

ALLAMA IQBAL OPEN UNIVERSITY

Level: Bachelor
 Paper: **Principles of Accounting (438)**
 Time Allowed: 3 hrs

Semester: Spring 2009
 Maximum Marks: 100
 Pass Marks: 40

Note: - Attempt any five questions. All questions carry equal marks. Question No.8 is compulsory.

Q.NO.1	In double Entry System. Illustrate your answer by putting some increase & decrease of variable accounting for Personal, Nominal & Real Accounts.																																																
Q.NO.2	What is difference between "Realization Account" and "Re-valuation Account"? What entries will be passed in both the cases?																																																
Q.NO.3	Explain the basic factors, which are usually considered while determining the depreciation of any particular Assets?																																																
Q.NO.4	<p>Rizwan, Imran and Reehan are partners. They share profit & loss in 5:3:2 ratio. Their Balance Sheet on 31st Dec, 2007 is as under:-</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>EQUITIES</u></th> <th style="text-align: right;">RS.</th> <th style="text-align: left;"><u>ASSETS</u></th> <th style="text-align: right;">RS.</th> </tr> </thead> <tbody> <tr> <td>Sundry creditors</td> <td style="text-align: right;">15,000</td> <td>Chas in hand</td> <td style="text-align: right;">5,650</td> </tr> <tr> <td>Bank overdraft</td> <td style="text-align: right;">6,000</td> <td>Cash at Bank</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>Rizwan,s capital</td> <td style="text-align: right;">90,000</td> <td>Sundry Debtors</td> <td style="text-align: right;">11,500</td> </tr> <tr> <td>Imran,s capital</td> <td style="text-align: right;">70,000</td> <td>Stock</td> <td style="text-align: right;">45,850</td> </tr> <tr> <td>Reehan,s capital</td> <td style="text-align: right;">50,000</td> <td>Furniture</td> <td style="text-align: right;">6000</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>2,10,000</u></td> <td>Less depreciation</td> <td style="text-align: right;">600</td> </tr> <tr> <td></td> <td></td> <td>Machinery</td> <td style="text-align: right;">49,000</td> </tr> <tr> <td></td> <td></td> <td>Less depreciation</td> <td style="text-align: right;">4400</td> </tr> <tr> <td></td> <td></td> <td>Building</td> <td style="text-align: right;">76,000</td> </tr> <tr> <td></td> <td></td> <td>Tools(Less Depreciation)</td> <td style="text-align: right;"><u>39,000</u></td> </tr> <tr> <td></td> <td style="text-align: right;">2,31,000</td> <td></td> <td style="text-align: right;">2,31,000</td> </tr> </tbody> </table> <p>They admitted Kamran on the following terms:-</p> <ol style="list-style-type: none"> i. Stock is revalued Rs 42,300. ii. Rs 200 on Debtors is not received. iii. Building is appreciated Rs 34,000 iv. Tools are revalued Rs 37,000. v. Furniture is valued Rs 5,000. Machinery at Rs. 42,000. vi. Kamran contributed Rs 80,000 for 1/5 Share in profit. vii. Good-will Account for Rs 84,750 is raised <p>Required: - Journalised the above matters & Prepare New Balance Sheet after admission.</p>	<u>EQUITIES</u>	RS.	<u>ASSETS</u>	RS.	Sundry creditors	15,000	Chas in hand	5,650	Bank overdraft	6,000	Cash at Bank	3,000	Rizwan,s capital	90,000	Sundry Debtors	11,500	Imran,s capital	70,000	Stock	45,850	Reehan,s capital	50,000	Furniture	6000		<u>2,10,000</u>	Less depreciation	600			Machinery	49,000			Less depreciation	4400			Building	76,000			Tools(Less Depreciation)	<u>39,000</u>		2,31,000		2,31,000
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Q.NO.5	<p>In checking the books, The following mistakes were discovered.</p> <ol style="list-style-type: none"> a. Goods of Rs 68 returned by smith on 30th Dec, were taken into stock, but no entry was passed until January of the following year. b. Iron grids of Rs 218 purchased for enlarging the factory, has been debited to purchases Account. c. A dishonored cheque of Rs 20, had been posted to Allowance account in stead of account of R.Down, from whom it had been received. d. Several creditors balances of Rs 270 stood in the "Bought hedger" representing cash paid for goods, but no invoices had been passed in books. <p>Required: - (i) Correct the Errors and show the (ii) Effect of the profit.</p>																																																
Q.NO.6	<p>Zafar keeps his books on single entry. His financial position on 1st January and 31st Dec 2008 is as under.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>1st January 2008</u></th> <th style="text-align: center;"><u>31st December 2008</u></th> </tr> </thead> <tbody> <tr> <td>Cash in hand</td> <td style="text-align: right;">Rs NIL</td> <td style="text-align: right;">Rs 1160</td> </tr> <tr> <td>Bank Balance</td> <td style="text-align: right;">Rs 3600</td> <td style="text-align: right;">14,400</td> </tr> <tr> <td>Stock</td> <td style="text-align: right;">19,200</td> <td style="text-align: right;">20,840</td> </tr> <tr> <td>Account Receivable</td> <td style="text-align: right;">30,000</td> <td style="text-align: right;">37,800</td> </tr> <tr> <td>Account Payable</td> <td style="text-align: right;">28,000</td> <td style="text-align: right;">24,000</td> </tr> <tr> <td>Bills Payable</td> <td style="text-align: right;">1,000</td> <td style="text-align: right;">1,400</td> </tr> <tr> <td>Plant & Machinery</td> <td style="text-align: right;">30,000</td> <td style="text-align: right;">-----</td> </tr> <tr> <td>Furniture & Fixture</td> <td style="text-align: right;">9,200</td> <td style="text-align: right;">-----</td> </tr> </tbody> </table> <p>During the year Zafar withdraw Rs 12,500, of which Rs 9,500 spent for purchase of a delivery van for the business. Depreciate Plant & Machinery by 12%. Furniture & fixture by 10%, Van by 8% and making a reserve of 3% Bad & Doubtful Debts. Allow interest on capital at 5%.</p> <p>Required: - As certain profit or loss of Zafar for the year 2008.</p>		<u>1st January 2008</u>	<u>31st December 2008</u>	Cash in hand	Rs NIL	Rs 1160	Bank Balance	Rs 3600	14,400	Stock	19,200	20,840	Account Receivable	30,000	37,800	Account Payable	28,000	24,000	Bills Payable	1,000	1,400	Plant & Machinery	30,000	-----	Furniture & Fixture	9,200	-----																					
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Q.NO.7	<p>On 31st March, 2009, bank statement showed a credit balance of Rs 10,500. Cheques for Rs 2750 deposited in the bank, but only Rs 750 had not been cleared up to 31st March. Cheques amounting to Rs 3500 were issued, but cheques for Rs 1200 not presented up to 31st March. Bank had debited Rs 35 for sundry charges and bank had received directly from customer Rs 800 and dividend of Rs 130 up to 31st March.</p> <p>Required: - Find out the balance aper Cash-Book.</p>																																																
Q.NO.8	<p>(A) Fill in the blanks.</p> <ol style="list-style-type: none"> i. Wages paid for in stalling a Machine should be debited to _____ ii. Expenses which are paid as in advance, should appear as _____ iii. The income which is pre received is also shown on _____ iv. Net profit is always _____ than Gross Profit. v. Net loss is always _____ than Gross loss. <p>(B) Following statements are True or False.</p> <ol style="list-style-type: none"> i. "Closing Stock" is recorded in the Balance Sheet. T/F ii. A profit & loss account is prepared on a fixed date. T/F iii. The valuation of closing stock is at cost or market price. T/F iv. A Balance sheet shows the financial position of business on a certain fixed date. T/F v. All assets which are valueless are called "Wasting assets". T/F 																																																

