

PRINCIPLES OF ACCOUNTING

Long Questions (topic wise)

I.Com (XII-Year)

Topic: Depreciation

- 1- Max Traders Co. purchased a motorcycle on 1st Jan,2012 of Rs. 45,000. Depreciation was charged @10% p.a on original cost method (Fixed Installment method / Straight line method) . Calculate depreciation and prepare Motorcycle account for 3 years, if the Books are closed on 31st December of every year.
- 2- Harris& Co. purchased a machinery on 1st July,2012 of Rs. 1,00,000. Depreciation was charged @10% p.a on Fixed Installment method (Original cost method / Straight line method). Calculate depreciation and prepare Machinery account for 4 years, if the Books are closed on 31st December of every year.
- 3- Amir Traders purchased a motorcar on 1st Jan,2012 of Rs. 50,000. Depreciation was charged @15% p.a on reducing balance method (Diminishing balance method / written down value method) . Calculate depreciation and prepare Motorcar account for 3 years, if the Books are closed on 31st December of every year.
- 4- Max Traders Co. purchased a machinery on 1st July,2012 of Rs. 150,000. Depreciation was charged @12% p.a on diminishing balance method (reducing balance method / written down value method) . Calculate depreciation and prepare Machinery account for 3 years, if the Books are closed on 31st December of every year.
- 5- A & Co. Purchased Machinery for Rs. 50,000 on 1st jan 2010. They spent Rs. 10,000 on its installation. Prepare machinery account for the first 5 years if the depreciation is charged @10% on:

- i) Straight Line method
- ii) Written down value method

6- On 1st January,2012 a firm purchased a machinery for Rs. 100,000. On 1st July, 2014 they also purchased additional machinery for Rs. 45,000 and spent Rs. 5,000 on its erection (Installation). Books are closed on 31st December every year. Prepare Machinery account for first 4 years if depreciation is charged @12% on:

- i) Reducing balance method
- ii) Fixed installment method

7- Mian & Co. purchased on 1st January,2012 machinery for Rs. 45,000. On 1st July in the same year an additional machinery was purchased for Rs.15,000. On 1st July 2013 the machinery purchased on 1st January,2012 became obsolete and was sold for Rs.18,000.

Prepare Machinery account for three years after writing off depreciation @10 p.a on:

- i) Original cost method
- ii) Diminishing balance method

8- On 1st January,2013 Saif Traders purchased machinery for Rs.21,000. Estimated life of machinery is 10 years after which its breakup value (residual value/scrap value) will be Rs. 1,000.

Find out the amount of annual depreciation according to fixed installment method and prepare machinery account for first four years.

9- Show motor car account under written down value method if the following information is available:

- | | | |
|------|----------------------|-------------|
| i) | Motor car cost | Rs. 150,000 |
| ii) | Estimated life | 5 years |
| iii) | Rate of depreciation | 20% |

iv) Residual value

Rs.20,000

Topic: Company Accounts

1- Pakistan Motors was formed with an authorized capital of Rs. 10,00,000 divided into 1,00,000 shares of Rs. 10 each. Company offered 50,000 shares at par value to the general public for subscription. Applications for 50,000 shares were received. Company allotted shares to all the applicants.

Required : Pass the Journal entries and prepare Balance Sheet

2- X & Co. was formed with an authorized capital of Rs. 15,00,000 divided into 150,000 shares of Rs. 10 each. Company offered all shares at face value to the general public for subscription. Applications for 100,000 shares were received. Company allotted shares to all the applicants.

Required : Pass the Journal entries and prepare Balance Sheet

3- Mehboob & Co. was formed with an authorized capital of Rs. 30,00,000 divided into 3,00,000 shares of Rs. 10 each. Company offered 1,00,000 shares at par value to the general public for subscription. Applications for 150,000 shares were received. No allotment was made to excess applicants and their application Money was refunded.

Required : Pass the Journal entries and prepare Balance Sheet

4- Indus Textile Ltd. was formed with an authorized capital of Rs. 60,00,000 divided into 6,00,000 shares of Rs. 10 each. Company offered 20,000 shares at 10% discount to the general public for subscription. Applications for 20,000 shares were received. Company allotted shares to all the applicants.

Required : Pass the Journal entries and prepare Balance Sheet

5- Mehboob & Co. was formed with an authorized capital of Rs. 30,00,000 divided into 30,000 shares of Rs. 100 each. Company offered all the shares at 12% discount to the general public for subscription. Applications for 35,000 shares were received. No allotment was made to excess applicants and their application Money was refunded.

Required : Pass the Journal entries and prepare Balance Sheet

6- Honda Motors Ltd. Was registered with capital of 100,000 shares of Rs. 100 each. The company offered all the shares to public at Premium of Rs.12 each. Applications for 80,000 shares were received. Company allotted the shares to applicants.

Required : Pass the Journal entries and prepare Balance Sheet

7- Al Noor glass Ltd. was formed with an authorized capital of Rs. 20,00,000 divided into 2,00,000 shares of Rs. 10 each. Company offered 1,00,000 shares at Premium of Rs.2 to the general public for subscription. Applications for 150,000 shares were received. No allotment was made to excess applicants and their application Money was refunded.

Required : Pass the Journal entries and prepare Balance Sheet

8- Riaz Ltd. Issued 1,000 6% Debentures of Rs.100 each. Give journal entries in the following cases and also prepare balance sheet:

- i) The debentures are issued at par
- ii) The debentures are issued at 10% premium
- iii) The debentures are issued at 10% discount

9- Sarfraz Ltd made the following issue of debentures:

- i) 4,000 debentures of Rs.100 each issued at par for each.
- ii) To a creditor (Asia Ltd) who supplied computers of worth Rs. 100,000; 1,100 debentures of Rs.100 each.

- iii) 1,000 debentures of Rs.100 each for cash, at a premium of Rs. 5 each.

Required: Pass Journal entries and prepare balance sheet

- 10-** ABC Ltd.issued 500 7% debentures of Rs. 100 each. What entries will be passed if:

- i) Debentures are issued at par and redeemable at par.
- ii) Debentures are issued at 5% discount and repayable at par.
- iii) Debentures are issued at 8% premium and repayable at par.
- iv) Debentures are issued at par and redeemable at 5% premium.
- v) Debentures are issued at 5% discount and repayable at 5% premium.

Topic: Consignment

- 1- Mohsin sent a consignment of 100 wall clocks to Ali of Lahore. The cost of each wall clock is Rs.530. Mohsin spent Rs.1,200 on carriage etc. Ali paid Rs. 80 as godown rent and is entitled to commission of 5% on sales . Ali sold all the consignment.

Required: Pass the journal entries in the books of Mohsin.

- 2- A&Co. forwarded to B&Co. on consignment 50 bags of sugar at Rs.4,000 per bag, paying Rs. 1,500 for freight. A&Co. received on account sales showing that all the bags had been sold for sum of Rs.250,000 and that the following expenses had been incurred. Carriage Rs.1500 and delivery charges Rs.1,000. The consignee is entitled to a commission of 5% and 2% for del-credere commission.

Required:Pass journal entries and prepare consignment accounts in the books Of A&Co.

- 3- Zubair sends 500 radio sets to Zaheer to be sold on consignment basis. He spends Rs. 3,000 on cartage etc. The cost of each set is Rs. 1,500. Zaheer sends a bank draft as an advance to Zubair for 35,000. He spends Rs.8,000 on carriage, Rs.2,000 as salesman salary and Rs.1,500 as godown rent. Zaheer sells all the sets at Rs.1,800 each. He is entitled to commission of 10% on sales.

Required: Pass journal entries in the books of Zubair and show the consignment account and also prepare consignee's ledger.

- 4- Amjad of Multan sends 10 fans on consignment to Majeed at Sialkot. The cost of each fan is Rs.1,200. Amjad spends Rs. 2,000 on dispatching and packing. Majeed accepts Amjad's draft for Rs.7,000. Majeed informs Amjad that 8 fans have been sold at Rs.2,000 each. Expenses paid by Majeed are freight Rs.2,000, godown rent Rs. 1,000 and insurance Rs. 500. Majeed is entitled to commission of 6% on sales and 1 ½ % as del-credere commission. Majeed settles his account for the balance due.

Required: Give journal entries in the books of Amjad. Also prepare the necessary ledger accounts.

- 5- Asif consigned 5 motor bikes to Arif at Rs.30,000 each. He paid Rs. 10,000 for freight charges and Rs.2,000 for insurance. Arif paid Rs.5,000 for godown rent and Rs.1,500 for advertising expenses. Arif sold 4 motor bikes for Rs.40,000 each. Arif is entitled to commission of 10% on sales. Arif sends a bank draft for Rs. 30,000 to Asif as an advance.

Required: Prepare necessary accounts in the books of Arif.

Topic: Incomplete Records (Single entry system)

- 1- Mr. Bilal started his business on 1st January 2018 with capital of Rs. 80,000. On 31st December, 2018 his capital was Rs.140,000. His drawings during the year were Rs.10,000.

Required: Prepare statement of profit and loss for the year.

- 2- Mr. Zaigham keeps his books on single entry system. His capital on 31st December 2018 was Rs.28,000 and on 1st January, 2018 was Rs.16,000. He has been drawing during the year were Rs.600 P.M. and introduced a fresh capital Rs.4,000.

Required: Prepare a statement of Profit & Loss for the year ended 31st December 2018

- 3- Mr. Khubaib started business with capital of Rs. 72,000 on 1st January 2006. His position on 31st December 2006 was as follows:

Cash Rs.1,600, Bank balance Rs.14,000, Debtors Rs. 128,000, Stock Rs.138,000, Plant Rs.540,000, Furniture Rs.30,000 and Creditors Rs.580,000.

Mr. Khubaib introduced fresh capital of Rs.100,000 during the year he withdrew Rs.17,000 for his domestic use.

Required: Prepare statement of profit and loss and statement of affairs as on 31st December 2006.

- 4- Mr. Mustafa keeps his books under single entry system. From the following information prepare a statement of profit and loss for the year ended 31st December 2018.

	1 st jan, 2018	31 st dec,2018
Cash at bank	1,000	1,400
Debtors	2,100	3,000
Creditors	3,000	1,800
Stock	4,400	5,200
Bill Receivable	8,600	6,700
Bank Overdraft	1,300	1,900
Premises	6,500	6,500

During the year Mustafa introduced a fresh capital Rs.4,000 and withdrew Rs.2,200 for his private use, he had also paid Rs. 700 for premium on his life. Depreciate Premises at 10% p.a.

5- Mr. Kamran keeps his books by single entry system and the following information is available from his records from which you are required to ascertain his profit or loss:

	1 st jan, 2018	31 st dec,2018
Bank balance	2,600 (cr)	4,100(dr)
Debtors	21,000	26,000
Creditors	4,200	4,400
Computer Equipment	8,600	10,200
Motor vehicle	75,000	75,000
Building	55,000	55,000
Cash in hand	1,200	-----

Kamran had withdrawn Rs. 10,000 during the year and introduced a new capital of Rs. 8,000 on 1st July 2018. A Provision for 5% on Debtors is necessary and interest @10% p.a. is to be allowed. Write off depreciation on Motor vehicle @5%.

Topic: Accounts of Non Profit Organizations

- 1- The following is the receipt and payment account of Punjab Club for the year ended 31st december 2018. Prepare Income and expenditure account.

Receipts	Rs.	Payments	Rs.
Balance b/d	24,760	Salaries	12,000
Subscription	32,660	Repairs	3,000
Entrance Fee	4,840	Motor Car	16,000
Interest	8,000	Rent	11,200
Rent of Hall	2,200	Printing Expenses	4,700
Misc. Receipts	9,620	Misc. Expenses	17,840
		Balance c/d	17,340
	-----		-----
	82,080		82,080
	-----		-----

- 2- The following is the receipt and payment account of Lahore Club for the year ended 31st december 2018. Prepare Income and expenditure account.

Receipts	Rs.	Payments	Rs.
Balance b/d	2800	Newspaper	330
Subscription	4815	Repairs	100
Membership fee	1251	Furniture	5,400
Donation	1120	Postage & telegram	170
Interest	90	Printing Expenses	720
Sale of newspaper	250	Wages	180
		Balance c/d	3,426
	-----		-----
	10,326		10,326
	-----		-----

Other information is available as follows:

- i) Annual subscription in arrears is Rs.200
- ii) Wages outstanding Rs.60

iii) Rs.120 is to be written off as depreciation on furniture.

3- Following is the receipt and payment account of friends recreational club for the year ended 31st dec. 2018. Prepare Income and expenditure account:

Receipts	Rs.	Payments	Rs.
Balance b/d	800	General Expenditure	410
Annual subscription	1,200	Salaries&Wages	130
Annual membership	400	Furniture	1600
Entrance fee	2,200	Rent & rates	370
Interest on securities	600	Printing	500
Sundry receipts	100	Repairs	180
		Balance c/d	2110
	-----		-----
	5,300		5,300
	-----		-----

Annual subscription in arrears Rs.100. General expenses outstanding Rs.150. Secretary's salary Rs.150 sanctioned but had not been paid. Rs.200 are to be written off as depreciation on furniture. ½ of entrance fee is to be capitalized.