ACCOUNTING 2019

Time: 3 Hours (REGULAR) Max Marks: 100

Instructions: Attempt any five questions.

1. **BANK RECONCILIATION**:

A comparison of the cash book of Shaheer & Co. & the bank staternent for the month of July 2019 revealed following:

1) Balance as per bank statement Rs. 900,000.
2) Balance as per cash book R3.500,000.
3) Bill payable met by bank but not recorded into cash book Rs. 10,000.
4) Promissory note paid by bank not recorded into cash book Rs. 100,000 (including interest expense Rs.10,000).
5) The bank received a direct transfer of Rs.132.000 from a customer, Usman.
6) The bank paid for insurance R8.20,000 but not recoded by Co.
7) Un cleared cheques Rs.200,000.
8) Dividend collected by bank not recorded in cash book Rs.150,000.
9) Transaction chargers Rs.15,000 not recorded into cash book.
10) A cheque was issued to Amir for payment of Rs.13,000 but erroneously recorded by Co, as Rs.31,000.
11) Un presented cheques Rs.400,000,
12) Rent earned R8.30,000 was collected & credited by bank but recorded in cash book.
13) Zakat deducted Rs.30,000 and mark-up credited Rs.70,000 by bank.
14) Withdrawal of cash Rs.25,000 from bank for personal use not recorded into cash book.

REQUIRED:

a) Prepare a schedule showing additions to and deductions from the balance as per cash book to determine the adjust balance.
b) Prepare adjusting entries in the book of the company.

2. ACCOUNT RECEIVABLE:

Opening balance on 1st Jan. 2019:

Account Receivable Rs.187,500, Allowance for bad debts Rs.6,250.

During the year following transaction were completed:

1)	Credit sales ____________________________	Rs.218,750
2)	Cash collected from customers ____________	250,000
3)	Sales returns ____________________________	6,250
4)	Bad debts written off _____________________	8,750
5)	Recorded of previously written off account ____	3,750

REQUIRED:

1) Prepare accounts receivable account.
2) Compute & recorded bad debts expenses.
   a) @ 4% of A/c. receivable under balance sheet approach.
   b) @ 2% of not cr. sales under income statement approach
3) Prepare partial B. sheet under both the approaches.

3. INVENTORY VALUATION:

The inventory record of Danish Trading Co, for the month of October is as undo

Oct. 1. Opening inventory 3000 units @Rs.8.00 each
7. Purchase 6000 units @Rs.9.OO each
16. Purchase 4000 units @Rs.10.OO each
25. Purchase 6000 units @Rs.15.OO each
Total 7000 units @ Rs. 18.00 each were sold.

REQUIRED:

1) Calculate the units and cost of goods available for sale during October.
2) Calculate the number of units in ending inventory.
3) Calculate the value of ending inventory using periodic inventory system under each of the methods:
   i. FIFO
   ii. LIFO
   iii. Weighted average
4) Prepare comparative partial income statement showing gross profit under each method.

4. DEPRECIATION:

During the current year Crown Developers disposed off the following plant assets.

1) Office Equipment costing Rs.140,000 was given to a scrap dealer. No proceeds were received. At the date of. disposal, accumulated depreciation on the office equipment was Rs.119,000
2) Sold land & building for Rs.630,000, receiving Rs.200,000 in cash & 5-years 10% note-receivable for Rs.430,000. Crown's accounting record showed: Land Rs.120,000 building Rs.350,000: accumulated depreciation on building Rs.115,000.
3) Traded-in an old truck for new truck. The old truck had cost Rs.110,000 and accumulated depreciation Rs.70,000. The list price of the new truck was Rs. 70,000. Crown received Rs.50,000 trade-in-allowance and paid Rs.120,000 balance in cash.
4) Traded-in its old computer system with a new system. The old computer cost Rs.150,000 & accumulated depreciation Rs.110,000. The new computer had a list price of Rs.90,000. Crown was granted a Rs.10,000 Trade —in-allowance and paid Rs.30,000 in cash and issued a Rs.50,000 2-year 9% note payable for the balance.

REAUIRED:

Prepare journal entries to recorded each of these transaction.

5) PARTNERSHIP:

On 1st September 2018 Adeel and Nabeel form a partnership. Adeel invests certain assets of valuations agreed upon, transfers business liabilities and contributes, sufficient cash to bring his capital to RS. 25,000. The book values and agreed values of his assets and liabilities are:

	Book Value	Agreed Value
Account Receivable	10,600	10,600
Allowance for bad debts	500	800
Merchandise Inventory	17,000	15,500
Equipment	15,000	8,500
Accumulated Depreciation Equipment	8,000	
Account payable	6,200	6,200
Bill payable	5,000	5,000

Nabeel agrees to invest merchandise inventory at Rs.12,250 and Rs.7,750 in cash.

The partnership agreement includes the following provisions regarding the division of not profit:

Interest on original investment at 6% salary allowances of Rs.5,000 and Rs.7,000 respectively; and remainder in the Ratio of 3:2.

At end of year income summary account showed a credit balance of Rs.20,200 and Drawing accounts of Adeel and Nabeel had balances of Rs.5,000 & R8.7,000 respectively.

REQUIRED:

a) G. J. entries to record partners investment
b) Initial balance sheet.
c) General journal entries to close income summary and drawing accounts.

6) PARTNERSHIP : LIQUIDATION:

Umer, Ghani & Sami decided to discontinue business operations as on 31 0t Dec. 2018 and liquidated their partnership, The partners have capital of Rs.57,000; Rs.31,500 and Rs,52.000 respectively. The cash balance is Rs. 19,000, the book value of non-cash assets Rs.196,500 and liabilities Rs.75,000. The partners share income & loss in the ratio of 2:1:2. The non-cash assets were sold for Rs.187,500 and liabilities were paid in full and remaining cash was distributed among the partners.

REQUIRED:

Prepare a summary of liquidation & present necessary entries in general journal form.

7) FINANCIAL STATEMENT

The following balances have been taken from the preclosing trial balance of M/S Ibrahim & Co. on 31st Dec. 2018.

DEBIT BALANCES:

Cash Rs.110,000; Account receivable Rs.125,000; Merchandise inventory Rs.56,250; Prepaid Office Rent Rs.25,000; Sales Equipment Rs.106,250; Ibrahim Drawing Rs.12,500; Sales Returns & Allowances Rs.10,000; Purchase Rs.250,000; Transportation-in Rs.25,000; Office Salaries Expense Rs.62,500; Sales Salaries Expense Rs.75,000.

CREDIT BALANCES

Allowances for bad debts Rs,3.750; Allowance for Depreciation Rs.31,250; Accounts payable Rs.81,250; Mortgage Payable Rs.25,000; Ibrahim Capital Rs.168,750; Sales Rs. 500,000 Commission Income Rs.10,000; Purchase Returns & Allowance Rs.17,500. Purchase Discount Rs.20,000.

Date for adjustment on Dec.31, 2018:

1) Increase the allowance for bad debts by Rs.6,250.
2) Prepaid office Rent expired Rs.10,000.
3) Depreciation on sale equipment for the year @ 10% by Diminishing Balance method.
4) Office salaries expense outstanding Rs.11,250.
5) Sales salaries were prepaid to the extend of Rs.10,000.
6) Merchandise inventory of 31 Dec. was Rs.77,500.

REQUIRED:

Multiple steps Income Statement and classified Balance Sheet.

8. WORKSHEET OR ADJUSTING & ENTRIES:

Take the data from Question No. 7.

REQUIRED:

_Prepare Eight Column Worksheet Omitting the pair of columns of adjusted trial balance.
OR Pass adjusting and closing entries in General Journal.

ACCOUNTING 2018

Time: 3 Hours (REGULAR) Max Marks: 100

Instructions: Attempt any five questions.

1.BASIC CONCEPTS:

a) For each of the following statements write "True" or "False".

1) Financial statements are prepared in the beginning of each accounting year.
2) Assets + Expenses + Capital = Liability + Income
3) Sales + Cost of goods sold — Expenses = Gross Income
4) Drawings are recorded in the equity section of Balance Sheet.
5) Purchases + Opening Inventory — Ending Inventory = Cost of Goods sold
6) A dishonored cheque is a cheque which is returned by bank due to insufficient cash balance in the account on which cheque is drawn.
7) Bank reconciliation statement is an essential document for income statement.
8) Owner's claim over assets of the business is called liability.
9) Prepaid expenses are recorded in income statement.
10) Depreciation expenses in a non-cash expense.

b) Explain any five terminologies:

1) Written off accounts
2) FIFO
3) Inventory ending
4) Contra entry
5) Un presented cheque
6) Goodwill
7) Diminishing Balance Method

<u>OR</u> From the following account titles show the balances of any five in general ledger:

1) Prepaid sales Rs.10,000.
2) Sales Rs. 100,000
3) Unearned fee Rs.5,000.
4) Drawing Rs.8,000.
5) Accumulated Depreciation Rs.1,800.
6) Sales Return and Allowance Rs.750.
7) Accrued Service Income Rs.7,550.
8) Petty cash fund Rs.7,500.

1. **ADJUSTING CLOSING & REV. ENTRIES:**

Following balances are taken from the unadjusted trial balance of Rayyan & Ayyan Bros. on June 30, 2018.

	DEBIT	CREDIT
Cash	40,000	
Account Receivable	350,000	
Prepaid Insurance	40,000	
Purchases	690,000	
Utility Expenses	25,000	
Rent Expenses	180,000	
Office Equipment	400,000	
Account Payable		85,000
Sales Revenue		850,000
Purchase Return		90,000

Capital		?
Total	1725,000	1725,000

DATA FOR ADJUSTMENT:

1) Prepaid insurance Rs.15,000.
2) Unpaid salaries Rs.15,000.
3) Depreciation Expense Rs.30,000.
4) Unrecorded Sales Rs.50,000.
5) Inventory Ending Rs.50,000.

REQUIRED:

Prepare Adjusting, Closing and Reversing Entries.

2. **ACCOUNT RECEIVABLE:**

Following transaction and account balances are taken from the accounting record of Marium Traders:
Account Receivable balance at Jan. 1, 2016 Rs.2,75,000
Allowance for doubtful account balance (Cr) Rs.2,750
The transactions for the year ended Dec. 31, 2016 are as follows: .

1) Sales on account 600,000
2) Sales discount availed by a customer Rs.15,000.
3) Cash collected from customers Rs.4,75,000.

The company follows the Balance Sheet approach to estimate uncollectible accounts @ 1% of accounts receivable.

REQUIRED:

1) Record the above transactions in General Journal.
2) Give adjusting entry on Dec. 31, 2016.
3) Prepare AIC. Receivable & Allowance for bad debts AIC.
4) Prepare partial balance sheet.

3. **DEPRECIATION:**

a) An equipment purchased 5 years ago, fully depreciated and is no longer in use. Equipment had no savage value, now is removed from the books of accounts. Cost of equipment was Rs. 5,00,000

REQUIRED:

Give entry to record the scrapping of equipment.

b) A Truck purchased 6 years ago, at a cost Rs. 20,00.000.

The truck is depreciated on Diminishing Balance Method @ 15%, After 4 years of use the truck is traded in, on a new model having a list price of Rs. 20,50,000 Dealer grants a trade in allowance of Rs. 2,40,000 for old truck.

REQUIRED:

Record the exchange of truck on "Cost Basis": (Without recognizing Gain I Loss).

4. **<u>INVENTORY VALUATION:</u>**

a) Big Bang Co. specializes in sale of sports goods. During the year 106000 units were sold for a total price Rs. 8,00,000.

The inventory on Jan. consisted 9800 units valued at a cost of Rs.37,800.

Purchases during the year as follows:

20000 units	Rs.4.10	30000 units	Rs.4.18
50000 units	Rs.4.25	10000 units	Rs.4.80

REQUIRED:

i. Compute ending inventory units.

ii. Compute cost of ending inventory using FIFO Method, LIFO Method, Weighted Average Method.

b) A perpetual inventory system is used by "Lotte Co." and an inventory card is maintained for each type of product in stock. Following transactions show the details of a product FLO'

Mar. 1 Balance	on hand	200 units		@ Rs.6	Rs.1200
4 Sold	“	180	“	Rs.10	Rs.1800
12 Purchase	“	300	“	Rs.6.5	Rs.1950
20 Sold	“	125	“	Rs.ll	Rs.1375
28 Sold	“	100	“	Rs.ll	Rs.1100

REQUIRED:

i. Compute the amount of Gross Profit where Co. uses FIFO Method of Inventory valuation.

ii. Record the above transactions in General Journal including adjusting and closing entries if any.

5. **<u>PARTNERSHIP-FORMATION-ADMISSION:</u>**

a) Navera, Savera and Sumera decided to form a partnership in the name of 'Shining Stars'. On Jan. 1, 2018. They completed following transaction.

i. Navera contributed cash Rs.25,000 and furniture worth Rs. 15,00,000.

ii. Savera contributed office furniture and office building costing Rs.2,50,000 and Rs. 25.00.000 respectively.

iii. Sumera contributed equipment worth Rs. 16,00,000 and supplies costing Rs.1,50,000.

Being equal partners, it is decided that any deficiency by any partner will be met in form of additional investment in cash.

REQUIRED:

Prepare initial Balance Sheet of Shining Stars as on Jan. 1, 2018.

b) Uzma and Asad are partners in a business 'Success Stories', Capital Balances of Uzma and Asad were Rs.2,88,000 and Rs. 4,00,000 respectively. Their Profit I Loss sharing ratio 1:1. On March 1, 2018, they decided to admit a new partner, consider the admission for each of the following cases separately.

i. Sarwar invests furniture worth Rs. l,00,000 and sufficient cash for 1/5 interest in partnership.

ii. Sarwar invests Rs. 1,12,000 to acquire 1/4 share in business (use Bonus Method).
iii. Sarwar invests Rs. Rs. 2,00,000 to acquire 1/5 interest in partnership (use Goodwill Method).

REQUIRED:

Prepare partner's capital account after admission of Sarwar and also pass necessary General Entries.

6. CORRECTION OF ERRORS / OMISSIONS, FINANCIAL STATEMENT:

a) Following Errors I Omissions were found before closing of books of accounts:

i. A customer has supplied goods to the Co. valued Rs.500, and it has been agreed that this amount should be offset against the money owed to the entity by the customer. No entry has yet been recorded for this contra adjustment.
ii. Accrued wages Rs.10,000 were recorded as accrued salaries.
iii. Purchase Returns of Rs.20,000 were recorded as Sales Returns.
iv. A dishonored cheques returned by bank is not recorded Rs. 10,000.
v. Accounts Receivable collected from Mr. A Rs. 1,00,000 was recorded in Mr. B account.
vi. Outstanding Commission expense was overlooked Rs.15,000.
vii. Accrued service income Rs.30,000 was unrecorded.
viii. A note receivable Rs.1,550 is collected but recorded in Account Receivable.

REQUIRED:

Pass rectifying entries in General Journal assuming that the errors were discovered before closing the accounts.

b) XY Co. income Statement for the year ended Dec. 31, 2018.

Credit Sates	?
Less: Sales Return	10,000
Net Credit Sales	4,00,000
Cash Sales	?
Total Sales	5,10,000
Less: Cost of Goods Sold	
Purchase	?
Add: Transportation in	500
Total Purchases	?
Ending Inventory	80,000
Cost of Goods Sold	?
Gross Profit	2,30,000
Less: Operating Expenses	
Insurance Expenses	10,000

Salaries Expenses	25,000
Depreciation Expenses	?
Total Expenses	?
Net Profit	1,75,800
Add: Commission Income	?
Total Income	1,85,000

REQUIRED:

Complete the above questioned marked accounts.

ACCOUNTING 2018

Time 3 Hours **(PRIVATE)** **Max Marks:100**

Instruction: Attempt Five questions.

1. WORKSHEET

The following balances have been taken from the books of Danish Ltd

Cash Rs.66,600; Accounts Receivable Rs.98,400; M. Inventory Rs.1,24,000; Unexpired insurance Rs.3,600; Office Supplies Rs.2,600; Building Equipment Rs.32,000; Accumulated Depreciation on Building Rs.4,800; and on Equipment Rs.9,600; Accounts Payable Rs.95,800; Danish Capital Rs. 2,00,000; Danish Drawing Rs.36,000; Sales Rs.652,000; Sales Return Rs.10,400; Purchases Rs. 3,80,000; Purchase Return Rs.4,000; Transportation in Rs.9,600; Salary Expenses Rs.80,800; Misc. Expenses Rs.2,200.

Data for adjustment on Dec. 31, 2018

1) Unexpired insurance Rs. 1,200
2) Office supplies used Rs. 1,000
3) Salaries payable were Rs.10,000.
4) The building are being depreciated over 25 year and equipment over 10 years.
5) Merchandise inventory on Dec. 31 Rs.79,200.

REQUIRED:

Prepare a 10 column work sheet.

2. ADJUSTING, CLOSING AND REVERSING ENTRIES

Take data from Question No. 1

REQUIRED:

Prepare Adjusting, Reversing and Closing Entries:

3. BANK RECONCILIATION

The following information pertains to Ibrahim and Company as on Dec. 31, 2018

1) Balance as per cash book Rs.28,500.
2) Balance as per bank statement Rs.64,500.
3) Dividend collected by Bank Rs.45,000.
4) Note payable paid by bank Rs.16,800 (including interest of Rs.1,800)
5) Dishonored cheque of a customer Rs.9,000.
6) A cheque of Rs.20,100 of a customer was erroneously recorded in cash book as Rs.22,800.
7) A customer's cheque of Rs.21,000 deposited into Bank, did not appear in bank statement
8) Cheque issued to supplier for Rs.27,000 did not appear in band statement.
9) Cheque issued for rent Rs.21,600 appeared wrongly in bank statement as Rs.8,100.

REQUIRED:

1) Prepare a bank reconciliation statement
2) Pass necessary journal entries in the book of Ibrahim and Company

4. **ACCOUNT RECIEVABLE**

Account receivable balance Jan. 1, 2018 Rs.2,50,000.
Allowance for Bad Debts balance Rs.12,300.

1) Uncollectible customer accounts Rs.7,800
2) Cash collected from customer (including Rs.2,500 received from a customer previously written off as bad debts Rs. 4,05,000.
3) Promissory notes received from customer to apply on account Rs.65,000
4) Credit balance is customer's account represents advance payment Rs.14,500.
5) Gross credit sale for the year Rs. 8,10,000.
6) Sales discount Rs.5,700.

On Dec. 31, 2018 the account receivable included Rs.85,000 of the past due accounts. After a careful study of all past due accounts it is estimated that the probable loss contain therein was 20% and that in addition 2% of the current account receivable might prove uncollectible.

REQUIRED:

1) Prepare journal entries for all the transaction
2) Prepare adjusting and closing entries at Dec 31, 2018

5. **INVENTORY VALUATION:**

a) The following translation were completed by Ayan Store

1. Purchase merchandise from Sami on account for Rs. 5,00,000 on credit term2/10, n/30.
2. Merchandise return to Sami Rs.50,000.
3. Made payment to semi with in discount period.
4. Sold merchandise costing Rs. 3,50,000 to Ghani at 35% above cost
5. Ghani return defective goods Rs.67,500.

REQUIRED:

Record above transaction using perpetual inventory system

b) Records of Shaheer Co., who uses periodic inventory s stem shows the following data on June 30, 2018

Date	Description	Units	Unit Cost
Jan. 01	M. Inventor	20000	Rs.5.00
Feb. 07	Purchase	25000	Rs.5.50
March 15	Purchase	35000	Rs.6.00
April 20	Purchase	40000	Rs.7.00
May 05	Purchase	60000	Rs.8.00

Sales during the period 110,000 @ Rs.10.00 each

REQUIRED:

Compute the cost of ending inventory under each of the following method

i. First-in-First out
ii. Last-in-First out
iii. Average cost

6. **DEPRECIATION**

A manufacturing company purchase machine on 1st July 2014 for Rs. 4,40,000 with estimated useful life of 10 years and scrap value of Rs.40,000. On 1st Jan. 2017 the company decided that depreciation method be changed from straight line to diminishing @ 10% per annum. On June 30. 2018 machine was sold for Rs. 2,80,000. The company follows calendar year as accounting period.

REQUIRED:

Record journal entries for disposal of machine showing computation

7. **PARTNERs. HIP - RETIREMENT**

The following is balance sheet of a partnership firm:

ASSETS		EQUITIES	
Cash	320,000	Accrued Expenses	80,000
M. Inventor	80,000	A, Capital	80,000
A/c Receivable	40,000	B, Capital	160,000
Building	120,000	C, Capital	240,000
	560,000		560,000

C, retires & receives Rs. 2,80,000 cash in full settlement

REQUIRED:

Record the retirement of C and prepare balance sheet after his retirement using both goodwill and bonus methods separately

8. CORRECTION OF ERROR:

1) Equipment purchase on credit for Rs. 22,500 was entered in purchase account.
2) Rs.75,000 spent on extension of building was debited to building repair account.
3) Rs.2,250 paid for proprietor's Son tuition fee debited to general expenses account.
4) Outstanding advertising expenses was over looked Rs.30,000.
5) Goods value of Rs.2,750 taken by the owner for his personal use was credited to sales account
6) Cash drawings for Rs.9,000 was credited to the bank column of cash book.
7) Prepaid salaries of Rs.45,000 was included in salaries expense account
8) Sales return of Rs.10,500 was charge to purchase a/c.
9) Additional investment by owner of Rs.1,50,000 was credited to sales account.
10) Rs.8,250- received from Kaleem have been credited to Saleem's account.

REQUIRED:

Pass rectifying entries in general assuming that the errors were discovered before closing the accounts.

PRNCIPLE OF ACCOUNTING

(Regular & Private)

ACCOUNTING 2017

Time: 3 Hours (Regular) Max Marks: 100

Instructions: Attempt any five questions.

1. BASIC CONCEPTS:

Place the relevant concept from the following in front of each statements:

- Historical Cost Concept
- Money Measurement Concept
- Business Entity Concept
- Conservatism
- Matching Concept

No.	Transaction	The Concept Applied
(a)	Electricity Bill paid for the Owner's residence is not recorded as a business expense.	
(b)	Fixed Assets Are Kept in book at their cost price.	
(c)	Allowance Are Made for Doubtful Debts	
(d)	Merchandise Bought in kilograms is recorded in rupees (not in quantity)	
(e)	Rent a/c is adjustment for a prepayment	

B) How would you show the effect of following transaction of a furniture trade in ledger and balance sheet (Do not show the amount in each column).

Transaction	Ledger	Balance sheet
Purchase Furniture on credit for office use.	Dr. Furniture Cr. A/payable	Increase: Fixed Assets Increase: Current Liability
Bought Furniture (for sale Purpose)		
Sold furniture costing Rs. 7,000 For Rs. 9,000 on cash.		
Owner took office furniture for home use.		
Owner took office merchandise for home use.		
Office furniture sold at breakeven (no loss no gain) in cash		

© Following table describes the effects of transactions on. Accounting Equation. You are required to describe the Transaction after analyzing each effect.

The First Effect of transaction "o" may be described as follow: "bought Merchandise On Account from a supplier".

No.	Cash	A/c Rec	Inventory	Bank	Equipment	Loan	A/c Pay	Rent Payable	Capital
	29000	5000	21000	(3500)	5000	12000	3000	1500	40000
1			1000				100(5000		
2		(300)		300					
3			(2200)	2500					300
4				(2000)	(2000)				
5	600			(600)					
6				(500)					(500)
7	(1500)							(1500)	
8		300		(300)					
9				2500	(3000)				(500)
10	5000								5000
11	(800)								(800)

2. **WORK SHEET:**

Hasan is running a super store, ·the following balances were Extracted from his books on December 31, 2016.

Merchandise Inventory	15,000	Custom Duty on Purchases	650
Fixture and fitting	49,000	Sales	78,500
Purchase	51,800	Accounts Receivable	20,500
Drawing	2,000	Capital	50,000
Accounts payable	11,200	Commission Income	2,540
Salaries & wages	10,160	Cash	2,130
Loan from National Bank	10,000	Off. Supplies Expense	1,000

The following Adjustment Have to Make before Preparing Financial Statement

- Merchandise inventory was valued at Rs.10,000 at cost.
- The A/c Receivable are expected to be realized Rs.20,000
- Owner had taken Rs.300 worth of merchandise for personal use.
- Commission amounting to 710 was received in advance.
- 5% Fixture & Fittings were bought for sales purpose
- Salaries and wages do not include accrued wages of Rs.140.

REQUIRED: prepare a ten column work sheet for Hassan's business.

3. **ADJUSTMENTS:**

Name of accounts	Debits	Credits
Store supplies Expense	2,000	--
Store Supplies	2,800	--
Unexpired Insurance	1,050	--
Insurance expense	750	--
Rent income	--	4,000
Unearned Rent	--	2,000
Office Supplies Expense	4,200	
Office Supplies	500	

REQUIRED:

Prepare entries in General Journal to adjust the accounts under the following independent conditions:

(a) On Dec. 31, un-expired insurance Rs.750; Store Supplies on hand R.300 and Rent collected in advance Rs.3,000.

(b) On Dec. 31, un-expired insurance Rs.1,200; and Unearned Rent Rs.1,500.

(c) Office Supplies Expenses for the year Rs.4,500 and Rent Income earned but not yet received Rs.3,000.

(d) Insurance Expense for the year Rs.1,000 and Rent earned during the year Rs.6,500 of which Rs.1,000 is still receivable.

4. **CASH CONTROL:**

(a) What is a source document? Describe any three source documents used to record entries in cash book. OR Distinguish between Bank Statement and Bank Reconciliation Statement. ·

(b) Ebrahim's Cash Book as at June 30, 2017 showed a debit balance, of Rs.8,800 whereas the Bank Statement, at the same date, indicated a different .balance that is Rs.9,042.on closer security the Following were discovered: A. The bank statement showed a standing order payment of Rs.385 for insurance.

B. Huzaifa had paid a sum of Rs.577 direct to the business account.

C. Cheque No. 526545 of Rs.640 was un-presented.

D. Deposits not yet credited totaled Rs.605.

E. A Cheque of Rs.654, received from a customer, was deposited in the bank but shown in the bank statement as·Rs.454. F. The bank had charged Rs.25 for service fees and Rs.20. for Cheque· Book. -

G. The bank had received a credit transfer of Rs.260 for dividends due to the firm. REQUIRED:

(a) Prepare Bank Reconciliation Statement as on 30.06. 2017

(b) Prepare entries in General Journal for the relevant items

5. **ACCOUNTS RECEIVABLE:**

Prepare adjusting and closing entries from the following Independent cases & then Show them in partial balance Sheet.

a) The items appearing in the trial balance are, Allow, for Bad Debts Rs.3,500. (Cr. BAL.) And Account Receivables Rs.1, 20,000. It is required to estimate Allowance for Bad Debts @ 5% of A/C Receivable.

b) The items appearing in the trial balance are, Allowance for Bad Debts Rs.16,800 (Cr. bal.) and Account Receivables Rs.2,42,000. It is required to write off a further Rs.2,000 as Bad Debts and to estimate Allowance for Bad Debts @ 5% of A/C. Receivables.

c) The items appearing in the trial balance are, Allowance for Bad Debts Rs.3,500 (Dr. Bal.) and Account Receivables Rs. 1,20,000. It is required to increase the Allowance for Bad Debts by Rs.6:000.

d) The items appearing in the trial balance are, Allowance for Bad Debts Rs.12,000 (Cr. Bal.) and Account Receivables Rs.1,20,000. a is required to estimate the Allowance for Bad Debts @ 10% of A/C. Receivables.

6. INVENTORY VALUATION:

a) What concept pertains to the process of stock taking at the end of an. accounting period? **OR**
In the economic environment of inflation, which methods of valuing inventory will yield higher cost of ending inventory -FIFO or LIFO? How will this affect net profit of the firm for that particular year?

b) Obaid Company's beginning inventory, purchases and sales during the financial month ended on March 31, 2017, are given as Follows:

DATE	PARTICULAR	QUANTITY	RATE	TOTAL AMOUNT
March, 1	Inventory	2200	50	110,000
March, 2	Purchases	2000	50	120,000
March, 12	Sales	3000	91	273,000
March, 15	Purchases	3300	62	204,000
March, 25	Sales	2800	101	282,000
March, 28	Purchases	500	75	37,500

The company uses perpetual inventory system for valuing inventory.

REQUIRED: i) Determine the cost of inventory using FIFO method ii). Record the first two transactions in General Journal.

7. DEPRICIATION:

Raza Hospital purchased X-Ray machine on 4. Jan.2015 at a list price of Rs.85,000 with a trade discount of 20% the payment was made within the discount time as per term that was 2/10 n/30. Sales tax of 16% was also paid on the net cash price. The hospital also incurred the following expenses:

Transportation Charges 1,200

Installation & Testing Cost 1,828

Packaging Charges 1,000

License fees for the current year 1,200

3 years fire insurance 3,600

Insurance in transit 1,170

During installation work of the machine, an adjacent machine was damaged and the repair cost paid Rs.650. After four months of successful use, the machine was cleaned, lubricated, and overhauled at a cost of Rs.1,200. It was estimated that the x-·ray machine has a scrap value of Rs.8,000 at the end of its estimated life of 8 years. The manufacturer has also estimated that .it will run 14,800 working hours efficiently, approximately.

REQUIRED:

i. List the expenditures that would become part of the fixed asset account.
ii. Calculate the total cost of the machine.
iii. Show Partial .Balance Sheet as on 31 Dec. 2015 if the machine had worked 2000 hours during the year.
iv. Show adjusting. Entries for depreciation on 31 Dec. 2016, assuming that the machine has worked 2500 hours in the year.

8. PARTNERSHIP:

A). as an accountant of a partnership firm, why would you like to sign a Partnership Deed? Enumerate (describe} three important items of a Partnership Agreement **OR** Describe five important impacts for an accountant if a 'Partnership Deed' does not exist.

B). Junaid and Obaid are equal partners with capitals of Rs.1,50,000 each. Shafqat is admitted for a 40% (2/5) interest.

REQUIRED: Make entries in General Journal for each of the following information cases:

- Shafqat invest cash Rs.2,40,000 in total capital of firm Rs.5,40,000.
- Shafqat invests furniture Rs.9000 and sufficient to make 40% (2/5) interest in the firm.
- Shafqat purchases 40% (2/5) interest of each of the old partners after recording goodwill of Rs 1,50,000

ACCOUNTING 2017

Time: 3 Hours (Private) Max Marks: 100

Instructions: Attempt any five questions.

1. WORKSHEET:

.Following are the related to pre closing data for Ahmed Associates Balance and Adjusted Trial Balance for Ahmed Associates for the month of march 2018.

Account Title	Trial Balance		Adjusted T. Bal.	
	DEBIT	CREDIT	DEBIT	CREDIT
Cash	70,000		70,000	
Account Receivable	21,300		41,300	
Office Supplies	4,500		1,100	
Equipment	132,000		132,000	
Acc. Depreciation (Equipment)		28,800		29,000
Salaries Payable				11,000
Rent Payable				1,500
Unearned Commission		8,500		6,000
Ahmed's Capital		178,000		178,000
Commission Earned		23,500		45,000
Salaries Expense	11,000		22,000	
Rent Expense			1,500	
Office Supplies Expense			3,400	
Depreciation Expense			1,100	
Total	238,000	238,000	272,400	272,400

REQUIRED: Prepare a ten column worksheet from the above data.

2. INCOME STATEMENT & BALANCE SHEET:

The following balances have been taken on June 3, 2017 from Ali & Co.:

DEBIT BALANCES: Cash Rs.1,00,000, Account Receivable Rs.3,50,000 ,Furniture Rs.1,00,000, Advertising expense Rs.40,000, Office Supplies expense Rs.15000, Prepaid Rent Rs.60,000, General expense Rs.25,000, Delivery expense Rs.6,000, Merchandise Inventory (Opening) ·Rs.1,00,000 Purchases Rs.3,00,000, Carriage in Rs.4,000, Sales Salaries expense Rs.90,000, Sales Returns Rs.5,000.

CREDIT BALANCES: Sales Rs. 6,00,000, Commission Income Rs. 30,000, Accounts Payable Rs. 1,35,000, Ali's Capital Rs. 4,30,000.

ADJUSTMENT DATA:

Prepaid Rent Rs. 30,000.

Unused office supplies Rs.5,000.

Provide depreciation on Furniture Rs.10,000.

Provide for bad debts Rs.5,000.

Outstanding Sales salaries Rs.10,000.

Closing Inventory Rs.90,000.

REQUIRED:

(a) Prepare Income Statement for the year June 30, 2017.

(b) Prepare Balance Sheet as on June 30, 2017.

3. ACCOUNTS RECEIVABLE VALUATION:

The following accounts balances appear on Balance Sheet of Asif & Co. as on December 31, 2016.

A/C. Receivable Rs.69,000

Allowance for bad debts Rs.3,450.

During the year 2017, bad debts written off amounted to Rs.3,100, Total Sales (including Cash Sales of Rs.50,000) amounted ·to Rs.1,30,000 and total cash received (including recovery from previously written off account Rs.7,000) amounted to Rs.76,000.

The Company estimates bad debts at 5% of year end Accounts Receivable.

REQUIRED:

- Record the above transactions in General Journal Including yearend adjusting entry.
- Setup Accounts Receivable and Allowance for bad debts account and complete in all respect.
- Prepare Partial Balance Sheet as on Dec. 3, 2017.

4. INVENTORY VALUATION:

A) During an accounting period Rashid & Sons sold merchandise at market retail price Rs.11, 20,000. At the end of the Period following data were available from its records.

	At cost	At retail price
Beginning Inventory	2,02,000	3,00,000
Purchase (net)	7,78,000	11,00,000

RQUIRED: Use Retail Price Method to estimate the ending Inventory at Cost.

B) The following are December inventory data for Sajid Co. the company uses perpetual inventory system:

Dec. 01	Inventory	300 units @ Rs. 30
Dec. 12	Purchase	200 units @ Rs. 35
Dec. 19	Sales	220 units
Dec. 25	Purchase	320 units @ Rs. 36
Dec. 28	Sales	140 units

REQUIRED: Compute the cost of ending inventory and cost of go sold for the month of December. Using: FIFO, LIFO, Moving Average Method.

5. DEPRECIATION:

M/S. Rafique Trading Company acquired a machine at cost of Rs.89, 000 on March 31, 2013. The life of the machine was estimated 5 years with a residual value of Rs.9, 000. Company uses straight line method of computing depreciation. On Jan. 4, 2016 extra ordinary repairs we performed at a cos of Rs.18,500 due to which the normal life the machine was extended to four years from January 201 On October 1, 2018 machine was sold for Rs.19,000.

REQUIRED: Prepare dated Journal Entries for all of t transaction from 2013 to ·2016.

6. BANK RECONCILI ATION:

During the process of completing the Bank Reconciliation of Noor Co. On Dec 31,2016 the following facts were discovered:

Cash Book Balance Rs.5,040 (Dr) and Bank Statement Balance Rs.1,540 (Dr).

(a) Bank charges of Rs.1,360 .have not been entered firm's record.
(b) Cheque amounting to Rs.2,670 were issued but yet have not been presented for payment.
(c) Cheques totaling Rs.7,620 were deposited into bank but had not yet credited by bank. (d) Rs.620 has been collected and credited by bank on account of dividend (e) A cheque for Rs.250 has been wrongly debited by the bank.
(f) Cheque drawn for Rs.60 had been incorrectly entered m cash book as Rs.660. · (g)
A cheque of Rs.1,240 deposited has been returned by the bank marked NSF.

REQUIRED:

- Prepare bank Reconciliation Statement.
- Pass Adjustmg Entries in the Journal

7. PARTNERSHIP - RETIREMENT:

Daniyal, Bilal and Basit were partner of a firm, their sharing ratio is 3:2:1 respectively. Their last Balance Sheet stood as under:

DANIYAL, BILAL AND BASIT PARTNAERSHIP,

BALANCE SHEET

As on Dec. 31, 2017

Assets		Equities	
Cash	20,000	Account Payable	90,000
Other Assets	130,000	Abid Capital	30,000
		Zahid Capital	20,000

		Shahid Capital	10,000
	150,000		150,000

It is agreed that bilal is to retire from the firm.

REQUIRED:

Give entries in the General Journal to record the retirement of Bilal and prepare Balance Sheet after retirement in each case separately.

(a) Bilal is paid from the firm's resources Cash Rs.4,70,000. Goodwill of the firm is not recorded.
(b) Bilal is paid from firm's resources Cash· Rs.1,80,000 and Equipment Costing Rs.1,80,000.

8. PARTNERSHIP - LIQUIDATION:

Abid, Zahid and Shahid decided to discontinue operations as of March 1, 2017. Their Balance Sheet as on February 28, 2017 is as under:

Assets		Equities	
Cash	20,000	Account Payable	90,000
Other Assets	130,000	Abid Capital	30,000
		Zahid Capital	20,000
		Shahid Capital	10,000
	150,000		150,000

Other assets are sold for Rs.1,05,000. The share profit &. Loss in the ratio of 3:2:5. Partners.

REQUIRED:

Assuming that deficient partner deficiency a). Prepare Liquidation Summary has Capital b). Pass Entries in the General Journal.

ACCOUNTING 2016

Time: 3 Hours (REGULAR) Max Marks: 100

Instructions: Attempt any five questions.

1. WORK SHEET

Ledger of Muhammad Daniyal showed the following balances on June 30, 2016.

Accounts Receivable	20,000	
Merchandise Inventory	80,000	
Prepaid Insurance	50,000	
Furniture	30,000	
Daniyal Drawing	1,20,000	
Cost of Goods Sold	30,000	
Supplies Expense	3,25,000	
Salaries Expense	5,000	
Allowance for bad debt	40,000	
Accumulated Depreciation – Furniture		2,000
Unearned Rent		30,000
Daniyal capital		28,000
Sales Revenue		1,80,000
Total	7,00,000	7,00,000

Additional data for adjustment on June 30, 2016.

1) Bad Debts are estimated 2% of sales.
2) Insurance was paid for six months on January 1, 2016.
3) Depreciation on furniture 20% of written down value.
4) Salaries expense for the year Rs.45, 000
5) Supplies on hand Rs.2, 000

6) Unearned Rent Rs.10, 000

REQUIRED: Prepare a Ten Column Work Sheet.

2. ADJUSTING AND CLOSING ENTRIES:

Taking data from Question No.1 Prepare adjusting, closing and reversing entries.

3. DEPRECIATION:

On January 1, 2013 Babar Press purchased a machine for cash Rs.28, 800 estimated useful life of machine is five years and estimated salvage value of Rs.4, 800. Straight-line depreciation was used.

REQUIRED: Give entries to record disposal of machine under each of the following assumptions:

1. Machine was sold for cash Rs.18, 000 after two years use.
2. At end of 3rd year the machine was traded in for a similar one. The new machine had a list price of Rs.36, 000. Trade in allowance was Rs.16, 200.
3. The machine was scrapped after four years use. Since scrap dealers were unwilling to pay anything for the machine, it was given to a scrap dealer for his services in removing it.

4. (a) INVENTORY VALUATION

Records of Bilal Arshad who uses periodic inventory system, show the following data on June 30' 2016.

DATA	DISCRIPTION	UNITS	UNITS COST
January 1	Inventory	20,000	5.00
February 5	Purchases	25,000	5.50
March 12	Purchases	35,000	6.00
April 19	Purchases	40,000	7.00
May 5	Purchases	60,000	8.00
	Sales during the period	1,30,000	10.00

REQUIRED: Compute Cost of Ending Inventory under each of the following methods:

1) First in first out
2) Last in first out
3) Weighted Average

(b) INVENTORY VALUATION:

The following transactions were completed by Ghayas Store:

1) Purchased merchandise from Saim on account for Rs.300, 000 on credit terms 2/10, n/30.
2) Merchandise returned to Saim Rs.25, 000.
3) Made payment to Saim within discount period.
4) Sold merchandise costing Rs.250, 000 to Ghulam Nabi at 40o/o above cost. 5) Ghulam Nabi returned defective goods Rs.56, 000.

REQUIRED: Record the above transactions using perpetual inventory system.

5. VALUATIONS OF ACCOUNTS RECEIVABLE

One June 30, 2016 accountant of Zeeshan Co. prepared aging schedule of 98 customers as follows:

Total A/R	Not yet Due	1-30 Days past Due	31-60 Days Past Due	61-90 days past Due	Ove5r 90 Days Past Due
8,63,125	8,58,975	2,36,700	1,08,350	22,500	36,600

Two accounts receivable were accidentally omitted from this schedule. The following data are available regarding these accounts:

Asif Javed Owes Rs.10, 625 from two invoices: invoice no.21, dated March 14 in the amount of Rs.7, 450; And

invoice no.56 dated May 9, in the amount of Rs.3,175.

Saqib Mufeez Owes Rs.9,400 from two invoices; invoice no.570, dated May 20 in the amount of Rs.3,375; and invoice no.650 date June 15, in the amount of Rs.6,025.

REQUIRED:

a. Reconstruct the aging schedule containing 100 customers as of June 30, 2016:
b. Compute estimated bad debts. The following percentage of each age is estimated to be uncollectible. Not yet due 2%; 1-30 days; 5% 31-60 days, 10%; 61-90 days, 25% over 90 days, 40%.
c. Prepare adjusting entry to record Bad Debts Expense on June 30, 2016. Allowance for Bad Debts account has a balance of Rs.15, 000 before adjustment.
d. Prepare general journal entries to:
i. Write off the over 90 days past due accounts.
ii. Recovery of 50°/o of the written off accounts

6. BANK RECONCILIATION STATEMENT

The Accountant of Zuffiqar & Sons has extracted the following data from its Cash Book and its Bank Statement on January 25, 2017:

1. Balance as per Cash Book Rs.49,500.
2. Balance as per Bank Statement Rs.54,620.
3. Last day deposit not shown in the Bank Statement Rs.12,500.
4. Direct deposit by customers not recorded in cash book Rs.20,000.
5. Cheques issued but not presented into bank for payment Rs.9,500.
6. Cheques deposited into bank but yet not credited by the bank Rs.7,280.
7. Cash deposited Rs.6,500 was recorded in the Cash Book as Rs.5,600.
8. Bank Charges not recorded in cash book Rs.1,000.
9. Promissory Note paid by the bank not recorded in cash book Rs.10,400.
10. Rent collection not recorded in cash book Rs.5,000.
11. Cash deposited Rs.1,200 but recorded by bank as Rs.2,100.

REQUIRED: (i) Prepare Bank reconciliation Statement. (ii) Prepare Adjusting Entries.

7. PARTNERSHIP - LIQUIDATION.

Rivera Fashions decided to liquidate their business. Prior to liquidation their Balance Sheet on January 31, 2017 showed as under:

Cash	50,000	
Other Assets	4,50,000	
Account payable		1,40,000
Summary, Capital		1,35,000
Khadija, Capital		1,20,000
Mariyam, Capital		1,05,000
Total	5,00,000	5,00,000

Profit and loss sharing ratio was 3:2:1. Other assets were sold for Rs.117, 000. Liabilities were paid in full. Khadija has personal assets and will contribute any necessary amount. Other partners are personally insolvent.

REQUIRED: 1.Prepare all required entries to record liquidation of the firm. 2. Prepare Liquidation Summary.

8. PARTNERSHIP - DIVISION OF PROFIT AND LOSS:

Anwar Zain and Arshad Latif are partners having capital balances of Rs.450,000 and Rs.300,000 respectively. They agree to share net income as follows:

1. Interest at 8o/o on capital balances.
2. Salary of Rs.240,000 to Ansar and Rs.180,000 to Arshad.
3. Bonus to Arshad Latif Rs.50,000.
4. Remaining profit or loss to be divided equally.
5. The net income for the year ended December 31, 2016 amounted to Rs.500,000.

REQUIRED:

(i) Prepare Income Distribution Summary.

(ii) Prepare entries to record distribution of net income.

9. PARTNERSHIP - FORMATION:

Ayesha and Fatima formed Fatima Store with a capital of Rs.500,000 of which Ayesha is to have 40% interest in capital and Fatima is to have a 60% interest in capital.

Ayesha brings furniture, which costs Rs.200,000 at an agreed value of Rs.162,500. Fatima provides equipment that costs Rs.175,000 and has an agreed value of Rs.225,000. Each partner also invests necessary cash to comply with the partnership agreement.

REQUIRED: (i) Prepare journal entries to record investment of Ayesha and Fatima. (ii) Also prepare initial balance sheet.

ACCOUNTING 2016

Time: 3 Hours (PRIVATE) Max Marks: 100

Instructions: Attempt any five questions.

1. WORK SHEET

Following are the balances taken from the record of HIRA BROS. on Dec.31, 2016:

DEBIT BALANCE:
Cash Rs.40,000, Account Receivable 60,000, Allowance for Bad Debts Rs.1,000, Merchandise Inventory Rs.68,500, Prepaid Rent 9,000, Equipment Rs.100,000, Drawing Rs.25,000, Cost of goods sold 180,000, Utilities expense Rs.24,000, Wages expense Rs.32,000, Office Supplies expense Rs.15,000.

CREDIT BALANCE:
Sales 219,500, Unearned Commission 60,000, Bond Payable 45,000, Hina Capital? Data for Adjustments:

1. Commission earned 54,000.
2. Rent expired 6,000.
3. Accrued wages 9,000.
4. Depreciation was estimated at 5% on cost.
5. Allowance for Bad Debts 5% of Account Receivable.
6. Office supplies used 13,000.

REQUIRED: Prepare Ten Column Worksheet

2. ADJUSTING, CLOSING AND REVERSING ENTRIES

Take the data given in Question No.1 of this paper and prepare dated Adjusting, Closing and Reversing entries.

3. BANK RECONCILIATION STATEMENT

The following data relate to Zeeshan & Co.

1. Balance as per bank statement on Dec. 31, 2016 Rs.18,552.
2. Balance as per cash book on Dec. 31, Rs.6,950.
3. Outstanding cheques 9,950.
4. A deposit of Dec. 31, Rs.16,500 was not shown in the bank statement.
5. Bank collected a Note Receivable Rs.7115 but not recorded in cash book.
6. Cheque deposited by a customer directly into bank but not recorded in cash book as Rs.9501. 7. Cheque drawn by Zahid & Co. was debited by bank to the account of Zeeshan & Co. Rs.450.
8. A Cheque of Mateen & Sons for Rs.1764 returned with bank statement as dishonored.
9. Dividend collected by bank was not recorded in cash book Rs.4000.
10. Bank charges Rs.250.

REQUIRED:

(a) Prepare a Bank reconciliation statement on Dec. 31.

(b) Prepare adjusting journal entries.

4. INVENTORY VALUATION

The following information is used for Inventory Valuation of Asim & Co. on March 31:

Inventory on March 01	600 units @ Rs.2
Purchase on March 08	200 units @ Rs.4
Purchase on March 12	200 units @ Rs.6
Purchase on March 18	300 units @ Rs.8
Sales on March 16	400 units @ Rs.14
Sales on March 25	600 units @ Rs.12

REQUIRED:

(a) Compute cost of merchandise sold & cost of Inventory at March 31 under each of the following methods:

(i) Weighted Average (ii) FIFO (iii) LIFO

(b) Compute gross Profit under each method(Co. uses periodic system)

5. **ACCOUNT RECEIVABLE**

Following transactions and account balances are taken from the accounting record of MAT Traders:

Account Receivable balance at Jan 1, 2016 Rs.275,000. Allowance for doubtful accounts balance (Cr) 2,750.

The transactions for the year ended Dec. 31, 2016 are as under:

1. Sales on account Rs.600,000.
2. Sales Discount availed by a customer Rs.15,000.
3. Cash collected from customers Rs.4,75,1000.

The company follows the Balance Sheet approach to estimate uncollectible accounts @ 1% of accounts receivable.

REQUIRED:

1. Record the above transaction in General Journal.
2. Give adjusting entry on Dec. 31, 2016.
3. Prepare Account Receivable & Allowance for Bad account.
4. Prepare Partial Balance Sheet.

6. PARTNERSHIP ADMISSION

Ali and Bahar are partners with capital of Rs.100,000 & 150,000 sharing profit and losses in the ratio of 2:3 respectively. They decided to admit Fahad for 1/5 interest.

REQUIRED: Give the entries in the General Journal of the firm to record Fahad's admission under each of the following cases:

Case - A: Fahad invested cash Rs.50,000 (record Bonus) Case

- B: Fahad invested cash Rs.70,000 (record Goodwill) Case -

C: Fahad invested cash Rs.100,000.

The total capital of new partnership after his admission will be Rs.370,000.

7. DEPRICIATION:

i. Details of machines purchased by Alfa Co. are as follows:

Machine	Date	Cost	Savage Value	Life/Rate	Method
A	30.6.2014	350,000	20% of cost	100 years	Straight line
B	01.1.2015	400,000	80,000	10% Rate	Diminishing

REQUIRED:

(i) Compute Depreciation expense for the year 2014, 2015, and 2016. Accounting period ends on Dec.31, each year.

(ii) On May 1, 2016 a computer costing Rs.450,000 with allowance for depreciation Rs.369,000 was exchanged with new computer priced Rs.320,000. Trade in allowance for old computer was agreed at Rs.99,000.

REQUIRED: Give Journal entries to record the exchange.

(1) Recognizing loss or gain.

(2) Without recognizing loss or gain.

8. PARTNERSHIP FORMATION

On Jan. 1, 2017 Rashid, Sajid and Tahir formed a partnership under the name of RST firm and agreed to share profit & loss in the ratio of 1:2:3 respectively. The ratio is determined on the basis of capital contribution.

Rashid contributed cash 30,000 and Machine of Rs.60,000 as total capital.

Sajid contributed furniture of Rs.50,000 and sufficient cash for the balance.

Tahir contributed sufficient cash.

REQUIRED:

(a) Prepare entries in General Journal of the firm showing computation.
(b) Prepare initial balance sheet.

ACCOUNTING 2015

Time: 3 Hours (REGULAR) Max Marks:100

Instructions: Attempt any five questions.

1. (A) ACCOUNTING PRINCIPLES

State the rules of debit and credit in terms of increases and decreases in the values of assets, liabilities and owner's equity.

(B) TRIAL BALANCE

1. The following transactions relate to Shaheer Co.:
2. Shaheer started business by investing cash Rs.15,000, Furniture
3. Rs.20,000 Merchandise Rs.45,000.
4. Purchased merchandise from Khan at list price of Rs.10,000 with
5. 10°/o trade discount. Paid cash Rs.4,000.

Prepare a trial balance in proper form.

2. WORKSHEET

The following are Trial Balance and adjustment data for Aslam Company on 31 Dec' 2015

	DEBIT		CREDIT
Cash	5,000	Capital	150,000
Bank	30,000	Salaries payable	5,000
Office equipment	25,000	Commission Revenue	40,000
Office furniture	15,000	Unearned commission	10,000
Prepaid advertisement	7,000	All. For Dep (E)	1,000
Office salaries expense	15,000	All. For Dep (F)	3,000
Commission receivable	5,000		
Office supplies	7,000		
Investment	100,000		
Total	209,000	Total	209,000

ADJUSTMENTS:

1. Services provided against unearned commission Rs.7,000.
2. Commission receivable Rs.8,000.
3. Commission revenue includes an amount of Rs.1,000 advance payment by a customer.
4. Advertisement expense Rs.5,000.
5. Unused office supplies Rs.2,000.
6. Interest on investment receivable Rs.5,000.
7. Fixed assets are depreciated @ 10°/o per annum under Diminishing balance method.

REQUIRED: Prepare 10 column worksheet.

3. ADJUSTING, CLOSING AND REVERSING ENTRIES:

Take the data given in Question No.2.

REQUIRED: Record adjusting, closing and reversing entries

4. VOUCHER SYSTEM

Sadia Company uses voucher system. Selected transactions for Aug.2015 are as given below.

1. Prepared a cheque of Rs.15,000 to establish petty cash fund.
2. Purchased equipment for Rs.10,000 on credit terms 2/10, n/30 from Modem Traders.
3. Purchased furniture for Rs.30,000. Paid cash Rs.10,000 and balance is payable.
4. Returned equipment to Modern Traders worth Rs.500.
5. Paid Modern Traders within discount period.
6. Paid Rs.21,000 to settle notes payable including interest of Rs.1,000.
7. Paid advertisement in advance Rs.15,000.
8. Issued 5% 30 day note payable of Rs.15,000 and paid Rs.25,000 in full settlement of voucher payable of Rs.40,000.

REQUIRED: Using general journal form prepare entries in:

(1) Voucher Register (2) Cheque Register (3) General journal

5. ACCOUNT RECEIVABLE

Opening balance on 1, Jan. 2014.

Account Receivable Rs.150,000 , Allowance for Bad Debts Rs.5,000 during the year 2014 following transactions were completed:

- Cash sales Rs.75,000.
- Credit Sales Rs.175,000.
- Cash collection on account Rs.200,000.
- Sales return Rs.5,000.
- Bad debts written off Rs.7, 000.
- Recovery from previously write off account Rs.3,000.

REQUIRED:

1. Prepare Account Receivable account.
2. Compute and record bad debts expense estimating bad debts:

a) @ 5% of accounts receivable under balance sheet approach.
b) @ 3% of net credit sales under income statement approach.

3. Prepare partial balance sheet under both the approaches.

6. INVENTORY VALUATION:

Following transactions are related to Abid Traders.

Dec. 2015	01 Inventory	500 units	@ Rs.7.00
	05 Purchased	3000 units	@ Rs.6.00
	07 Purchased	5000 units	@ Rs.5.00

10 Sold	3500 units	@ Rs.15.00
15 Purchased	7000 units	@ Rs.8.00
17 Sold	5000 units	@ Rs.16.00
20 Purchased	4000 units	@ Rs.6.00
25 Sold	4500 units	@ Rs.17.00

30 Paid carriage outward on sales Rs.3,000

REQUIRED: Find Gross Profit using periodic system under:

1. LIFO Method
2. Weighted Average Method

7. DEPRECIATION:

A manufacturing company purchased machine on 1st July, 2011 for Rs.550,000 with estimated life of 10 years and scrape value of Rs.50,000.

On 1st Jan. 2014 the company decided that depreciation method be changed from straight line to Diminishing balance @10% per annum.

On 30 June 2015 machine was sold for Rs.350,000. The Company follows calendar year as accounting period.

REQUIRED: Record general journal entry for disposal of machine, showing computations.

8. RETIREMENT OF PARTNER:

The following is balance sheet of a partnership firm:

assets		Equity	
Cash	400,000	Accrued Expense	100,000
Inventory	100,000	A Capital	100,000
Account receivable	50,000	B Capital	200,000
Shop Building	150,000	C Capital	300,000
Total	700,000	Total	700,000

REQUIRED: You are required to record the retirement of C and prepare balance sheet after his retirement, using both goodwill and bonus methods separately.

ACCOUNTING 2015

Time: 3 Hours (PRIVATE) Max Marks: 100

Instructions: Attempt any five questions.

1. **FINANCIAL STATEMENT:**

The following balances have been taken from the pre-closing Trial balance of M/S Shah & Co. on 31, Dec. 2015:

DEBIT BALANCES

Cash Rs.88,000, Accounts Receivable Rs.100,000, Merchandise Inventory Rs.45,000, Prepaid Office Rent Rs.20,000, Sales equipment Rs.85,000, Drawing Rs.10,000, Sales Return & allowance Rs.8,000, Purchases Rs.200,000; Transportation in Rs.20,000, Office Salaries expense Rs.50,000, Sales Salaries expense Rs.60,000.

CREDIT BALANCES

Allowance for Bad Debts Rs.15,000, Allowance for Depreciation Rs.25,000, Account Payable Rs.65,000, Mortgage Payable Rs20,000, Shah Capital Rs.123,000, Sales R.400,000, Commission Income Rs.8,000, Purchase Return & Allowances Rs.14,000, Purchase Discount Rs.16,000.

Data for Adjustment on Dec.31, 2015:

1. Increase the allowance for bad debts by Rs.5000.
2. Prepaid Office Rent expired Rs.8000.
3. Depreciation sales equipment for the year @10% by Diminishing Balance Method.
4. Office Salaries expenses outstanding Rs.9000.
5. Sales Salaries were prepaid to the extend of Rs.8000.
6. Merchandise Inventory at Dec. 31 was valued of Rs.62,000.

REQUIRED: Multiple steps Income Statement and Classified Balance Sheet.

2. **WORKSHEET OR ADJUSTING & CLOSING ENTRIES:**

Take the data from Question No.1

REQUIRED: Prepare 10 column worksheet. **OR** Record Adjusting & Closing Entries.

3. **BANK RECONCILIATION:**

1. The following information pertains to Ibrahim & Co. as on February 29, 2016. 2.
Balance as per cash book Rs.16766.95
3. Balance as per Bank Statement ?
4. A deposit of Rs.4017.15 made after banking hour on July 31, does not appear in bank statement.
5. Note Receivable collected by bank Rs.4545.00 not shown in cash book.
6. Bank services charges of Rs.7.65 not entered in cash book.
7. A cheques of Rs.835.02 issued for purchase of office equipment erroneously entered in cash book as Rs.853,02.
8. Cheques issued but yet not paid by bank for Rs.640.80, Rs.861.12 and Rs.301.05.
9. A cheques of Rs.180 deposited but returned by bank Marked "NSF".

REQUIRED:

(1) Prepare a schedule showing additions to and deductions from the balance per cash book to arrive at the adjusted balances.

(2) Determine the balance per bank statement.

(3) Prepare adjusting entries.

4. **INVENTORY VALUATION:**

A) The merchandise inventory of Ayan & Co. was destroyed by fire on 4th May, 2015. The following data were obtained from the accounting record:

Merchandise Inventory Beginning 11,20,000

Purchases 10,56,000

Purchases return & allowances Sale 52,000

Sales 28,70,000

Sale return & allowances 8,000

Estimated Gross Profit Rate 41%

REQUIRED: Calculate estimated cost of merchandise destroyed by fire.

B) Each of the following lines represents a separate set of information, copy the table and fill the missing amount Working is not required:

No	Net sale	Beg inventory	Net Purchase	Ending Inventory	Cost of goods sold	Gross Profit	Operating Expense	Net Income Or Loss
1	300,000	95,000	130,000	44,000	?	119,000	90,000	?
2	600,000	90,000	340,000	?	330,000	?	?	25,000
3	700,000	230,000	?	185,000	490,000	210,000	165,000	?
4	900,000	?	500,000	150,000	?	260,000	300,000	?
5	?	260,000	?	255,000	660,000	225,000	250,000	(25,000)

5. **DEPRECIATION:**

On Jan. 01, 2014 Fahad Co. purchased a machine at a cost of Rs.61875. The machine had estimated useful life of 15 years and 300,000 units its estimated residual value is Rs.1875.The machine produced 27000 units in 2014 and 21600 in 2015.

Required: compute the following table showing computation:

		Depreciation Expense		Book value at the end	
No.	Depreciation Method	2014	2015	2014	2015
1	Straight line				
2	Units of Production				
3	Sum of the year digit				
4	15% Diminishing Bal				

6. **ACCOUNT RECEIVABLE:**

1. The following information is related to Shaheer & Co. on Dec.31, 2015:

Account Receivable 500,000

Allowance for Bad Debts (Dr.) Sales 15,000

Sales 7,50,000

Sales Return & Allowances 25,000

Cash collected from customers 8,75,000

Bad Debts estimated 3°/o on Account Receivable.

REQUIRED: Compute & Record the estimated Bad Debts expense at Dec.31, 2015.

b) An analysis of the account receivable of Sahr International at 31, Dec.2015 produced the following Age Group: 1.

Not yet due 49,000

2. 1 to 30 days Past due 21,000

3. 31 to 60 days Past due 12,800

4. 61 to 90 days Past due 3,000

5. Over 90 days Past due 5,000 Percentage considered uncollectible:

2% of Group1, 5% of Group2, 10% of Group3, 20% of Group 4 and 50% of Group 5.

REQUIRED:

(1) Compute the estimated amount of uncollectible.

(2) Record the adjusting entry forbad debts expense assuming that allowance for Bad Debts account has a balance of Rs.4000/-

6. LIQUIDATION OF PARTNERSHIP:

Sami, Ayan & lbrahim decided to discontinue business operation as on 31st Dec. 2015, and liquidated their partnership. The partners have capital balance of Rs.45,600; Rs.25200 and Rs.41,600 respectively. The cash balance is Rs.15,200, the book value of non-assets total Rs.1,57,200 and liabilities total Rs.60,000. The partners share income & loss in the ratio of 4:2:4. The non-cash assets were sold for Rs.150,000 and the liabilities are paid and remaining cash is distributed among the partners. The partner with debit-capital balance pays the amount owed to the firm.

REQUIRED: Prepare a summary of Liquidation & present necessary entries in general journal form.

7. CORRECTION OF ERRORS:

1. Outstanding Advertising Expenses was overlooked Rs.20,000.
2. Rs. 1,500 paid for proprietor's son tuition fee debited to general expense account.
3. Rs.50,000 spent on the extension of Building was debited to building repair account.
4. Equipment purchased on credit for Rs.15,000 was entered in purchases account.
5. Rs.5500 received from Rahim have been credited to Karim's account.
6. Additional Investment by owner of Rs.100,000 was credited to Sales Account.
7. Sales Returns of Rs.7000 was charged to purchase account.
8. Prepaid Salaries of Rs.30,000 was included in salaries expense account.
9. Cash drawings for Rs.6000 was credited to the bank column of cash book.
10. Goods value Rs.1500 taken by the owner for his personal use was credited to sales account.

REQUIRED: Pass rectifying entries in General Journal assuming that the errors were discovered before closing the accounts.

ACCOUNTING 2014

Time: 3 Hours (REGULAR) Max Marks: 100

Instructions: Attempt any five questions.

1. BALANCE SHEET.ADJUSTING AND CLOSING ENTRIES

(a) The following are adjusted Balance of Tariq & Company on Dec. 31, 2013.

DEBIT BALANCE		CREDIT BALANCE	
Cash	35,000	Account Payable	20,000
Merchandise Inv.	20,000	Unearned Rent	15,000
Other assets	60,000	Tariq Capital	70,000
Sale Return & Allow	15,000	Sales	2,00,000
Sales Discount	5,000	Purchase Ret. All.	16,000
Purchase	1,50,000	Purchase Discount	4,000
Transportation in	10,000	Commission Income	5,000
Salaries Expense	25,000		
Insurance Expense	10,000		
	3,30,000		3,30,000

Merchandise Inventory on Dec. 31, 2013 was valued at Rs.30,000.

Required: prepare closing entries in general journal and balance sheet on Dec. 31, 2013

2. The following are selected balance taken from the ledger of naeem and company on Dec. 31, 2013.

Account receivable	80,000	
Allowance foe bad debts	2,000	
Prepaid insurance	9,000	
Prepaid rent	20,000	

Accrued salary		12,000
Commission income		15,000

Data for adjustment on Dec. 31, 2013:

1. Allowance for Bad Debts is estimated at 2% of the year End balance of Accounts Receivable.
2. Insurance expired for the year Rs.9,000.
3. Accrued Salaries amounted to Rs.15,000.
4. Prepaid Rent on Dec. 31, 2013 was nil.
5. Commission Income for the period Rs.19,000.

REQUIRED: Prepare adjusting entries in General Journal.

2. CASH CONTROL:

A). A voucher system is used by Sana Corporation. A few of the transactions are presented below:

1) Purchase Furniture Rs.60,000 paying Rs.25,000 and signing a note for the balance.

2) Issued a 10o/o 30-day note of Rs.50,000 and paid Rs.25,000 in settlement of a Voucher Payable Rs.72,000.

3) Issued a 12% 60-day note in settlement of an outstanding voucher for Rs.22,000.

4) Prepared Voucher for Rs.45,000 payable to Asim & Company for merchandise purchased.

REQUIRED: Using General Journal Forms, record the above transactions in Voucher Register, Cheques Register and General Journal.

B). On comparison of cash book entries with those of the Bank Statement of Nazir & Company on January 6, 2015. Following differences were found:

1. Cash Book balance Rs.31,800.
2. Bank Statement balance Rs. 9,400.
3. Cheques for Rs.9,500 deposited into Bank was wrongly entered in Bank Statement as for Rs.5,900.
4. A cheques for Rs.8,000 issued in settlement of A/C Payable erroneously entered in Cash Book as for Rs.3,000.
5. Nazir & Company had an error in recording a payment Rs.13,500 whilst the cheques was issued for correct a Rs.15,300.
6. Cheques deposited on January 6, but not shown on bank statement Rs.12,000 REQUIRED: Prepare Bank Reconciliation

Statement on January 6, 2015.

3. INVENTORY VALUATION:

A. The following data relate to the business of Shahab & Co. which uses a Periodic Inventory System:

November 1: Beginning Inventory 2000 units @ Rs.12.

November 12: Purchases 4,000 units @ Rs.14.

November 18: Purchases 10,000 units @ Rs.18.

November 22: Purchases 8,000 units @ Rs.22.

November 29: Purchases 5,000 units @ Rs.?

November 30: Ending Inventory 7,000 units.

Cost of Goods Sold Rs.438,000 Company uses the LIFO method.

REQUIRED: Determine: (i) Cost 0f ending units. (ii) Unit cost and total cost of Nov. 29 Purchases.

B. Shahzad & Co. deals in computers and uses Perpetual Inventory System. The record of company show the following transactions for the month of October, 2014:

October 5. Purchase 30 Computer @ Rs. 10,000

October 22 Purchase 20 Computer @ Rs. 12,000

October 25 Purchase 25 Computer @ Rs. 11000

October 28 Sold 40 Computer @ Rs. 15,000 on Credit .

REQUIRED: Compute the Cost of Goods Sold and Gross Profit of 40 computers under FIFO Method.

4. VALUATION OF ACCOUNTS RECEIVABLE:

Following is a list of Accounts Receivable for Zeenat & Co. at Dec. 31, 2013.

TRANSACTION	CUSTOMER	AMOUNT DUE
January, 30	Shiraz store	5,000
July, 20	Badar & co.	20,000
September, 15	Faizan store	32,000
October, 27	Kamil & co.	9,000
November, 10	Saleem & Sons	40,000
November, 12	Akber store	1,20,000
December, 10	Arif sons	80,000
December , 28	Nazir & Co.	60,000

REQUIRED:

(a) Prepare a schedule to compute the estimated portion of each age group that wilt prove uncollectible and the required balance in the Allowances for Doubtful Accounts. The following percentages of each group are estimated to be uncollectible 1-30 days, 2%; 31-60 days, 4%; 61-120 days, 10%; Over 120 days 20%

(b) Prepare the Journal Entry to bring the Allowances for Doubtful Accounts up to its required balance at Dec.31, 2013. Prior to making the adjustment, the account has debit balance of 1,650.

5. DEPRECIATION

The following selected transactions were completed by Danish & Co:

1. Beginning balance of Machine A (1-1-12) Rs.220,000 and Allowances for Depreciation Machine A (1-1-12) Rs.80,000. Assume that the Co. uses the Diminishing Balance method @ 20% on reduced balance every year.
2. Company purchased Machine B for Rs.200,000 on May 1, 2012.
3. The Company's policy is to use Machine 8 Hours per day and Charge Depreciation Expense at Rs.5 per hour. The Machine is operated during the year 2012 for only 160 days and operated in year 2013 for only 220 days.
4. Company purchased Machine C on April 1, 2012 for Rs.260,000. Estimated life 15 years and its scrap value was 20,000. The Company uses Sum of the Year's Digit Method.
5. Company purchased Machine D on Sep. 1, 2012 for Rs.200,000. Its scrap value was estimated at Rs.20,000 and useful life 20 years. The company uses Straight Line Method.

REQUIRED:

1. Compute the Depreciation Expense of each machine separately for the year ended on Dec.31,2012 and 2013.
2. Pass Journal Entries to record the Depreciation Expense for the year ended on Dec. 31, 2013 for each machine.

6. PARTNERSHIP FORMATIONS AND LIQUIDATION

A). Aslam & Akmal were doing separate businesses. On May 5, 2014. They decided to form a partnership by merging their business. On this date, their balance sheet was as under:

	Aslam	Akmal
Cash	40,000	60,000
Other Assets	200,000	240,000
A/c Payable	50,000	80,000

The assets and liabilities were taken at the book value in the new partnership. Aslam and Akmal decided that each partner's capital in the new partnership will be Rs.210,000. They contributed the deficiency, if any, from their private fund.

REQUIRED: Prepare Journal Entries to record formation of partnership firm.

B). Aziz, Bilal and Chand decided to liquidate the partnership on Jan. 1, 2014. Just before liquidation, following balances appeared in the balance sheet:

Cash Rs.200.000; Goods will Rs.100,000; Other Assets Rs.700,000; Liabilities Rs.200,000; Aziz Capital Rs.160,000;Bilal Capital Rs.220,000, Chand Capital Rs.420,000.

They share Profit and Losses in the ratio of 2:2:1-respectively. Other assets realized Rs.500,000. Liabilities were paid. All partners are personally solvent.

REQUIRED: Give General Journal Entries relating liquidation and final settlement of partners.

7. **PARTNERSHIP - ADMISSION**

Abid and Shahid are partners with Capital Balance Rs.120,000 and Rs.180,000 respectively sharing Profit and Losses in the ratio of 1:2. They admit Khalid: J

REQUIRED: Give General Journal Entries to record the admission of Khalid in each of the following situations considered separately:

Situation A - Khalid invests sufficient cash to give him 1/3 interest in the firm.

Situation B – Khalid invests Rs.120,000 for 1/3 interest. Abid and Shahid do not reduce their Capital.

Situation C - Khalid invests Rs.180,000 for 1/3 interest in the firm. His capital account is to be credited with the entire amount of his investment.

Situation D -Khalid invests Rs.120,000 for 1/4 interest (Bonus to be recorded)

8. **MISCELLANEOUS**

The following selected transactions related to Nafees & Co. '

1. An equipment costing Rs.80,000 was traded in with new equipment having a list price of Rs.100,000 receiving a trade-in- allowance of Rs.40,000. The book value of old equipment on the date of exchange was Rs.50,000.
2. Sold for Rs.400,000 half portion of land costing Rs.250,000.Received according to term of sales Rs.300,000 in cash a 10°/o 4-month note for the balance.
3. Purchased 1500 units of merchandise of on credit @ Rs.20 each (Company uses Periodic Inventory System).
4. Sold 1000 units of merchandise costing Rs.30 each on account @ Rs.40 each (Co. uses Perpetual Inventory System)
5. A previously written off account of Rs.20,000 was subsequently recovered to the extent of Rs.12,000.
6. End of the period analysis of Accounts Receivable subsidiary ledger revealed one of the customers account showing credit balance of Rs.15,000. •
7. Unpaid Sty amounted to Rs.18,000.
8. Commission earned but not received Rs.20,000.

Required: above transactions in General Journal.

ACCOUNTING 2014

Time: 3 Hours (PRIVATE) Max Marks: 100

Instructions: Attempt any five questions.

1. **ADJUSTED TRIAL BALANCE AND CLOSING ENTRIES:**

The following is Trial Balance for Mansoor Traders on 31st December. 2014:

DEBIT BALANCE		**CREDIT BALANCE**	
Cash	10,000	Account payable	10,000
Bank	15,000	Bank loan	60,000
Furniture	17,000	Unearned Rent	5,000
Machinery	25,000	Salary payable	1,000
office equipment	5,000	Mansoor Capital	100,000
Cost of Goods sold	75,000	Sales	104,000
Sales return	15,000	Adv. From customer	15,000
Salaries Expense	18,000		
Prepaid advertising	16,000		

Merchandise inventory	23,000		
Good will	12,000		
Office supplies	4,000		
Account receivable	60,000		
	295,000		295,000

ADJUSTMENTS:

Salaries expense for the year Rs.15,000.

Interest outstanding on Bank Loan at @10% for three months.

Unused office supplies Rs.500.

Prepaid Advertisement Rs.2,000.

REQUIRED:

Prepare: Adjusted trial balance & Closing entries.

2. FINANCIAL STATEMENTS/WORK SHEET:

The following Balances relate to M/S Masroor & Co. at year end, on December 2014:

DEBIT BALANCES		CREDIT BALANCE	
Account Receivable	24,000	Account payable	13,000
Cash	30,000	Unearned commission	3,000
Merchandise Inv.	15,000	Allow. For bad debts	2,000
Office Equipment	50,000	Sales	115,000
Cost of Goods Sold	100,000	Masroor Capital	110,000
Drawing	3,000		
Sales Return	1,000		
Advertising Expense	5,000		
Salaries Expense	7,000		
Rent expense	5,000		
Office expense	3,000		
	243,000		243,000

ADJUSTMENTS:

1. Allowance for Bad Debts 5% on account receivable at year end.
2. Rent expenses of the business Rs.6,000.
3. Equipment purchased on 1st April and be depreciated on sum of years digit method with the life of five years and scrape value Rs.5,000.
4. Commission earned Rs.3,000.
5. Return of merchandise purchased on credit Rs.1,000 was overlooked.

REQUIRED: Prepare: Either Income Statement & Balance Sheet **OR** 10 Columns Worksheet.

3. ACCOUNT RECEIVABLE:

The accountant of Farman & Co. provided the following:

Account Receivable opening balance.10,000.

Allowance for Bad Debts opening balance Rs.1,000. During the year following transactions were completed:

1. Cash Sales Rs.72,000. 2.
Credit Sales Rs.78,000.
3. Collection from Customers Rs.40,000.
4. Sales returns and allowance Rs.700.
5. Customers' accounts written off Rs.1,500.
6. Previously written off account recovered Rs.700.
7. At end of the period a customer's account showed credit balance Rs.2,000.

REQUIRED:

i. Record bad debts expense, estimating allowance for bad debts @ 5% on ending balance of accounts receivable.
ii. Record bad debts expense estimating bad debts expenses @ 2% on credit Sales.

4. BANK RECONCILIATION STATEMENT:

The following information is available for preparing bank reconciliation statement of Yousuf & Co. on March 9, 2015:

1. Credit balance as per Cash Book Rs.8,420.
2. Debit balance as per Bank Statement Rs.48,000.
3. Cheques issued in favor of suppliers Rs.35,000 out of which presented cheques were for Rs.28,000.
4. Cheques deposited into Bank Rs.75,000 out of which cheques for Rs.40,000 were cleared.
5. Cheques issued Rs.4,500 to a supplier was not entered in company books.

6. Bank charged interest on overdraft Rs.500, not recorded by Company.

7. Bank credited the account Rs.1,500 as dividend.

8. A cheques issued to supplier Rs.8,750 was wrongly entered in business as Rs.5,870.

9. Bank dishonored cheques of a customer which was deposited into Bank Rs.5,100 Bank debited Rs.100 as bank charges.

REQUIRED: Prepare:

(a) Bank Reconciliation Statement.

(b) Adjusting entries to update the business record.

5. (A). <u>PARTNERSHIP FORMATION:</u>

Abid, Khalid, Sajid & Zahid contributed capitals in ratio of. 10%, 20%, 30%,40% respectively.

REQUIRED: Prepare general journal entries if Sajid invests Rs.150,000.

(B). <u>PROFIT OR LOSS DISTRIBUTION:</u>

Adam, Akram & Aslam are partners in a firm. Their capital accounts are as under:

<u>ADAM CAPITAL</u>

1st Apr.	Cash	40,000	1st Jan.	Balance	400,000
1st Oct.	Cash	50,000			

<u>AKRAM CAPITAL</u>

1st May	Cash	30,000	1st Jan.	Balance	400,000
			1st Jul.	Cash	100,000

<u>ASLAM CAPITAL</u>

1st Jan.	Cash	20,000	1st Jan.	Balance	400,000
1st Sep.	Cash	10,000	1st Aug.	Cash	60,000

Partnership deed states that:

1. Partners will receive respectively Rs.1,000, Rs.2,000, and Rs.3,000 per month as salary.
2. 5 % interest on beginning capital will be allowed.
3. Balance to be distributed in their ending capital ratio.

REQUIRED:

(1) Prepare Income distribution summary, assuming net income for the year Rs.400,000.

(2) Pass the Journal entry to close the income summary account on December 31.

6. <u>PARTNERSHIP ADMISSION:</u>

Qudsia and Sadia are Partners in a firm. Their Balance Sheet on December 31, 2014 was as under:

<u>BALANCE SHEET</u>

<u>ASSESTS</u>		**<u>EQUITIES</u>**	
Cash	50,000	Account payable	100,000
Bank	150,000	Qudsia Capital	200,000
Merchandise	300,000	Sadia Capital	200,000
	500,000		500,000

Record the journal entry and prepare Balance Sheet for each of the following cases separately.

Case i) lqra Invests Rs.150,000 for 1/3 interest in total capital of the firm of Rs.600,000.

Case ii) lqra Invests Rs.300,000 for 1/3 interest in total capital of the firm of Rs.900,000.

7. <u>INVENTORY VALUATION</u>

The following transactions are about Inventory of HMS Company which uses perpetual inventory system.

August 1	Balance 7,000 Units of Rs.49,000.
August 5	Purchased 3,600 units for cash Rs.18,000.
August 9	Purchased 4,000 units on credit for Rs.32,000.
August 13	Sold 5,000 units for Cash Rs.SC ,000.
August 17	Purchase 3,500 units for Rs.28,000.
August 21	Sold 3,000 units for Cash Rs.30,000
August 25	Sold 3,900 units for Cash Rs.39,000.
August 29	Purchase for Cash 4,400 units for Rs.22,000.
August 30	Sold on credit 5,000 units for Rs.50,000.

REQUIRED: Prepare inventory ledger card under:

(1) Moving Average Method

(2) LIFO Method.

8. <u>DEPRECIATION:</u>

1. **<u>Machine A:</u>** Purchased on 1st May 2012 for Rs.500,000. Its life was estin11ated 8 years and scrape value Rs.50,000. Using sum of the years' digit method, compute depreciation expense on 31st December 2012 and 2013.
2. **<u>Machine B:</u>** Purchased on 1st August 2012 for Rs.350,000. Its life was estimated 10 years and salvage value Rs.50,000. Using 10% Diminishing Balance method, compute depreciation expense on 31st December 2012 and 2013.
3. Machine A mentioned above was sold on 30^{th} April 2014 for cash Rs.300,000. Prepare General journal entries for its disposal

ACCOUNTING 2013

Time: 3 Hours (REGULAR) Max Marks: 100

Instructions: Attempt any five questions.

1. The following Trial balance data have been taken from the books of Zaman Ltd. The accounts are maintained on a calendar-year basis and are adjusted and closed annually:

Cash Rs.66,600; Accounts Receivable Rs.98,400; Merchandise Inventory (Jan. 1, 2013) Rs.124,000; Unexpired Insurance Rs.3600; Office Supplies Rs.1600; Building Rs.120,000; Accumulated Depreciation: Building Rs.4800; Equipment Rs.32,000; Accumulated Depreciation: Equipment Rs.9600; Accounts Payable Rs.95800; Zaman Capital Rs. ? Zaman Drawing Rs.36000; Sales Rs.652000; Sales Return Rs.10400; Purchases Rs.380,000; Purchases Return Rs.4000; Transportation in Rs.9600; Salaries Expense Rs.80,800; Misc. Expenses Rs.2200.

DATA FOR ADJUSTMENTS:

1. Unexpired Insurance on December 31, Rs.1200. (ii) Supplies used Rs.1000.

2. The buildings are being depreciated over a 25-year useful life. The equipment is being depreciated over a 10 year useful life (Use straight line method).

3. Salaries payable as of December 31, were Rs.10,000.

4. Inventory of Merchandise on December 31, was Rs.79,200.

<u>REQUIRED:</u> Prepare 10-Columns Work Sheet.

2. Take the data from Q - 1

REQUIRED: Prepare Adjusting, Reversing and Closing Entries.

3. **A)** What is the distinction between a Capital Expenditure and Revenue Expenditure? **B)** Waseem Traders disposed of plant assets in the following transactions.

Office Equipment Costing Rs.70,000 having Accumulated Depreciation Rs.59,500 were disposed, receiving no proceeds from the scrap dealer.

Traded in an old truck for a new one. The old truck has cost Rs.44,000 and accumulated depreciation Rs.28,000. The price of the new truck was Rs.68,000. Received an Rs.20, 000 trade in allowance for the old truck and paid the balance in cash.

Sold an old furniture costing Rs. 25,000, having accumulated depreciation Rs.15,000 for Rs.10,000.

REQUIRED: Record the above transactions in General Journal Show the necessary computations.

4. A) Why do most companies that use perpetual inventory system also take an annual physical inventory?
B) Record the following transaction in General Journal under periodic and perpetual inventory system; also prepare inventory account in skeleton T from under perpetual system:
a) Purchases Merchandise on account for Rs.30,000.
b) Merchandise returned to supplier costing Rs.2,000.
c) Sold Merchandise on account for Rs.30,000, Cost of Merchandise was Rs.24,000.
d) Merchandise returned from customer Rs.2,000, cost of which was Rs.1,600.
e) On December 31, 2012, accounts receivable and allowance for uncollectible of M/S. Zia Ltd had the following balances:

5. Accounts Receivable Rs. 200,000 Allowance for Uncollectible (before adjustment) 6,000

Analysis of Accounts Receivables subsidiary ledger revealed that one customer is having credit balance of Rs.10,000.

During 2013, following transactions were completed:

1. Sold Merchandise on account for Rs.500,000 (this includes sale of Rs.10,000 to the customer who made advance payment in 2012)
2. Bad Debt written off Rs.20,000.
3. Receivables collected Rs.430 ,000 including Rs.30,000 against an account receivable which was previously written off.

Company's policy is to provide a bad debt provision of 10°/o on year-end balance of Account Receivable.

REQUIRED: Prepare all possible entries (including adjusting and closing) for the year 2012 and 2013.

6. The Cash Book of Khalid & Co. showed a debit balance of Rs.19,000 while the Bank Statement on October 31, 2013 showed the balance of Rs.43,000:
a) Dividend Collection by the bank on behalf of Khalid & Company Rs.30,000.
b) Dishonored Cheques of a Customer Rs.6,000
c) Note paid by the Bank on behalf of Khalid & co. Rs.11,200 (including interest of Rs.1,200)
d) A Cheques of Rs.13,400 of a customer was erroneously recorded in Cash Book as Rs.15,200.
e) A Customer's Cheques of Rs.14,000 deposited into Bank, did not appear in Bank Statement.
f) Cheques issued to Supplier for Rs.18,000, did not appear in Bank Statement.
g) Cheques issued for Rent Rs.14,400, appeared wrongly in Bank Statement as Rs.5,400.

REQUIRED: (i) Prepare a bank reconciliation statement. (ii) Prepare Journal entries needed on Khalid's Company books as indicated by the reconciliation.

7. Asad, Bilal and Qasim are partners of the firm, sharing Profit & Loss in the ratio of 3:2:1 respectively. The following balances appeared in their ledger on September 30, 2012:

Cash Rs.36, 250; Fee Receivable Rs.16, 250; Equipment Rs.17, 500; Accounts Payable Rs.4, 375; Asad Capital Rs.23, 750; Bilal Capital Rs.26, 250; Qasim Capital Rs.15,625.

On this date, Bilal retired from the firm.

REQUIRED: Record the retirement of the Bilal under following separate cases and prepare a Balance Sheet in case (ii) Show necessary computations:

Case (i): Bilal is paid cash Rs.20250 (use Bonus method).

Case (ii): Bilal is paid cash Rs.20000 and is issued a note of Rs.30000 (use Goodwill Method).

8. The following balances were provided by M/S Sun Star Associates on April 30, 2013:

Cash Rs.50,000; other assets Rs.200, 000; Account Payable Rs.20,000; A, Capital Rs.120,000 B, Capital Rs.60,000; C, Capital Rs.50,000.

On this date the partners decided to liquidate their business. The following transactions were made: i.

Other assets were sold for Rs.35,000.

ii. Account Payable were paid in full. iii.
Liquidation expenses of Rs.30,000 were paid.

A had enough personal resources to meet his capital deficiency (if any). B and C did not have enough personal resources to meet their capital efficiency (if any)

REQUIRED: All possible entries in General Journal and set up "T" account for cash and partner's capital accounts.

ACCOUNTING 2013

Time: 3 Hours (Private) Max Marks: 100

Instructions: Attempt any five questions.

1. ADJUSTING AND CLOSING ENTRIES:

Following data is taken from the books of Rahat consultation services:

	Unadjusted trial balance		·Adjusted trial balance	
Cash	21700		21700	
Account Receivable	16900		16900	
Unexpired Insurance	600		550	
Office Supplies	720		500	
land & Building	160000		160000	
Office Equipment	54000		54000	
Accumulated Depreciation(Office Equipment)		195		390
Account Payable		23500		23500
Unearned Consultation Fee		1800		1 500
Sarwar Capital		226420		226420
Sarwar Drawings	1500		1500	
Commission Income		15400		15400
	2500		2500	

[redacted]

Total	267,315	267,315	267,690	267,690

REQUIRED:

(i) With the help of above trial balances record necessary adjusting entries.

(ii) Prepare closing entries for the above data.

2. DEPRECIATION:

(A) Define: (i) Depreciation (ii) Book value (iii) Trade in Allowance

(B) Noman Industries Ltd. prepare its financial statements on Dec. 31 each year. At Dec. 31 2012 following balances were reported:

	Machine A	Machine B
Cost	4,50,000	3,00,000
Accumulated Depreciation	(1,80,000)	(45,000)
Net book value	2,70,000	2,55,000

From January 1, 2013 Directors decided to change the depreciation method from Diminishing Balance to Straight line. At this date salvage value and useful life of machine "A" were estimated Rs.10,000 and 5 years , while those of machine "B" Rs.3000 and 6 years. On September 30, 2013 machine "A" was sold for Rs.225,000.

REQUIRED:

i. Prepare Journal entries to record depreciation and the disposal of Machine 'A' on September 30.
ii. Prepare Journal entry to record depreciation of Machine 'B' for the year ended Dec 31, 2013. iii. Prepare Balance Sheet on December 31,2013.

3. PARTNERSHIP - ADMISSION:

Affan and Ayyan are partners. Their profit & loss sharing ratio is 2:3.Their financial position on June 30, 2013 was as under.

Assets		Equities	
Cash	75,000	Account Payable	50,000
Other Assets	425,000	Affan Capital	150,000
		Ayyan Capital	300,000
	500,000		500,000

On June 30 their Income Summary account showed a Debit Balance of Rs.75,000. On July 5, Partners decided to admit Mr. Ahmed as new partner for 2/5 interest in firm.

REQUIRED: Taking in consideration all above information record the admission of Mr. Ahmed, in General Journal.

(a) If he invests Rs.275,000 and is credited with his entire investment.

(b) If he brings cash & land Rs.20,000 and Rs.150,000 respectively.

4. ACCOUNTS RECEIVABLES:

a) Following is the Account Receivable ledger of Faisal Ltd.

ACCOUNT RECEIVABLES

Opening Balance	7,05,000	Written off	27,500
Sales	3,70,000	Collections	3,00,000

During the year company recorded sales of Rs.475 ,000 including a cash sale of Rs.105,000.

REQUIRED: Using the above information you are required to prepare Adjusting Entries for each of the following assumption separately. Company uses balance sheet approach to estimate bad debts @ 5% of accounts receivable at end.

a) The Allowance for doubt full accounts has a Credit Balance Rs.12,672.

b) The Allowance for doubt full accounts has a Debit Balance Rs.4,262.
c) Asad & Sons uses income statement approach to estimate bad debts. On April 1 account receivable amounted Rs.600,000 and Allowance for Doubtful Accounts account had a Credit balance of Rs.3000. It was estimated that uncollectible accounts expense would amount to ¼ % of 2% of net Credit Sales made during the month. During April Total Sales amounted to Rs.750,000 including 20% of cash Sales. On April, 20 an account receivable of Mr. Arshad of Rs.11,000 was written off.

REQUIRED:

(i) Record the adjusting entry for doubt full debts on April, 30.
(ii) Prepare Partial Balance Sheet.

5. PARTNERSHIP - RETIREMENT:

Salman Enterprises is a partnership of three friends, specialized in building construction. At the end of financial year the firm had the following Balance Sheet.

SALMAN ENTERPRISES

Balance Sheet

June 30, 2013.

ASSESTS		**EQUITIES**	
Cash	1,75,000	Liabilities	1,98,000
Account receivable	67,000	Munawar Capital	2,64,000
Land and building	4,40,000	Musafar Capital	1,80,000
Furniture & fixture	98,000	Musharaf Capital	1,68,000
	8,10,000		8,10,000

Partners share profit & loss in the ratio of 50°10, 30o/o and 20°10 respectively. It is agreed that Musharaf is to retire from business on thi& date.

REQUIRED: Considering the following cases separately prepare Journal entry or entries to record the retirement of Mr. Musharraf.

Case 1 - Musharraf sells 114 of his interest to Muzaffar and balance of his interest is settled in cash.

Case 2 - Musharraf agrees to accept land worth Rs.150,000 and cash Rs.20,000 as full and final settlement of his interest. Remaining partners are not ready to reduce their capital.

Case 3 - Before retirement of Musharraf Partners agree on following revaluations:

1 - Land revalued at Rs.590,000

2 - Furniture and Fixture revalued at Rs.90,000

Musharraf is paid Rs.175,000 in cash as full and final settlement.

6. <u>BANK RECONCILIATION:</u>

A) Answer the following:

1. Why bank reconciliation statement is prepared?

2. Is the bank reconciliation staten1ent a part of financial statements?

3. Briefly explain:

(i) Outstanding cheques

(ii) Un presented cheques (iii) NSF cheques

B) The information listed below is available in reconciling bank balance for the SONA CHANDI Co. on Dec 31, 2013.
1) The bank Statement at Dec 30 indicated a balance of Rs.10, 034.70, however bank ale showed a balance of Rs.12,761.94.
2) Cash receipts of Rs.58 16.20 deposited into Bank at Dec 31 did not appear among tile deposits.
3) Out of the cheques issued in December two cheques amounted to Rs.1938.56 were not included among the paid cheques.
4) A service charge for Rs.40 by error deducted by bank from the account of Sona Chandi Co. instead of Chandi Co.
5) The paid cheques returned by bank disclosed an error that a cheque of Rs.504 had been recorded as Rs.50.40 in cash book.
6) A cheques for Rs.220 returned by bank marked as NSF cheque.

7) On Dec 3 The Co. received a memorandum from bank indicating that the note of Rs.1904 had been collected. 8) A debit memo for Rs.10 was enclosed with paid cheques for issuance of Co.'s cheque book.

REQUIRED: Prepare a bank reconciliation statement and adjusting entries for Sona Chandi Co.

7. <u>INVENTORY VALUATION:</u>

Given below Is the data of AMNA MARIYAM Ltd. for the month of June 30,2013. The firm uses Periodic Inventory System.

June 1	Beginning Inventory	300 units	@ Rs. 55
June 4	Purchases	375 units	@ Rs.58
June 12	Purchase	400 units	@ Rs.65
June 20	Sales	375 units	@ Rs.60
June 22	Sales	175 units	@ Rs.66
June 24	Purchases	300 units	@ Rs.70
June 30	Sales	200 units	@ Rs.80

REQUIRED: (i) Compute the Cost of Ending Inventory and Cost of Goods Sold at the end of June 30, 2013 under each of the method:

(1) LIFO Method (2) FIFO Method (3) Weighted Average Method

(ii) In your opinion which method is most suitable if company wants to show maximum profits to its shareholders?

8. <u>VOUCHER SYSTEM:</u>

Sobia Co. uses a Voucher System for all major expenditures. Selected transactions for Mar, 2013 are presented below:

1) Issued cheque no.74 for Rs.20, 000 in payment of outstanding voucher no.99.

2) Issued cheque no.75 for establishment of petty cash fund in the amount of Rs.5000 (voucher no.101)

3) Purchased merchandise for Rs.21, 000 from Ali Ltd. On account (voucher no.102). Sobia Company follows perpetual system.

4) Returned merchandise worth Rs.1000 to Ali Ltd. (voucher no.103)

5) Issued cheque no.76 in payment of voucher no.103 after deducting 2% cash discount.

6) Issued cheque no.77 for travel advance to an employee (voucher no.104) Rs.5,000.

7) Signed a 60-day 10% note of 12,000 in payment of outstanding voucher no.100.

8) Issued cheque no.78 for Rs.15,600 in settlement of a note payable including interest Rs.600 (voucher no.105)

9) Issued cheque no.79 for Rs.200 to reimburse the travel expenses incurred by the employees in excess of travel advance.

10) Issued cheque no.80 to reimburse petty cash fund for supplies Expense Rs.1600, conveyance expense Rs.1100 and entertainment expense Rs.1400 (voucher no 107)

REQUIRED: Using General journal form make entries as the case may be in:

(a) Vouchers Register (b) Cheque Register.

ACCOUNTING 2012

Time: 3 Hours (Regular) Max Marks: 100

Instructions: Attempt any five questions.

1. <u>BANK RECONCILIATION:</u>

A comparison of the cash book (bank column) of Shamir & Co. and the bank account for the month of April 2011 revealed the following:

(i) Balance as per Cash Book, April 30, was Rs.495,000.

(ii) Balance as per Bank Statement, April 30, was Rs.950,000.

(iii) Bill pay charges not recorded by company Rs.10,000.

(iv) The bank paid a standing order for insurance of Rs.9,000.

(v) The bank received direct credit transfer a payment of Rs.120,000 from Yahya.

(vi) Unclears cheques Rs.150,000.

(vii) Promissory note paid by the bank was not recorded in the Co.'s cash recorded of Rs.100,000 (including interest expense Rs.10,000)

(viii) Dividends collection was credited by the bank was not Recorded in the Co.'s cash record of Rs. 170,000.

(ix) A cheque was issued to Ahmed for payment of Rs.12,000 but as erroneously recorded by company as 21,000.

(x) Unpresented cheque Rs.400,000.

(xi) Transaction Charges Rs. 15,000 not recorded in Cash Book.

(xii) Zakat deducted Rs. 40,000 and mark up credited Rs. 60,000 by bank.

(xiii) Withdrawal of cash Rs. 20,000 from bank for personal use by Shamir was not reorder in cash book (xiv) Rent earned Rs. 40,000 was collected and credited by Bank but v. as not record in Cash Book.

Required: Prepare Adjusting Entries in General Journal.

2. <u>ACCOUNT RECEIVABLE:</u>

A/R Balance Jan1,2011	25,00,000
Allowance for bad debt balance	1,23,000
Uncollectible customer's accounts.	78,000
Cash collection from customer account (including Rs.25,000 received from an account obviously written off as bad debts.)	40,50,000
Promissory notes received from customers to apply on account.	6,50,000
Credit balance In customer's account represents advance payment.	1,45,000
Gross Credit sale of the year	81,00,000
Sales discount	55,000

On Dec. 31, 2011 the AIR included Rs.850000 of the Past Due accounts. After a careful study of all past due accounts, the management estimated that the probable loss contained therein was 20% and that in addition 2% of the current AIR might prove uncollectible.

REQUIRED:

(i) Prepare journal entries in General Journal for all the transactions in 2011.

(ii) Prepare the adjusting and closing entries at Dec. 31, 2011.

3. <u>INVENTORY VALUATION:</u>

a) The Gap uses a Periodic Inventory System. During the first year of operations, the company made four purchases of a particular product. Each purchase was for Rs.300 units and the prices paid was Rs.7 per unit in the first purchase, Rs. 8 per unit in the second purchase, Rs.10 per unit in the third purchase, and Rs.11 per unit in the fourth purchase. At year- end, 350 of these units remain unso**ld.**

REQUIRED: Compute the cost of goods sold under the FIFO method and LIFO method, respectively.

b) On the morning of April 10, 2011 a fire destroyed the entire merchandise inventory in the Stores. The merchandise was un-insured. The following data are available:

Sales Mar. 1 2010 to April 9, 2011	2,16,000
Inventory Mar. 1, 2010	30,000
Purchase Mar. 1, 2010 to April 9, 2011	1,89,000
Gross Profit	25%

Required: Record out the cost of inventory destroyed by fire?

4. <u>DEPRECIATION:</u>

An extra ordinary repairs v-as made at a cost of Rs.65,000 to an equipment on Oct 1, 2010 and it extended its normal life from 5 years to 9 years. Payment was made in cash for e extra ordinary repairs.

Required: Record extraordinary repairs

A Textile Industry depreciates its machinery at 10% per annum on straight line basis. On April 1, 2010 the book value of Machinery was Rs.840,000, its original cost was Rs.12,00,000. On July 1, 2010 a new machine was purchased for Rs.25,000. On December 31, 2010 an old machine having written down value of Rs.40,000 on April 1,2010 (original cost Rs.60,000) was sold for Rs.30,000.

REQUIRED: Give all necessary entries in the General Journal assuming year ended on Mar. 31, 201 1. (Show computations).

5. FINANCIAL STATEMENT:

The following Financial Statements for the year ended December 31,2011 was drawn by an inexperienced accounts clerk.

NAEEM SHIPPING LTD.

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2011 **REVENUE:**

Chartering		33,44,00

EXPENSES:

Depreciation Expense	35,000	
Fleet Expense	2,52,000	
Vessel Expense	54,000	
Insurance Expense	7,000	
Stores and spares Parts	2,000	
Accrued Salaries	10,000	(3,60,000)
Net loss		(16,000)

NAEEM SHIPPING LTD.

BALANCE SHEET

DECEMBER 31, 2011

ASSETS		LIABILITY & EQUITY		
Cash	40,000	Adv. & publicity		10,000
Workshop Equipment	25,000	Unearned Chartering Revenue		5,000
Diesel Fuel, lubricant & Maintenance	56,000	Capital	123000	
Machinery & Appliances	1,000	Net loss	(16000)	1,07,000
	1,22,000			1,22,000

Required: There are a number of errors that you are required to check out and reproduce the corrected Financial Statements.

6. CLOSING ENTRIES:

a) Hassan Trading Co.'s sales during the year 20,000 the net income 10% of sales, operating expense allocated as 20% Selling expenses and 16% expenses of sales and remaining as cost goods sold.

REQUIRED: Prepare closing entries in General Journal.

b) Amjad & Co. shows the balances of accounts at Dec 31,2011:

Advertising expense Rs.30,000, Wages Expense Rs.5,750, Supplies Expense Rs.7,5000, Bad debt Expense Rs.1,000, Allowance for Depreciation - Equipment Rs.20,000, Utilities Expense Rs.1,400, Insurance Expense Rs.15,000, Interest Expense Rs.300, Income Tax Expense Rs.28,000, Commission income Rs.275,000 which includes Rs.50,000 as Advance Commission, Drawing Rs. 5,000, Accrued Expenses Rs.5,000 and Accrued income Rs.3,000.

REQUIRED: Prepare closing entries in General Journal.

7. PARTNERSHIP - ADMISSION:

The capital balances of Fahad and Fawad were Rs.190,000 and Rs.180,000 respectively as on March 31, 2012. On this date they decided to admit Hamadan as a new partner.

REQUIRED: Show the necessary entries in the general journal of the firm to record admission of Hamadan under each of the following assumption separately:

a) Hamadan invests furniture Rs.45,000 and sufficient amount cash for a one-third interest in the business.
b) Hamadan invests cash Rs.200,000 and is to receive a one-half interest Fahad and Fawad decide to retain their present capital balance.
c) Hamadan invests cash Rs.150,000 and is to receive a one-fourth interest. Total capital of the firm after his admission 1s to be Rs.600,000.

d) Hamadan purchased a one-third interest of Fahad for Rs.55,000 and a one-fourth interest of Fawad for Rs.50,000 cash.

8. ADJUSTMENT & CORRECTION OF ERRORS:

a) Following data is provided for adjustn1ent by Maqsood & Co.

1) A one-year bank loan in the amount of 80,000 was obtained on Nov 1. No interest was paid or recorded. The interest accrued at Dec 31was Rs.2500.
2) On Dec 16, a suit of rooms was rented to a corporation for six months at a monthly rental of Rs.320. The entire six months rent of Rs.1920 was collected in advance and credited to unearned rental revenue at Dec. 31, Rs.160 of which was still unearned.
3) Salaries earned by employees at Dec 31 but not yet paid amount to Rs. 45,000.
4) Insurance Premium paid Rs.24,000 for 2 years and recorded as Unexpired Insurance. At Dec 31 insurance for 3 months was converted to expense.

REQUIRED: Pass the adjusting entries in General Journal.

b) The following errors were made during 2011 & were discovered before closing of the books of accounts of Mansoor Co.: i)

Sales return of Rs.5,000 was charged to Purchase Account.

ii) Rs.75,000 spent for the extension of building was debited to Building Repairs Account.

ii) Outstanding Advertising Expense was overlooked Rs.20,000.

iv) Prepaid Salary of Rs.48,000 was included in Salary Expense Account.

REQUIRED: Pass rectifying entries in General Journal.

ACCOUNTING 2012

Time: 3 Hours (Private) Max Marks: 100

Instructions: Attempt any five questions.

1. WORK SHEET:

Following trial balance data has been taken from the books of Ali Ltd. for the year ended December 31, 2009:

Cash Rs.220,000; Accounts receivable Rs.75,000; Office supplies expense Rs.5,000; Unearned commission Rs.50,000; Machine Rs.150,000; Accounts payable Rs.80,000; Allowance for depreciation (Machine) Rs.5,000; Merchandise inventory Rs.50,000; Allowance for bad debts (Dr.) Rs.3 000; Cost of goods sold Rs.200,000; Prepaid rent Rs.3,600; Salaries expense Rs.6,000; Drawing Rs.5,000; Capital Rs.296,000; Sales revenue Rs.280,000; Long term loan ?

Data for Adjustment:

i. Used office supplies Rs.3,000.
ii. Rent was paid for 1year on April30,2009.
iii. Allowance for bad debts estimated @ 6% of accounts receivable at end. iv. Unexpired salaries Rs.1,500.

v. The machine has a life of 80,000 hours and estimated salvage value is Rs.50,000. Machine has operated 5,000 hours during 2009. vi. Interest accrued on long term loan@ 6% per annum. Loan acquired on September 1,2009.

REQUIRED: Prepare ten columns work sheet.

2. CORRECTION OF ERRORS:

a) The following errors/omissions were made during 2011and were discovered before closing the books of accounts: i. Purchase return of Rs.20,000 was charged to sales return.

ii. Outstanding advertising expense were overlooked Rs.60,000.
iii. Rs.50,000 spent for building repairs the extension of building was debited to building account.
iv. Prepaid salary of Rs.15,000 was included in salary expense account.
v. Accrued rent income of Rs.25,000 was overlooked.

REQUIRED:

a). Pass rectifying entries in General Journal.

b). Describe the four types of adjusting entries with examples of adjusting entries.

3. DEPRECIATION:

A). Wazir Company purchased the following machines under one head i.e. Office equipment.

Machine	Date of Purchase	Cost	Residual Value	Life/Rate	Method
A	30.06.2009	500,000	20% of cost	20 years	Straight line
B	01.11.2010	400,000	80,000	10 years	Diminishing method

Required: Prepare adjusting journal entries for 2009, 2010 and 2011for all machines. Company year ends on December 31 each year. Co. has operated 3,000 Hrs.

B). Shah Company purchased machine at a cost of Rs.70,000 which has a book value of Rs.45,920 on Sept. 30, 2011.

REQUIRED:

Prepare journal entries to record the following independent cases:

a). The machine was exchanged with a new machine costing Rs.84,000 with trade in value Rs.46,900.(Gain/loss Is not to be recognized). b).

The machine was sold for Rs. 30,000 cash.

4. **BANK RECONCILIATION STATEMENT:**

On September l,2010 Sardar Company has credit balance In the bank column of its cash book Rs.70,000 and debit balance in the bank statement Rs 86,000.

Company found the following errors when preparing its reconciliation statement: l.
Cheques issued to:

Suppliers	Amounts	Date of issues	Cheques No.
Muhakam-uddin Trader	15,000	28.06.2010	709087
Babar Company	20,000	15.07.2010	709123
Nadeeem & sons	40,000	10.08.2010	709224

Cheque number 709087 and 709224 presented for payment.

2. Issued a cheque of Rs.3,150 it was recorded in the company's book Rs.2,450.

3. Service charges not recorded in the cash book Rs.800.

4. Following Cheques deposited in the bank:

Customer	Date	Cheque no.	Amount
Rehman Traders	June 28, 2010	50897	65,000
Aftab Company	July 15, 2010	60876	50,000
Arsalan Bros.	August 10, 2010	32567	60,000

Cheque number 32567 of Aftab Bros. returned by the bank marked NSF, and others are uncleared.

5. Interest on investment credited by the bank Rs.125,000 was not recorded in the cashbook.

6. Deposited a cheque of Rs.30 670 but it was wrongly entered in the Co.'s book as Rs.18,670.

REQUIRED: Prepare bank Reconciliation Statement.

5. **PARTNERSHIP:**

Following balance sheet relate to the bus ness of Mr. Shahani, Moin and Rasheed as on November 30, 2010:

AB & CPARTNERSHIP BALANCE SHEET ASON

NOVEMBER 30, 2010

Assets:

Cash		100,000
Account Receivable	70,000	
Allowance for bad debts	2,0000	68,000
Office supplies		15,000
Furniture	150,000	
Accumulated depreciation	25,000	125,000
Stock		60,000
Total assets		368,000

Equities:

Accounts Payable		68,000
Owner's Equity		
Shahni Capital	80,000	
Moin Capital	120,000	

Rasheed Capital	100,000	300,000
Total Equities		368,000

They share profit and loss in the rat o of their capitals. On this date they decided to admit Mr. Sanaullah as a new partner under the following cases separately:

a) If Sanaullah invests sufficient amount of cash to acquire 1/4'" interest in the business.
b) If Sanaullah invests Rs 80,000 for 1/5" interest in the business. Old partners do not agree to reduce their capitals.
c) If Sanaullah invests furniture Rs.50,000 and cash Rs.120,000in the business and old partners agree to give him 1/5 interest in the business. The total capital of the firm after his admission Rs.470,000.
d) If Sanaullah invests Rs.150,000 for 1/4" interest. The total capital of the firm after his admission Rs.500,000.

REQUIRED:

a) Prepare journal entries to record the admission of Mr. Sanaullah.
b) Prepare Balance Sheet of ABC & D partnership just after the admission of Mr. Sanaullahin case (a).

6. INVENTORY VALUATION:

Following transact ions relate to the business of Husnain Traders:

November:

1. Balance in merchandise inventory 6,000 units @ Rs.7.00.
2. Purchased merchandise for cash Rs.42,000 at a unit price of Rs.4.00.
5. Purchased merchandise on account 5 000 at a unit price of Rs 5.00.
7. Sold 8,200 units on account at Rs.10.00 per unit.
10. Purchased 7,000 units at Rs.5.00 per unit.
12. Sold 12,100 units at Rs.10.00 per unit.
15. Purchased 9,000 units at Rs.8.00 per unit.
20. Sold 12,100 units at Rs.10.00 per unit.
25. Paid carriage out on sales Rs.3,500.

REQUIRED:

Prepare dated journal entries (assuming that company uses LIFO method under perpetual Inventory system) Compute

the amount of gross profit under LIFO.

7. a) Define Accounting & differentiate it from book keeping
b) Define the following Accounting Concepts:
Matching, Cost, Consistency, Going Concern.

ACCOUNTING 2011

Time: 3 Hours (Private) Max Marks: 100

Instructions: Attempt any five questions.

1. FINANCIAL STATEMENT

The following is the pre-closing trial balance of Yasir & Co. on December 312010.

Title of Account	Debit	Credit
Cash	3,00,000	
Accounts receivable	2,00,000	
Merchandise inventory	1,00,000	
Prepaid inventory	90,000	
Cost of goods sold	7,00,000	
Salaries expense	55,000	
supplies expense	15,000	
Rent expense	40,000	
Accounts payable		1,00,000

Unearned commission		50,000
Yasir Capital		2,50,000
Sales		11,00,000
Total	15,00,000	15,00,000

Additional Information for Adjustments:

(i) Commission income is unearned to the extent of Rs. 5000. (ii) Supplies used during the year Rs.3,000 (iii) Commission receivable for the year Rs.14,000.
(iv) Prepaid rent Rs.25,000.
(v) Salaries payable for the year amounted to Rs.5,000. (vi) Advertising prepaid Rs.43,000.

REQUIRED

(1) Prepare Income Statement for the year ended on Dec. 31, 2010.

(2) Prepare Balance Sheet as on Dec.31, 2010.

2. <u>WORK SHEET:</u>

The following is the unadjusted Trial Balance Mansoor Trading Co.at December 31, 2010.

Account Titles	*Debit*	*Credit*
Cash	Rs.20,000	
Accounts receivable	180,000	
Merchandise inventory (1·1·2010)	50,000	
Office supplies	4 000	
Furniture	100 000	
Allowance for depreciation- Furniture		38,000
Accounts payable		50,000
Mansoor, Capital		205,000
Mansoor, Drawings	15,000	
Sales		
Rent revenue		80,000
Purchases	180 000	
Salaries expense	51,000	
Insurance expense	40,000	
	640,000	*640,000*

Supplementary Data for Adjustments:

a) Merchandise inventory on December 31, 2010 was valued at Rs.60 000.
b) Salaries expense for the year amounted to Rs.45,000.
c) Unexpired insurance Rs.3,500.
d) Depreciation on furniture for the year Rs.15,000.
e) Office supplies on hand on December 31, 2010 Rs.1,000.
f) Rent revenue includes an amount received in advance Rs.2,000.
g) Goods costing Rs 2,000 were taken by Mansoor for private use was not recorded.

REQUIRED

Prepare Ten - column worksheet.

3. **BANK RECONCILIATION STATEMENT:**

GIVEN During the process of completing the bank reconciliation of Rahim Co. on July 31. 2011the following facts were discovered:

Cash book balance Rs 560,000. Bank statement balance (Dr.) Rs.430, 000.

a) A cheque for Rs.51, 000 deposited into bank was wrongly entered into bank statement for Rs.15,000.
b) L/C documents retired but not recorded in cash book Rs.450, 000.
c) Bank charged markup on running finance Rs.3, 600.
d) Cash withdrew Rs.500, 000 was recorded in cash book but withholding tax Rs.1,000 not recorded.
e) Bank credited excess L/C margin charged Rs.9, 200.
f) M/S Asim Co. paid Rs.135, 000 through online.
g) Cheque of Zulfiqar Co. returned Rs.80, 000 by bank. And bank charged Rs.450.
h) Rahim Co. paid to lrfan Co. Rs.50,000 through online but not recorded in cash book.
i) Bank charged commission Rs.650.
j) Bank debited Rs.92,500 against L/c margin but not recorded in cashbook.
k) Uncleared Cheques Rs.850,000.
l) Unpresented Cheques Rs.430,000.

REQUIRED

Prepare Bank Reconciliation Statement and also adjusting entries in the journal.

4. **INVENTORY VALUATION**

GIVEN following transactions relate to the business of Babar Traders: November Balance in merchandise inventory 7,000 units @ Rs.7.00

2: Purchased merchandise for cashRs.2 1,000 at a unit price of Rs.4.00

5: Purchased merchandise on account Rs.2, 500 at a unit price of Rs 5.00

7: Sold 4,100 units on account at Rs.10.00 per unit

10: Purchased 5,000 units at Rs.5.00 per unit

12: Sold 10,100 units at Rs.10.00 per unit

15: Purchased 4,500 units at Rs.8.00 per unit

20: Sold 5 000 units at Rs.10.00 per unit 25:

Paid carriage outwards on sales Rs.2, 500

REQUIRED:

- Prepare dated journal entries assuming that company uses FIFO method under Perpetual Inventory System.
- Show necessary computations for cost of ending inventory cost of goods sold, and sales of the merchandise.
- Compute the amount of gross profit under FIFO method.

5. **DEPRECIATION**

Asim Company Purchased the following machines under one head i.e. Machinery:

Machine	*Date of Purchase*	*Cost (Rs.)*	*Res/duo/ Value*	*Life/Rote*	*Method*
A	June 30,2008	500,000	20% of cost	20 years	Straight line
B	Nov.1,2009	400,000	Rs.80,000	15%	Reducing Balance
c	July 4,2010	300,000	Rs.20,000	70,000 hours	Working Hours

REQUIRED:

1) Prepare adjusting journal entries for 2008, 2009 and 2010 to record depreciation for machine. The company has operated Machine C 3,000 hours in 2010.
2) Show allowance for depreciation account for Machinery for the year 2010.
3) Prepare a partial Balance Sheet on December 31, 2009.

6. **VALUATION OF ACCOUNTS RECEIVABLE:**

a) GIVEN Rafiq & Co. has the following balances on Jan. 1,2010:

Accounts receivable Control Rs.450,000

Allowance for bad debts Rs.7, 500

During the year company completed the following transactions:

1. Total sales including 60% cash sales of Rs.500, 000.

2. Sales discount Rs.10, 000.

3. Collected cash from customers Rs.240, 000.

4. One of the customer accounts receivable subsidiary ledger showed a credit balance of Rs.5,000.

REQUIRED

- Prepare adjusting journal entries if bad debts estimated @ of 5% of net credit sales.
- Prepare partial balance sheet.

(b) The following account balance appears on the balance sheet of zafar & Sons as on Dec, 31, 2010.

Accounts receivable Control Rs. 96,000 Allowance for bad debts Rs: 1,920.

During January 2011, the following events took places:

- A/c receivable of 3,500 was written off as uncollectable.
- An account receivable for Rs. 1,500 was written off in 2010 is recovered.
- Aging of accounts Receivable at the end of month indicted that Rs. 2,000 to be uncollected.

REQUIRED:

1). given the necessary entries to given effects to the above transaction.

2). Prepare a Partial Balance sheet after giving effect to the above events.\

7. <u>PARTNERSHIP - ADMISSION</u>

(a) GIVEN Nuvaira and Khuba are partners with capital of Rs.26 000 and Rs.22, 000 respectively. They admit Erma as partner with 1/4" share in the profit of the firm. Erma brings in Rs.26, 000 as his share of capital.

REQUIRED

Give journal entry to record good will on Erma's admission

b) GIVEN Maham, Alvena and Zobia were partners in a firm sharing profits in the rat o of 3:2:1.Zobia retired and the new profit sharing ratio between Maham and Alvena was 1:2. On Zobia's retirement the goodwill of the firm was valued at Rs.30, 000.

REQUIRED

Pass necessary entry for the treatment of goodwill on Zobia's retirement without opening goodwill account.

THEORY

GIVEN Attempt any four of the followings:

1) Differentiate between the books of original entry and books of final entry. Explain each of them with three examples. 2) Define any two of the following accounting concepts:

(a) Matching (b) Cost (c) Consistency (d) Going concern

3) Why does bus ness prepare trial balance income statement and balance sheet? Make comparison between any two.
4) Describe the differences between capital expenditures and revenue expenditures.
5) a) Why do businesses spend a lot of money on accounts department? b) Who are possible stakeholders of a business?

ACCOUNTING 2011

Time: 3 Hours (Regular) Max Marks: 100

Instructions: Attempt any five questions.

1. <u>WORK SHEET:</u>

GIVEN Following is the pre-closing trial balance of Mehfooz & Co. on December 31, 2010.

Title of Account	*Debit*	*Credit*
Cash	70,000	
Accounts receivable	24,000	
Aircraft	1,200,000	
Allowance for depreciation -Aircraft		12,000
Accounts payable		18,000
Bank loan		25,000
Capital		1,000,000
Revenue from passengers		260 000
Revenue from cargo		85,000
Maintenance and overhaul	33,000	
Passenger services	15,000	
Aircraft fuel	26,000	
Salaries Expense	32,000	
	1,400,000	***1,400,000***

Additional Information:

(i) Salaries accrued Rs.3, 000 and prepaid salaries for Rs.5, 000.
(ii) Bad debts estimated at 10% of accounts receivable.
(iii) Interest on bank loan Rs.5 000 outstanding.
(iv) Unearned revenue from cargo Rs.10, 000 and earned receivable Rs.7, 000.
(v) Proprietor withdrew cash from the business Rs.5, 000 for private use.
(vi) Book value of Aircraft was estimated at Rs.1, 176, 000.

REQUIRED:

Prepare 10 - column worksheet from the data given above.

2. <u>ADJUSTING AND OPENING ENTRIES:</u>

GIVEN Take the balances and adjustment data given in question No.1.

REQUIRED:

(a) Adjusting and opening journal entries in General Journal.

(b) Name any three basic principles of accounting observed necessarily for making periodic adjustments.

3. <u>ACCOUNTS RECEIVABLE:</u>

(a) GIVEN: The following Information is related to Saleem & Co.
Accounts receivable Jan.01, 2010..Rs.1, 000, 000
Allowance for bad debts (Cr.) Jan.01, 2010.................................Rs.5, 000
Credit sales and collected during the year.................................Rs.800, 000 Accounts
receivable written off during the year ....Rs 20, 000 Bad debts
estimated 5% on accounts receivable ending balance.

REQUIRED

Compute the amount of bad debts and give an adjusting entry at Dec.31, 2010.

(b) GIVEN The following ledgers accounts are extracted from Naeem & Co.

Accounts Receivable

Jan.1 Balance	150,000	Sales Return	15,000
Sales	600,000	Cash	400,000
		Sales Discount	10,000
		Notes Receivable	25,000
		Allowance for Bad Debts	10,000
		Allowance for bad debts	
Acc. Receivable	10,000	Jan. 1 Balance	15,000

REQUIRED:

Prepare entries in General Journal from the above postings.

4. INVENTORY VALUATION:

a) The following data relate to the business of Aamir & Co.

Date		*Units*	*Unit Cost Price*
Nov. 1	Beginning inventory	6,000	Rs.100
Nov. 5	Purchased	3,000	Rs.150
Nov. 15	Sold	4,000	Rs.250
Nov.25	Purchased	7,000	Rs.180
Nov. 30	Sold	6,000	Rs.300

REQUIRED:

- Prepare inventory card under FIFO Method.
- Assume that Co. uses Periodic Inventory System. Compute cost of goods sold and merchandise Inventory (ending) under LIFO Method & calculate gross profit.

(b) GIVEN Saad Co. sells merchandise. At Dec.31, 2010 the Co.'s inventory amounted to Rs.50,000. During the 1st week of Jan. 2011the Co. made only one purchase and one sale. These transactions were as follows:

Jan. 3: Sold merchandise for Rs.20,000 cash. The total cost of merchandise amounted to Rs.11,200. Jan. 7: Purchased merchandise amounted to Rs. 10,000 term 2/10 n/30.

REQUIRED:

Prepare journal entries to record the above transactions under Perpetual inventory System.

5. VOUCHER SYSTEM:

GIVEN: Nazim & Co. uses Voucher System by net price method. Following are the vouchers prepared and Cheques issued during December, 2010:

Dec. 1:	Prepared voucher No.348 for Rs 40,000 payable to Amjad & Co. for machinery purchased on Terms 3/10,n/30.
5:	Prepared voucher No.349 for Rs.35,000 payable to Samsam & Co. for purchase of Merchandise on terms 2/10, n/30.
7:	Issued cheque No.203 in payment of voucher No.348.
10:	Prepared voucher No.350 for Rs.4,800 to replenish the petty cash fund for the following disbursement: Supplies Rs.2,200;Entertainment Rs.1,300;Postage Rs.300; Miscellaneous general expense Rs.1,000.
20:	Issued cheque No.204 for in payment of voucher No.349 because the discount period had elapsed.
25:	Prepared voucher No.351 for Rs.5,000 as drawing by owner.
27:	Issued cheque No.20Sin payment of voucher No.351.

28:	Prepared voucher No.352 for Rs.10,000 payable to employees for December, 2010 salaries.
31:	Issued cheque No.206 in payment of voucher No.352.

REQUIRED:

Record the above transactions in General Journal form.

6. DEPRECIATION:

(a) GIVEN: Yasir & Co provides the following information:

Rate Per Unit	*Cost*	*Salvage Value*	***Estimated Production Units***
Rs.	Rs.	Rs.	……
2	80,000	20,000	?
4	100,000	?	20 000
?	150,000	30,000	30 000
3	?	50,000	150,000

REQUIRED: Compute the missing amounts from the above table.

(b) GIVEN: On October 1, 2008,Qasim & Co. purchased a machine for Rs.600,000 on account. The machine had an estimated service life of 10 years and an estimated residual value of Rs.50,000.The company uses SUM OF THE YEARS DIGIT METHOD for depreciation. On September 30, 2010 the company traded the machine for a new machine having an invoice price of Rs.500,000. The trade in allowance for the old machine on the date of exchange was Rs.400, 000.

REQUIRED:

Prepare dated entries in General Journal to record purchase of machine, and the exchange of machine on Sept.30, 2010.(Show all computations).

7. PARTNERSHIP:

Given: (a)

(i) Drawings made by partner
(ii) Fresh capital introduced by a capital
(iii) Share of profit earned by a partner
(iv) Commission payable to partner
(v) Interest on capital of a partner
(vi) Interest on drawing of a partner

Assuming the partners' capital accounts are fixed, record the above entries in relevant accounts.

(b).GIVEN: Ansari and Wilayat were partners sharing profits in the ratio of 3:2.On the date of dissolution, their capitals: Ansari Rs.76,500; Wilayat Rs.43,000.The amount payable to creditors was Rs.275,000.The balance of cash was Rs.7,600.The other assets realized Rs 254,300.The expenses on dissolution were Rs.15,400. All partners were solvent.

REQUIRED:

Prepare General Journal entries for the above transactions.\

CORRECTIONOF ERRORS

(a) GIVEN: The following errors were made during the current year and were discovered before closing the books of accounts:

1) Accrued advertising expense of Rs.5,000 was overlooked.

2) Return of goods of Rs.1, 500 by Shakeel was entered in error in Raheel’s account.

3) Cash drawings of Rs.4, 000 was credited to the bank of the cash book.

4) Repairs to machinery of Rs.3, 000 was charged to machinery account.

REQUIRED:

Rectify entries in General Journal.

(b) GIVEN: The following errors were made during the year 2009 and were discovered during 2010:

- Ending inventory was overstated by Rs.10, 000.
- Credit purchase of Rs 8, 000 was not recorded in 2009 although goods were received and included in the inventory of 2009.
- Additional investment by owner of Rs.100, 000 was credited to sales account.
- Goods taken out for owner's use Rs.7, 000 was debited to general expenses account.

REQUIRED:

Rectify entries in General Journal.

ACCOUNTING 2010

Time: 3 Hours (Regular) Max Marks: 100

Instructions: Attempt any five questions.

1. **MISSING FIGURES:**

(a) Each of the six horizontal lines in the following table represent a separate set:

	Beginning Inventory	*Net Purchases*	*Ending Inventory*	*Cost of Goods Sold*	*Gross Profit {Loss)*	*Net Soles*
1.	10,000	50,000	?	40,000	?	65,000
2.	12,000	?	10,000	?	20,000	70,000
3.	?	72,000	18,000	?	20,000	95,000
4.	?	50,000	15,000	55,000	?	50,000
5.	20,000	70,000	?	82,000	(2,000)	?
6.	22,000	?	18,000	72,000	28,000	?

REQUIRED:

Copy the above table and fill in the missing amounts, showing computations.

(b) The following are eight independent cases:

	Paid	***Accrued***	***Prepaid***	***Expense***
Salaries	33,000	7,000	Nil	?
Rent	40,000	Nil	15,000	?
Advertising	78,000	15,000	18,000	?
Utilities	20,000	5,500	?	22,500
Insurance	77,000	?	12,000	80,000
Repair	?	8,000	11,000	15,000
Interest	23,000	Nil	Nil	?
Taxes	?	Nil	Nil	22,000

REQUIRED:

Copy the above table and fill in the missing amounts, showing computations.

2. **WORK SHEET:**

GIVEN the following are pre-adjustment balances taken from the ledger of Amjad Company and month-ended adjustment data on November 30, 2010:

Cash	75,000	
Office supplies	9,000	
Prepaid rent	36,000	
Unearned commission		27,000
Amjad, Capital		76,000
Commission earned		83,000
Salaries expense	66,000	

Adjustment Data:

(a) Office supplies used during the month Rs.6,000.

(b) Unearned commission was nil.

(c) Commission earned during the month Rs.120,000.

(d) Prepaid salaries amounted to Rs.10,000.

(e) Salaries expense for the month Rs.60,000.

(f) Rent expense for the month Rs.30, 000.

REQUIRED:

Prepare 10 - column worksheet.

3. ADJUSTING AND REVERSING ENTRIES:

Take the balances and the adjustment data given in question No.2.

REQUIRED:

Prepare: (a) Adjusting entries. (b) Reversing entries.

4. BANK RECONCILIATION STATEMENT

GIVEN The cash in bank account for Imam Company at January 31, of the current year indicated a balance of Rs.18,380. The bank statement indicated a balance of Rs.29,106. The comparison of the bank statement with the records revealed the following reconciling items:

- Cheques outstanding totals Rs.13,442.
- A deposit of Rs.6, 918 has been too late to appear on the bank statement.
- The bank had collected Rs.4,330 on notes receivable with face value of Rs.4 000.
- A cheque for Rs.93 issued was erroneously recorded in cash book as Rs.39. the cheque was for the payment to Aleem & Co. for the purchase of office equipment.
- A cheque drawn for Rs.505 had been erroneously charged by bank as Rs.550.
- Sank service charges for January amounted to Rs.29.

REQUIRED

(a) Prepare bank reconciliation statement.

(b) Record necessary entries in general journal form.

5 INVENTORY VALUATION:

(a) GIVEN The following are selected transactions performed by Zenat Trading Company:

Purchased merchandise on account Rs 27,000.

Received allowance on supply of defective goods Rs.2,000.

Sold merchandise costing Rs.16 000 on account for Rs.20 000.

Accepted the return of defective merchandise from customer (cost Rs.4,000 sales price Rs.5,000).

REQUIRED

Prepare general journal entries under:

1) Periodic System 2) Perpetual System

(b) State the effects of understatement of ending inventory on:

(i) Cost of goods sold (ii) Net Income (iii) Current assets (v) Total assets (v) Owner's equi

6 DEPRECIATION:

(a) GIVEN On March 31,2007 Safeer Company purchased a machine at a cost of Rs.400,000,which was expected to be sold for Rs.40,000 after its estimated useful life of 4 years. Company follows calendar year as its accounting period.

REQUIRED:

Compute annual depreciation expense from 2007 to 2010 under:

Sum of the years' digit method.

50% diminishing balance method. Limit the accumulated depreciation to the amount of depreciable cost.

(b) GIVEN the following are selected transactions performed by sanaullah & Sons:

Jan. 1.2007: Purchased equipment at Invoice price of Rs.200,000 on credit terms 2/10,n/30. Jan.9.2007 Paid the invoice of January 01.

Dec.31.2010: Sold the equipment for cash Rs.40,000.

The equipment had estimated life of six years and salvage value of Rs.14,000. Straight line method is used and accounts are closed on December 31.

REQUIRED:

- Prepare general journal entries to record:
- Purchase of equipment and payment or invoice.
- Sale of equipment supported by proper computations.

7 ETNERSHIP – ADMISSION:

GIVEN the following are balance sheet data of Lalani & Mohsin Partnership on June 30, 2010.

Cash	30,000	Lalani, Capital	120 000
Inventory	70,000	Mohsin, capital	180,000
land	200,000		
	300,000		300,000

On July l, Sikander is admitted as a partner after revaluing inventory & land at Rs. 5,000 Rs.300, 000 respectively, recognizing goodwill of Rs 50,000 and recording accrued taxes Rs.10,000.

Sikander is to purchase 25% of Mohsin's ownership interest for Rs.65,000 & to be contribute sufficient cash for acquiring 1/3 interest of the entire partnership equity. Lalani and Mohsin share profit/loss equally.

REQUIRED:

Prepare:

(a) General journal entries.

(b) Balance sheet after admission.

ACCOUNTING 2010

Time: 3 Hours (Private) Max Marks: 100

Instructions: Attempt any five questions.

Q1-ADJUSTING ENTRY

GIVEN The following are selected balances before adjustments and adjustment data for Qureshi Enterprises at end of annual accounting period, December 31, 2010:

Allowance for bad debts		4 000
Unexpired insurance	48,000	
Prepaid rent	16 000	
Prepaid salaries	18,000	
Prepaid taxes	19,000	
Rent payable		8,000
Advertising payable		10,000
Taxes payable		6,000
Salaries expense	64000	
Rent expense	22000	
Advertising expense	20000	
Taxes expense	30,000	

Adjustment Data:

- Allowance for bad debts was estimated at Rs.3, 000.
- Insurance policy was acquired onMay1, 2010 for one year.

- Rent was prepaid to the extent of Rs.12, 000.
- Rent payable amounted to Rs.12 000.
- Sales were prepaid to the extent of Rs.6, 000.
- Actual salaries expense for the year amounted to Rs.78, 000.

- Advertising payable amounted to Rs.14, 000.
- Actual advertising expense for the year amounted to Rs.21, 000.
- Prepaid taxes were Rs.24, 000.
- Actual taxes for the year amounted to Rs.27, 000.

REQUIRED
Prepare adjusting entries in General Journal.

Q-2 WORK SHEET

GIVEN: The following are trial balance and adjustment data for Zaidi's Shop on December 31, 2010:

Cash	9,200	
Accounts receivable	21.400	
Merchandise inventory, Jan 1	3 200	
Prepaid rent	1800	
Furniture	12,000	
Accumulated depreciation		2400
Unearned commission		
Capital, Zaidi		48400
Sales		
Sales discount	300	
Purchases	32,000	
Purchase return		
Transportation -in	500	
Salaries expense		
Rent expense	1,200	

Adjustment Data:
(a) Accounts receivable were extracted to realize Rs.20 000.
(b) Book value of furniture was estimated at Rs.9, 000.
(c) Rent was prepaid to the extent of Rs.600.
(d) Commission earned during the year amounted to Rs.2, 400.
(e) Actual salaries expense for the year amounted to Rs.4, 800.
(f) Merchandise inventory on Dec.31was valued at Rs.8, 800.

REQUIRED
Prepare 10 - column worksheet.

Q-3 FINANCIAL STATEMENTS
GIVEN Take the trial balance and the adjustment data given in quest on No.2.
REQUIRED
Prepare:
(a) Multi -step Income Statement.
(B) Classified Balance Sheet.

Q-4 VOUCHER SYSTEM
GIVEN The following transactions were completed during March 2010 by Khan Company, which Uses voucher system:
1. Issued cheque No. 74 for Rs.20, 000 in payment of outstanding voucher No. 99.
2. Issued cheque No.75 for establishment of petty cash fund in the amount of Rs.5, 000 (voucher No.101).
3. Purchased merchandise for Rs.21, 000 from Farooq Ltd. On a/c. (voucher No. 102). Khan Co. follows perpetual system.
4. Returned merchandise worth Rs.1, 000 to Farooq ltd. (voucher No.103).
5. Issued cheque No.76 in payment of voucher No. 103 after deducting 2% cash discount.
6. Issued cheque No.77 for travel advance to an employee (voucher No.104).

7. Signed a 60-day 10% note of Rs.12, 000 in payment of outstanding voucher No.100.
8. Issued cheque No.78 for Rs.15, 600in settlement of a note payable including interest Rs.600 (voucher No.105). 09. Issued cheque No.79 for Rs.2, 000 to reimburse the travel expense incurred by the employee in Excess of travel advance. (Voucher No.106).
10. Issued cheque No. 80 to reimburse petty cash fund for supplies expense Rs.1,600,conveyance expense Rs.1,100,and entertainment expense Rs.1,400.(Voucher No.107).

REQUIRED:

Using two -column General Journal form make entries as the case may be, in:
(a) Voucher register.
(b) Cheques register.

Q-5 <u>VALUATION OFACCOUNTS RECEIVABLE</u>

GIVEN Tariq Traders has the following selected information from its business records during 2009: (a) Sold merchandise for Rs.220, 000 on account and for cash Rs.50, 000.
(b) Collected cash from customers Rs 60 000.
(c) accepted a note from customer on account Rs.6, 000.
(d) A customer ale. Reveals a credit balance of Rs.000.
(e) A worthless account written off Rs.7, 000.
(f) Earlier written off account recovered Rs.5, 000.
Balancc1at 1-1-2009:
Accounts receivable Rs.150, 000
Allowance for bad debts (Cr.) 7,500
Notes receivable 3,000

REQUIRED:
(i) Prepare journal entries for (a) to (f) above.
(ii) Compute and prepare the adjusting entry assuming that bad debts are estimated at 5% of a/c. receivable at end.
(iii) Prepare the part al balance sheet as at Dec.31, 2009.

Q-5 INVENTORY VALUATION

GIVEN lnam Company's beginning inventory and purchases during the fiscal year ended June 30, 2010 are as follows:

		Units	***Per Units***
Jul. 1, 09	**Inventory**	1,000	50.00
Jul. 10, 09	**Purchases**	1,200	52.50
Aug. 30,09	Purchases	800	55.00
Oct. 1,09	Purchases	2,000	56.00
Dec. 15,09	Purchases	1,500	57.00
Feb.l,10	Purchases	700	58.00
Mar. 20, 10	Purchases	1,370	60.00
May 21, 10	**Purchases**	450	62.00

The company uses the Periodic Inventory System and the Co. sold S, 800 units for total amount of Rs.536, 000 during the year.

REQUIRED

Determine the cost of ending inventory on June 30, 2010, under each of the following inventory costing methods:
(a) FIFO (b) LIFO (c) Weighted Average
(d) Gross Profit Method, assuming that above mentioned sales were made at an estimated gross profit rate of 40%.

Q-7 DEPRECIATION

GIVEN The following data relate to the three machines acquired by Mumtaz Company on January 1, 2005:

[redacted]

(b) Recording General Journal the disposal of machines as per the following descriptions:

(i) Machine C is traded in with Machine D priced Rs.480, 000 receiving trade in allowance equal to book value on December 31, 2006.

(ii) Machine Bus sold for cash Rs.190, 000 on July 1, 2007.

(iii) Machine A is retired \without any consideration on September 30, 2009.

Q-8 PAHTNERSHIP -ADMISSION

GIVEN Shahab and Usman are equal partners with capital of Rs.100, 000 each. Jamal is admitted for 1/3"interest.

REQUIRED

Make entries in General Journaling each of the following independent cases:

(a) Jamal invests cash Rs.160, 000 in a total capital of Rs.360, 000.

(b) Jamal invests cash Rs.180, 000 in a total capital of Rs.420, 000.

(c) Jamal invests cash Rs.60, 000 in a total capital of Rs.270, 000.

(d) Jamal purchases 1/3" interest of each of the old partners after recording goodwill of Rs.100, 000.

ACCOUNTING 2009

Time: 3 Hours (Private) Max Marks: 100

Instructions: Attempt any five questions.

1. **SPECIALJOURNALS:**

GIVEN From the following data:

2009	*Customers*	*Rs.*
Feb.2	Waqar Bros.	15,000
Feb.16	Naseem & Sons	20,000
Feb.28	Nasir & Co.	10,000
2009	*Suppliers*	*Rs.*
Feb.1	Maroof Traders	35,000
Feb.14	Qamar Printers	15,000
Feb.26	Hameed Merchant	5,000

REQUIRED:

(a) Compete the sales Journal (page 22).

(b) Complete the purchase journal (page 33).

(c) The control accounts.

(d) The A/c. receivable running balance from subsidiary ledgers

2. **WOR K SHEET:**

GIVEN following information related to Zulfiqar & Sons as at December 31, 2008.

Balance Before Adjustments		
	Debits	*Credits*
Rent expense	5 000	
Salaries expense	20,000	
Sales supplies	3,000	
Office equipment	60,000	
Merchandise inventory	25,000	
Cost of goods sold	170 000	
Cash	40,000	
Zulfi – Capital		113,000
Sales		2,15,000
Sales return & allowance	5 000	
	328,000	**328,000**

Balance Day (31- 12 -08) Data:

- Rent expense Rs.3,000.
- Salaries expense Rs.25,000 for the year.
- Sale supplies used Rs.2,000.
- 10% depreciation was estimated on office equipment.

REQUIRED:

Prepare a ten column work sheet.

3. **ADJUSTING / REVERSING & BALA NCE SHEET:**

GIVEN Refer to the question No. 2 of this paper and prepare:

(a) Dated adjusting and reversing entries.

(b) The balance sheet as on December 31, 2008.

4. **CLOSING & INCOMESTATEMENT:**

GIVEN The following extracts are related to Mr. Tariq after adjustments at June 30, 2009.

Sales	250,000	**Salaries expense**	10,000
Inventory beginning	10,000	Bad debts expense	3 000
Purchases	53,000	Purchase returns	1,000
Commission income	1,000	Depreciation expense	5,000
Sales discount	5,000	Utility expense	4,000
Allowance for bad debts	11,000	Inventory ending	15,000
Rent expense payable	11,000	**Tariq Drawings**	19,000

REQUIRED:

(a) Necessary date closing entries.

(b) An Income Statement for the year ended June 30, 2009.

5. **BANK RECONCILIATION:**

GIVEN M/S. Ali Sher's cash book showed a debit balance of Rs.204,520, while the bank statement showed ac credit balance of Rs.163,650 at 31-1-09.

The following items were discovered causing the difference in cash and bank balances:

Bank charges not entered in cashRs.S20.

Cheques issued but not presented Rs.25, 000.

Promissory note collected by bank, but remained unrecorded in the firm's books Rs.46, 000.

Cheques deposited but not shown on bank statement Rs.61, 350.

Interest credited by the bank, not recorded in cash Rs 3 000.

NSF Cheques returned by the bank Rs.53 000.

REQUIRED:

Prepare a Bank Reconciliation Statement and also entries to adjust the cash balance in General Journal.

6. ACCOUNTS RECEIVABLE:

GIVEN The following data is taken over from record of Faizan Co.

	31.12.07	*31. 12.08*
Accounts receivable	150,000	260 000
Allowance for bad debts	3,000	
Allowance for bad debts (before adjustment)		(Cr.) 11,000

Total sales of Rs.300,000 including credit sales Rs.240 000.

Previously written off accounts recovered Rs.8,000.

cash collected from customers Rs.100,000.

Accounts receivable apply on note Rs.50,000.

Overpayment received from a customer Rs.20,000.

REQUIRED:

Estimate the bad debts at 10% of receivable.

Give the dated adjusting entry for 2008.

Allowance for bad debts to justify the above information.

Prepare the partial balance sheet as on Dec.31, 2008.

7. INVENTORY VALUATION:

GIVEN The following data related to the business of Ashraf Company, which uses the Perpetual System and FIFO Method.

Purchase	Sales
Nov. 4 300 Unit @ Rs. 55	Nov. 8 350 units @ Rs. 70
Nov. 9 400 unit @ Rs. 60	Nov. 20 600 Units @ Rs 80
Nov. 25 400 unit @ Rs. 65	Nov. 30 100 units @ Rs 90

REQUIRED:

Prepare an inventory card, indicating each day's inventory.

Give the cost of goods available for sale and the cost of goods sold at Nov.30. (ii) Compute gross profit.

8. DEPRECATION:

GIVEN Arshad & Co. acquired two machines on 3rd March, 2006 for Rs.440, 000 each. The machines have estimated salvage value of Rs.40 000 each. Other information is as under:

Machines	*Life in*	*Produces/Uses*
A	200,000 units	2006: 50,000 units,2007:100,000 units
B	500,000 hours	2006:70,000 hours,2007:80,000 hours

REQUIRED:

1) Compute the depreciation of both the machines for the year ended Dec. 31, 2006 and 2007.
2) After producing 150,000 units, the above machine -A was sold at a gain of Rs.10,000. The machine - B was trade in with a new machine – C at Rs.20,000 less than its book value after 150,000 hours of use (loss is recognized).

Give the entries for the above disposal. Show necessary computation also.

9. PARTNERSHIP- LIQUIDATION:

GIVEN lrfan, lmran and Kamran are partners in a firm sharing profits and losses in the ratio of 2:3:1respectively.They decided to dissolve the firm on January 1, 2010. On this date, the firm's posit on was as follows:

Cash Rs.140, 000; other assets? ; Acc. payable Rs.120, 000; lrfan CapitalRs.240 000; lmran Capital Rs.360, 000; Kamran Capital Rs.120, 000.

The other assets were sold for Rs.460, 000, liabilities were paid in full. Remaining cash was Distributed among the partners.

REQUIRED:

1. Give necessary entries in the General Journal for the liquidation of firm.
2. Prepare liquidation summary.

ACCOUNTING 2009

Time: 3 Hours (Regular) Max Marks: 100

Instructions: Attempt any five questions.

1. **TER MINOLOGY:**

(a) Briefly describe any five of the following:

- Contra asset.
- Book of original entry.
- Book of final entry.
- Adjunct account.
- Discount lost.
- Discount expense.

(b) JOURNAL ENTRIES:

GIVEN Give the journal entries to record any five of the following:

(i) The corrected cash balance at end for a NSF cheque of Rs.1,000.
(ii) The merchandise drawing by the owner valued Rs.2,000.
(iii) The business cash deposited into the business bank account Rs 3,000.
(iv) The discount lost under net price method Rs.4 000.
(v) The closing entry for owner's drawings of Rs.5,000.
(vi) The correction entry for overcharged bad debts after closing Rs.6,000.

(c) MERCHAND ISE BUSINESS:

GIVEN Sumsan Traders completed the following related transactions fora month:

i. Purchased merchandise under the term 2/10,n/30,valued Rs.100,000.
ii. Paid transportation on it Rs.3,000. iii. Returned defective merchandise valued Rs 5,000. iv. Availed the discount as payment made within 10 days.

REQUIRED:

Record the above transactions in the General Journal of the trader.

2. **SUBSIDIARY LEDGER / TRIAL BA LANCE:**

GIVEN Raziq Company started business on 1.1.09 with a capital investment of Rs.100,000. On May 31, 2009, its special journals revealed the following information:

Purchase Journal (PJ)……………………………Rs.15,000

Sales Journal (SJ)………………………………..Rs.45,000

Title of Accounts	**Debit**	**Credit**
Accounts receivable		8,000
Sales		70,000
Capital		1,00,000
Cash	178,000	
Cash Payment Journal (CPJ)	--	--
Sundry accounts:	--	--
Salaries expense	6,000	

Utility expense	3,000	
Accounts payable	4,000	
Cash		13,000

REQUIRED:

(a) Compute the May 31, 2009, balances of the required items stated above.
(b) Prepare a trial balance in sequence at May 31, 2009.

3. ADJUSTINC & RIVERSING ENTRIES:

GIVEN The following are the unadjusted balances taken from the books of Mobeen & Company on Dec. 31, 2008:

Debit (Rupees):

Cash Rs.26,000; Supplies Rs.14,000; Accounts receivable Rs.24,000; Equipment Rs.36,000; Salaries expense Rs.20,000 and Advertising expense Rs.16,000.

Credit (Rupees):

Accounts payable Rs.5,000; Accumulated depreciation (Equip) Rs.5,000; Mobeen Capital Rs.56,000 and Commission income Rs.70,000.

4. WORK SHEET:

GIVEN Refer to the question No. 3 of this paper and prepare a ten column worksheet.

5. CASH CONTROL:

(a) GIVEN The following information pertains to Aziz Traders for September 30, 2009.
Balance as per bank statement. 220,050
Balance as per cash book. 91,025

(i) Proceeds of depositors note collected by the bank……………..Rs.?
(ii) Deposit in transit…………………12,474
(iii) Outstanding Cheques……………23,195
(iv) Bank error detected Rs.675 from Aziz account for a cheque actually written for………..6,750

REQUIRED

Prepare: a). A Bank Reconciliation Statement. b). Adjusting entry OR entries.

(b) GIVEN Hafeez Company uses the voucher system, and performed the following selected transactions:

Feb.1 Prepared a voucher No.27 of Rs.10,000 for merchandise purchased at 2/10,n/30.

Feb.4 Recorded the voucher No. 28 of Rs.1,000 payable to GEO -TV for advertisement.

Feb.10 issued a cheque No.0033 for the voucher No.27, after discount and a cheque No. 0035 for the voucher No.28.

Feb.25 Prepared voucher No.29 and issued the cheque No.0036, for purchase of an office typewriter Rs.5,000.

Feb.28 Prepared voucher No.30 for the utility bills of Rs.4,000 for the month.

REQUIRED:

Record the above transactions of voucher and the cheque register (in general journal).

6. ACCOUNTS RECEIVABLE:

GIVEN Hadi started business on 1.1.07, the following are his selected transactions:

2007:

Nov.10: Sales of Rs.320, 000 Including cash sales Rs.40,000.

Dec.25: Collected Rs.50,000 for credit sales

Dec.31: Hadi estimates the bad debts for the year Rs.9,000.

2008: May l: Various accounts were found worthless and written off Rs.20,000.

Jul. 15: Total sales were Rs.350,000 including 10% for cash sales.

Oct. 25: Total cash collected on account Rs.150,000.

Nov. 20: previous y written off accounts recovered Rs.8,000.

Dec. 31: Hadi estimates the bad debts for the period Rs.18,000.

REQUIRED:

- Prepare necessary dated entries in the General Journal for the period 2007 and 2008, using allowance method for estimating the bad debts.
- Prepare the partial balance sheet as at end of 2007 only.

7. INVENTORY VALUATION:

(a) GIVEN The following year's data is available for a single product of a company:

	2007		2 08	
	Units	Rate	Units	Rate
Purchase	900	35	1,100	43
	1,000	37	750	46
	600	40	800	48
Sale	1,000		2,300	

The company uses FIFO method.

REQUIRED:

Compute the inventory at the end of the each year.

What is the amount of beginning inventory of 2008?

(b) GIVEN On February 1, 2008, Abid Company had inventory of a commodity 150 units @ Rs.15. during February his transactions were as follows:

Feb.6 Purchased 150 units @ Rs.16.

Feb.10 Sold 180 units @ Rs.20. Feb.21

Purchased 150 units @ Rs.17 Feb.23

Sold 160 units @ Rs.22.

Feb.25 A customer returned 10 units from Feb.10 sale.

The company uses perpetual system of inventory applying Moving Average Method.

REQUIRED:

Prepare inventory card and find out the value of ending inventory.

8. DEPRECATION:

GIVEN Khalil Company uses 40% Reducing Balance Method for its office equipment costing Rs.300,000 acquired on Sept. 1, 2005.

The salvage value is estimated at 1/6 of the cost. The company closes its books at December 31, each year.

On January, 2008, the equipment was disposed off as under each of the following independent situations:

i. Discard equipment without any proceeds.
ii. Sold at loss of Rs 45,000 for cash. iii. Exchange with similar type of asset along with cash payment of Rs.16,200 having trade in loss of Rs.5,000.

REQUIRED:

i. Compute the book value of the asset at 1.1.08.
ii. Give the adjusting and clos ng entries at Dec. 31, 2007.
iii. Prepare journal entries for each type of disposal stated above.

9. PARTNERSHIP-LIQUIDATION:

GIVEN The IMKO Partnership is being liquidated. After all liabilities have been paid and all assets sold, the following balances of the partners capital accounts are as follows: lmran Rs.530,000 credit balance; Muneer Rs.160,000 debit balance; and KamranRs.420,000 credit balance.

The partners share profit and losses as follows:

Imran 30%.

Muneer 60%

Kamran 10%.

REQUIRED:

If all assets are sold out and all liabilities are paid, estimate the cash and its distribution in General Journal. Muneer is personally insolvent and nothing can be recovered from him. Show necessary computations also.