ACCOUNTING 2015

Time: 20 Minutes (Regular) Max. Marks: 20

SECTION "A" (MULTIPLE CHOICE QUESTIONS)

1. Choose the correct answer for each from the given options:

(i) Irf gross profit is Rs. 80,000 (20% of cost of goods sold), the amount of sales is:
- Rs. 400,000 • Rs. 480,000
- Rs. 520,000 • Rs. 100,000

(ii) The amount of capital is computed by subtracting liabilities from:
- Revenue • Assets • Drawing • Expenses

(iii) On allotment of shares the account credited is:
- Share Application • Share Capital
- Share Allotment • Share Discount

(iv) This is an intangible asset:
- Automobile • Tools • Goodwill • Fixture

(v) In the absence of partnership agreement, profit/loss is distributed:
- In beginning capital ratio • equality
- in average capital ratio • in ending capital ratio

(vi) Share of a public limited company is:
- Transferable • Non-transferable
- Refundable • Non-refundable

(vii) A joint stock company is registered with:
- Paid up capital • Issued capital
- Called up capital • Authorized capital

(viii) Accumulated Depreciation account is:
- Asset • Contra asset
- Current asset • Tangible asset

(ix) Income & Expenditure account in a non-profit concern is substitute of:
- Profit & loss account • Cash book
- Retained earnings • Statement of affairs

(x) Reserves are created out of:
- liabilities • cash • capital • retained earnings

(xi) This is shown in the shareholder's equity section of balance sheet:
- Debentures payable • Dividend payable
- Unclaimed dividend • Share premium

(xii) A public limited company is managed by its:
- Share holders • Bond holders
- Board of derectors • Auditors

(xiii) Under the Diminishing Balance method every year, the depreciation charge:
- fluctuates • remains constant
- increases • decreases

(xiv) This is a liability:
- Advance from customer • Loan to employee
- Accrued rent income • Advance to supplier

(xv) Another name of Straight line method is:
- Reducing balance method • Revaluation method
- Fixed instalment method • Units of output method

(xvi) Realization account may be opened in case of:
- admission • retirement
- dissolution • formation

(xvii) By its nature , a partner's current account is:
- fixed asset • current asset
- long term liability • owner's equity

(xviii) A joint stock company is owned by:
- shareholders • debenture holders
- board of directors • employees

(xix) By its nature, preliminary expense is:
- asset • liability • owner's equity • expense

(xx) In a non-profit concern, accumulated fund is a substitute of:
- liabilities • assets • capital • revenue

ACCOUNTING 2015

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

SECTION 'B' (SHORT – ANSWER QUESTIONS)

NOTE: Attempt any Five questions. (50)

2. Non-profit Concern:

A summary of receipts and payments of Aziz Sports Club for the first year ended Dec. 31, 2014 is as follows:

Receipts		Payments	
Subscriptions	280,000	Salaries	30,000
Interest on Investment in Bonds	1,000	Investment in bond	20,000
Match tickets	70,000	Sport expenses	28,000
Profit from sale of Refreshments	10,000	Ground Rent	52,000
		Purchase of Sports Goods	120,000
		Match expenses	22,000
		Miscellaneous exp.	21,000

Additional Information on December 31,2013:

(i) Subscriptions include Rs. 6,000 for year 2015
(ii) Subscriptions Receivable Rs. 8,000 at the end of 2014
(iii) Outstanding salaries were Rs. 2,000
(iv) Interest on Investment is accrued Rs. 1,000
(v) Depreciation is charged @ 10% on Fixed Assets.

REQUIRED: Prepare Income and Expenditure Account for the period ended Dec. 31,2014

3. Single Entry:

1. Find Profit of Loss, where Capital at start Rs.43,000, Capital at end Rs.45,000, Drawing Rs.14,000, capital introduced during the year Rs.20,000.
2. Find Capital at start, where: Capital at end is Rs. 87,000. Drawing Rs. 13,000, Capital introduced during the year Rs. 21,000, Profit for the year 23,000
3. Find Drawing , where: Capital at start Rs.20,000, Additional investment Rs.8,000, Profit for the year Rs.12,000, capital at end Rs.25,000
4. Find Capital at end, where: Capital at start Rs. 50,000, Drawing Rs, 18,000, Additional investment Rs. 10,000, Loss during the year Rs. 10,000.

4. Partnership – Liquidation:

On Decembert 31, 2014, the Balance sheet of the partnership of Kamran, Munawar & Haider sharing profit and loss in the ratio of 3:2:1 showed following position:

ASSETS		EQUITIES	
Cash	150,000	Accounts Payable	50,000
Machinery	600,000	Capital-Kamran	150,000
Furniture	200,000	Capital-Munawar	300,000
		Capital-Haider	450,000
	950,000		950,000

On this date partners deided to liquidate their business. Machinery was sold for cash Rs. 240.000. Furniture was taken over by Haider at an agreed value of Rs. 152,000. Liabilities were settled by payment of Rs.41,000. All partners are insolvent.

REQUIRED: Give entries in the General Journal.

5. Partnership – Admission:

A and B are partners with capitals of Rs.60,000 and Rs.40,000 respectively, sharing profit and losses in the ratio of 3:1. They agree to admit C as a partner.

REQUIRED: Give General Journal entries to record the admission of 'C' in each of the following cases separately:

Case 1: 'C' invests sufficient cash to acquire 1/5 interest in the total capital of the firm.

Case 2: 'C' invests Rs. 70,000 cash for 1/3 interest in the total capital of Rs. 180,000

6. Appropriation of Retained Earning:

Given: The following information in related to Zeel Company Limited on Dec. 31,2014.

Authorized Capital (500,000 shares of Rs. 10 each)	50,00,000
Paid up Capital (200,000 shares of Rs.10 each)	20,00,000
Retained Earnings	3,00,000
Income Summary (Credit)	2,85,000

The Board of Directors decided to.

(i) appropriate Rs.60,000 for plant expenasion and Rs. 50,000 for contingencies.
(ii) declare cahs dividend @ Rs. 0.80 per share and stock dividend @ 7%.
The stock dividend was settled by issuing suitable number of shares at par.

REQUIRED:

(a) Give entries in General Journal for the above.
(b) Prepare Statement of Retained Earning.

7. Partnership – Retirement:

Asif, Mazhar and Hasan were partners in a business sharing profit and loss in the ratio of 25%, 45% and 30% respectively. The balance sheet of their firm on December 31,2014 stood as under.

ASSETS		EQUITIES	
Cash	57,000	Accounts Payable	135,000
A/c. Receivable	270,000	Capital-Asif	684,000
Mrds. Inventory	198,000	Capital-Mazhar	756,000
Land & Building	1500,000	Capital-Hasan	450,000
	2025,000		2025,000

Hasan deceided to retire from the firm on above date. Before his retirement, following adjustments were made in the accounts of the firm:

i) 10% of accounts receivable estimated to be doubtful.
ii) Land and Building to be appreciated by 20%
iii) Merchandise Inventory to be reduced by Rs. 8,000

After making all adjustment, Hasan sold his entire interest to Mazhar.

REQUIRED: Give entries in General Journal for the above

8. Distribution of Profit/Loss:

Given: The capital accounts of Baba & Kaka are as follows:

BABA CAPITAL

June 1 Drawing	30,000	Jan. 1 Investment	100,000
Dec. 1 Drawing	30,000	Jul. 1 Investment	80,000

KAKA CAPITAL

Jul. 1 Drawing	60,000	Jan. 1 Investment	200,000
Nov.1 Drawing	30,000	Apr. 1 Investment	20,000

REQUIRED: Give entries in General Journal to close Income Summary account having a debit balance of Rs.20,000. Partners share profit / loss in average capital ratio.

SECTION C (DETAILLED –ANSWER QUESTION) (30)

NOTE: Attempt any two part question.

9.(a) Depreciation:

Given: The following are the selected transactions completed by Jannat Corporation during August 2014:

Aug.5 Purchased six computers at a list price of Rs.120,000 subject to trade discount of 10%, on credit terms 2/10, n/30. Paid fine of Rs. 500 on negligent driving while transporting the computers.

Aug.7 Purchased a printer for the system for cash Rs.8,000

Aug.10 Paid Rs.5,000 for installation of computers and Rs.2,000 for repairing the damage during installation.

Aug.14 Paid the liability dated August 5.

REQUIRED:

(i) Compute cost of the Office Equipment.
(ii) Give dated entries in general journal to record the above transactions.

(b) Formation of Partnership:

Maheen running a Boutique, forms a partnership with Raheen under the name of M.R. Boutique of January 1, 2015. The balance sheet data of Maheen's Boutique is as under.

Cash Rs.50,000; Accounts Receivable Rs.2,50,000; Allowance for Bad Debts Rs.20,000; Merchandise Inventory Rs.3,40,000; Prepaid Rent Rs.30,000; Store Equipment Rs.5,00,000; Accumulated Depreciation Rs.100,000; Accounts Payable Rs.9,70,000 and Notes Payable Rs.80,000.

Maheen transfer to the partnership her assets (except prepaid rent) and liabilities on the following values:

Accounts Receivable Rs.2,50,000; Merchandise at Rs.3,00,000; Equipment and Liabilities at book values. Goodwill of Maheen is to be recognized at Rs. 100,000.

Raheen invests land Rs.200,000 and buildings Rs.60,000. She also contributes sufficient cash to make her capital equal to that of Maheen.

REQUIRED: Prepare:

(i) General Journal Entrties (ii) Initial Balance Sheet

(c) Issuance of Shares and Debentures:

Azad & Co. completed the following transactions:

(i) Received application for 25,000 shares of Rs.10 each @ Rs.11 per share. The Co. issued 20,000 shares and refunded the excess amount.
(ii) Purchased land for Rs.3,37,500 issuing shares of Rs. 10 @ Rs. 13.50 per share.
(iii) Purchased Equipment and issued 4000 shares of Rs. 10 @ Rs.15 per share.
(iv) Issued 3,000 debentures of Rs.100 at par, redeemable after five years at Rs.103 each.
(v) Issued 2,000 debentures of Rs. 100 @ Rs. 95 redeemable after four years at Rs.105 each.

REQUIRED:

Give entries in general journal to record the above transactions.