From Y. Rs. 1, 60,000.

April 5: Endorsed the first cheque to purchase furniture from A and the second cheque to B to settle his account

April 10: Sold goods to M for cash Rs.200, 000 and deposited the same into the bank.

April 12: The cheque endorsed to B returned dishonored.

April 16: Purchase stationery for Rs.10, 000 by cheque.

April 18: Received from P Rs.1, 60, 000 on account.

April 22: Q, a customer deposited into the bank Rs.70, 000.

April 25: Bought furniture for cash Rs. 1, 20, 000.

April 30: Bank deposited Rs.3, 000 for incidental charges.

April 30: deposited all cash over Rs. 40, 000 into the bank

3. The trial balance of Farooq & Co. did not agree. The credit side was exceeding that of debit side by Rs.20, 000 and the difference was placed in suspense A/c.The following errors was discovered later on. To rectify these errors pass necessary journals

entries and prepare Suspense Account. State also the effect of errors on Accounts.

- a) Purchase book was overcast by Rs.3, 600.
- b) An amount of Rs.5, 200 receivable from Salman & Co was not included in Debtors Schedule.
- c) Received Rs.11, 600 from Khawja & Co. But this was credited to their account as Rs.10, 000
- d) Goods sold to Ahsan for Rs. 14,000 on credit were not posted to his account.
- e) Rafiq Bros. returned goods worth Rs.6, 000. This was credited to their account but not entered in the sales Return Book.

4. X, Y and Z carrying on Business and sharing profits in the ratio of 3:2:1 respectively agreed to dissolve their partnership Firm on 31st December 2010. The Balance sheet of the firm as on that is as follows:

Assets	Rs.	Liabilities	Rs.
Machinery	1,00,000	Creditors	88,000
Stock	60,000	Capital Accounts	-----
Debtors	78,000	X	1,00,000
Cash at bank	32,000	Y	10,000
-----	-----	Z	72,000
Total	2,70,000		2,70,000

X agreed to take over machinery at on agreed value of Rs. 80,000. A sum of Rs. 63, 000 could be realized from debtors

And stock was sold for Rs.46, 000.

The creditors were satisfied by payment of Rs.84, 000. X agreed to bear all expenses of dissolution. For this X is to be

Paid Rs.3, 000. Actual expenses amount to Rs. 5,000.

Required: Draw up a realization account, bank account and partner's capital accounts assuming that all partners are solvent.

5. Given below is the Receipts and payments account of Mumtaz club for the year ending 31st December.

	ReceiptAmounts		Payment Amounts
Balance b/d	10, 250	Salaries	6, 000
Subscriptions:		General expenses	750
2009	400	Drama expenses	4,500
2010	20, 500	News Paper etc.	1, 500
2011	600	Municipal taxes	400
Donation for prize fund	5, 400	Charity	3, 500
Proceeds of Drama Tickets	9, 500	Investments	20, 000
Sale of waste papers	450	Electricity charges	1, 450
		Balance C/D	9, 000
	47, 100		47, 100

Prepare the club's income and expenditure account for the year ended 31st December, 2010 and its Balance Sheet as on the date, after taking the following information into account:

- There are 500 Members, each paying an annual subscription of Rs. 50, Rs. 500 being in arrears for 2009.
- Municipal taxes amounting to Rs. 400 per annum have been paid up to 31st March 2011 and Rs. 500 for salaries is outstanding.

3. Building stood in the books at Rs. 50, 000 and it is required to write off depreciation at 5 percent.
4. Three percent interest has accrued on investment for five months.

6. From the following trial balance of Shahid Bros. prepare a trading and profit A/C for the year.

	Rs.	Rs.
Stock on 1-1-2010	48, 400	
Purchases	82, 000	
Sales		239,200
Capital		366,400
Drawings	16, 800	
Furniture	48, 000	
Salaries Outstanding		5,200
Sundry Debtors	67, 200	50,000
Sundry Creditors		
Income Tax	2, 400	
Machinery	72,000	
Building	160,000	
Investment in 10% Govt. Securities	32,000	
Wages	48,000	
Salaries	52,000	
General Expenses	12,000	
Cash at Bank	12,000	
Cash in hand	8,000	
	660,800	660,800

Adjustments:

1. Depreciate Building at 2% p.a., machinery at 5% p.a. and furniture at 10% p.a.
2. Provide for doubtful debts @ 5% and for discount @ 5 % on Sundry debtors.
3. Create reserve for discount on creditors @ 3%.
4. Wages payables Rs.6000.
5. Stock on 31-12-2010 is Rs. 65,200.

7. (a) On 1st July 2007, Riaz purchased machinery for Rs. 60,000. Depreciation is to be provided for at 10% on Diminishing balance each year. On 31st October 2009, $\frac{1}{4}$ of machinery was sold for Rs, 6,000 as they became useless. On the same date he purchased new machinery for Rs 20,000. Prepare machinery account from 2007 to 2009. Accounts are closed on 31st December every year.

(b) Pass the necessary adjusting entries from the following for the year ended on 31st December 2010.

1. Salaries outstanding for the month of December, 2010 Rs. 40,000.
2. Accrued interest on bank deposit Rs. 2,000.
3. Commission received in advance Rs. 2,000 out of which Rs, 1,000 has been earned.
4. Goods value Rs. 2,000 was taken away by the proprietor for personal use for which no record has been made in the book.

8. Define Accounting. What is the need and importance of Accounting?