Final on 31-1-2014

ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD
(Department of Commerce)

ADVANCED ACCOUNTING (444)

CHECKLIST

SEMESTER: SPRING, 2014

This packet comprises the following material:

1. Text Book (one)
2. Assignment No. 1, 2
3. Assignment Forms (2 sets)

In this packet, if you find anything missing out of the above-mentioned material, please contact at the address given below:

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(Department of Commerce)

WARNING

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENT(S) BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

Course: Advanced Accounting (444) **Semester: Spring, 2014**
Level: BA/B.Com **Total Marks: 100**
Pass Marks: 40

ASSIGNMENT No. 1
(Units: 1–4)

Note: All questions are compulsory.

Q. 1 Black and White joined together as co-ventures for equal share in profits through sale of Heaters. Black purchased 2,000 Heaters at Rs. 250 each for cash and sent 1,500 of these to White for sale, the selling price of each being Rs. 300. All the Heaters were sold by both and the proceeds collected.

Each venture recorded in his books only those transactions concluded by him, final profit/loss being ascertained through a Memorandum Joint Venture Account.

Black	Freight and Insurance	Rs. 9,000
	Selling Expenses	4,500
White	Coolie and Clearing charges	900
	Selling Expenses	13,500

Required:

i) Joint Venture A/c with White in the books of Black.
ii) Joint Venture A/c with Black in the books of White and
iii) Memorandum Joint Venture A/c. **(20)**

Q. 2 On 1st January, Nouman of Multan consigned goods for sale at invoice price to Mustansar of Lahore, who is entitled to commission @ 5% on invoice price and 20% of any excess price of goods sold. Goods costing Rs. 12,000 were sent to Mustansar at the invoice price of Rs. 14,400. The expenses of consignment amounted to Rs. 2000. On 31st March, an Account sale was received from Mustansar showing that he sold ¾ of the quantity of the consigned goods amounting Rs. 12,000. His actual out of pocket expenses were Rs. 1600. Mustansar accepted a bill drawing by Nouman for Rs. 5000 and remitted the balance due from him in cash.
Required: Show the Consignment A/c and Consignee A/c in the books of Nouman. **(20)**

Q. 3 A Head Office sends goods to its Branch at 20% less than the list price. Goods are sold to customers at cost Plus 100%. ***From the following particulars, ascertain the profit made at the Head Office and the Branch on wholesale basis:*** **(20)**

	Head Office	**Branch**
Purchases	Rs. 20,000	
Goods sent to Branch (Invoice Price)	8,000	
Sales	17,000	Rs. 8,000

Q. 4 A company carries on business through five departments, A, B, C, D, and E. the trial balance as at 31st December, 2012 was as follows:

	A	B	C	D	E
Opening Stock	Rs.5,000	Rs.3,000	Rs.2,500	Rs.4,000	Rs.4,500
Purchases	50,000	30,000	10,000	26,000	34,000
Sales	48,000	21,000	9,500	23,000	30,000
Closing Stock	6,000	4,000	3,500	5,000	5,500

The opening and closing stocks have been valued at cost. The expenses, which are to be charged to each department in proportion to the cost of goods sold in the respective departments, are as follows:

Salaries and Commission	Rs.5,510
Rent and rates	1,450
Miscellaneous expense	1,305
Insurance	580

Required: Show the final result and percentage on sales in each department and also the combined result with percentage to sales. **(20)**

Q. 5 The Fortune Corporation was formed with an authorized capital as follows:
20,000, 10% preference shares of Rs. 100 each
100,000 ordinary shares of Rs. 100 each
5000 deferred shares of Rs. 10 each.

Required: Pass the necessary journal entries to record the following transactions:

i. Issued 3000 10% preference shares at par and cash received.
ii. Issued 10,000 ordinary shares of Rs. 100 each at Rs. 110. All amounts received in cash.
iii. Acquired Equipment costing Rs. 210,000 and issued 2000 10% preference shares of Rs. 100 each.
iv. Land valued Rs. 225,000 acquired and 2500, 10% preference shares were issued against its consideration.
v. Issued 2000 deferred shares of Rs. 10 each to promoters in recognition of services rendered by them. **(20)**

ASSIGNMENT No. 2

Total Marks: 100 **(Units: 5–9)** **Pass Marks: 40**

Q. 1 The Yasir Corporation, was registered with a nominal Capital of Rs. 12,00,000 divided into equity shares of Rs. 10 each. On 31st March 2013, the following ledger balance were extracted from the company's book:

	Rs.		***Rs.***
Equity Share Capital up and Paid Up	920,000	6% Debentures	600,000
Plant and Machinery	720,000	Sales	830,000
Stock (1-4-2012)	150,000	4% Govt. Securities	120,000
Fixtures	14,400	Reserve for Doubtful Debts	7,000
Preliminary expenses	10,000	Sundry Creditors	100,000
Freight and Duty	26,200	Sundry Debtors	174,000
Goodwill	50,000	Buildings	600,000
Wages	169,600	Bad debts	4,220
Cash in hand	19,700	Commission paid	14,400
Cash at bank	76,600	Salaries	29,000
Director's fees	11,480	Purchases	370,000
Bills Payable	76,000	Interim dividend paid	15,000
General Reserve	50,000	Rent	9,600
Profit & Loss A/c (Cr) 1-4-2012	29,000	General Expenses	9,800
Office Equipment	8,000	Debenture Interest	10,000

The following adjustments were to be made:

i. The Stock on 31st March, 2013 was estimated at Rs. 2,01,600
ii. Final Dividend at 5% to be provided.
iii. Depreciation on Plan and Machinery at 10% and on Fixtures at 5%
iv. Preliminary expenses to be written off by 20%
v. Rs. 20,000 were to be transferred to General Reserve
vi. The provision for bad debts to be maintained at 5% on sundry debtors

Required: You are required to prepare the **(i)** Trading and Profit and Loss Account and **(ii)** Profit and Loss Appropriation Account for the year ended 31st March 2013 and the **(iii)** Balance sheet as on that date. **(20)**

Q. 2 Soban Corporation leases an equipment on 1st January, 2013 that has fair value of Rs. 15,000 from Basit Corporation for four years. Interest rate implicit in the lease is 12%. Useful life of equipment is 5 years. Annual rentals are payable at the end of each year. The lessee depreciates the asset using the straight-line method.

Required:

i. Compute the annual rentals payable.
ii. Prepare amortization schedule.
iii. Prepare the journal entries for the first two years in the books of lessee. **(20)**

Q. 3 What do you know about the Hire Purchase system? Also explain that how does it differ from the installment sales system? **(20)**

Q. 4 The following data is available from the financial statements of Askari Corporation: **(20)**

Opening Stock	Rs. 47,000	Sundry debtors	Rs. 42,000
Closing stock	53,000	Cash	10,000
Sales less returns	2,52,000	Bank	8,000
Provision for bad debts	2,000	Bills Receivable	15,000
Sundry Creditors	32,000	Provision for Taxation	15,000
Loose tools	4,000	Bills Payable	29,000
Purchases	1,80,000	Marketable securities	8,000

Required: You are required to compute to following Ratios of Askari Corporation:

i. Current Ratio
ii. Assets Turnover Ratio
iii. Inventory turnover Ratio
iv. Debtors Velocity
v. Creditors Velocity

Q. 5 Explain in detail the various kinds of shares, which are issued by a Joint Stock Company. **(20)**

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