

ACCOUNTING

2017

Time: 2:40 Hours (Regular & Private) Marks: 80

SECTION 'B' (SHORT-ANSWER QUESTIONS)

NOTE: Attempt any Four questions. (50)

2. SINGLE ENTRY:

Mr. Khan maintains single entry records. The assets and liabilities of the business are as follows:

	01-01-2016	31-12-2016
Cash	18,000	15,000
Account Receivable	20,000	30,000
Machinery	Nil	25,000
Account Payable	30,000	40,000
Bank Overdraft	Nil	15,000

Other information on 31-12-2016

- (i) He made additional investment of Rs.5,000 during year.
- (ii) Estimated allowance for bad debts Rs.1,250

(iii) Depreciation on fix assets estimated at 10%

(iv) Accrued interest on bank Overdraft Rs.300.

REQUIRED: (a) Compute the capital at start and end.

(b) Prepare statement of profit or loss for the year.

3. APPROPRIATION OF RETAINED EARNINGS:

M/s Zafar Ltd. has a paid up capital of Rs.500,000 divided into ordinary shares of Rs.10 each, for the year ended Dec.31, 2016. Company earned a net profit of Rs.250,000.

The Board of Directors approved the following:

- (i) To declare a cash dividend of Rs.2 per share (Hint: Number of outstanding shares 50,000).
- (ii) To appropriate Rs.30,000 for Building expansion.
- (iii) To appropriate Rs.10,000 for General Reserve.

REQUIRED:

- (i) To record all possible entries in General Journal
- (ii) Setup 'Retained Earnings' Account.

4. PARTNERSHIP - FORMATION:

Ghani, Asif and Imran formed a partnership on March 31, 2017. Ghani contributed cash Rs.700,000 Asif invested building which he purchased a few years ago for Rs.100,000. The current market value of the Building was Rs.700,000 but partners agreed to a value of Rs.600,000. Imran brought a Delivery Truck, value agreed by partners Rs.500,000. It was decided that each partner would have equal capital. So Asif and Imran would bring additional cash to have capital equal to that of Ghani.

REQUIRED: Give necessary entries in General Journal to record the above in the newly formed Partnership Firm.

5. PARTNERSHIP - RETIREMENT:

Nasim, Karim and Rahim are partners, having capital balances of Rs.180,000, Rs.270,000 & Rs.225,000 respectively. They share profit & loss in the ratio of 3:5:4. On March 31, 2017, Nasim retires from the firm. His settlement at Rs. 2,13,750. He is given a note of Rs.150,000 and balance in Cash.

REQUIRED: Record the Retirement of Nasim using Goodwill method.

6. ISSUANCE OF SHARES & DEBENTURE:

REQUIRED: Give entries in General Journal for the following transactions:

- (i) Issued 500 shares of Rs.10 each at Rs.12 each.
- (ii) Purchased Equipment costing Rs.300,000 and issued sufficient numbers of ordinary shares having market value of Rs.15 per share.