

1- Write short notes on following:

4x5

- a) Trade Discount b) Book Keeping c) Accounting Period
d) Sacrificing Ratio e) Fluctuation

2- On 1st July, 2016, Aslam drew a bill for Rs. 15,000 on Akram at 3 months for mutual accommodation.

Aslam discounted the bill at 12% p.a and remitted half of the proceeds to Akram. On the due date he sent the remaining amount to Akram to meet the bill. Akram met this acceptance.

Give entries in the books of Aslam and Akram.

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3- On 31st March, 2017 the pass book showed the credit balance of Rs. 10,500. Cheque amounting to Rs. 2,750 were deposited in the bank but only cheque of Rs. 750 had not been cleared upto 31st March. Cheque amounting Rs. 3,500 were issued, but cheque for Rs. 1200 had not been presented for payment in the bank upto 31st March. Bank had given the debit of Rs. 35 for sundry charges and also bank had received directly from customers Rs. 800 and dividend of Rs. 130 upto 31st March. Find out the balance as per cash book.

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4- From the following Trial Balance of Irtaza Co. prepare Trading, Profit and Loss Account and Balance Sheet as on December 31, 2016:

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	Rs.		Rs.
Machinery	12,000	Creditors	12,408
Debtors	10,690	Discount	627
Bank	3,151	Sales	11,439
Opening Stock	2,920	Capital	18,390
Purchases	9,092		
Drawings	250		
Carriage in	600		
Wages	1,910		
Salaries	1,300		
Insurance	119		
Postal Expenses	132		
Bad Debts	700		
	42,864		42,864

Adjustments:

- a) Closing stock on 31st December 2016 was valued at Rs. 7,928 b) Outstanding wages Rs. 300
c) Prepaid Insurance Rs. 50.
d) Create Bad Debts Reserve at 10% on Sundry Debtors e) Depreciation Machinery by 5%.

5- Will you consider the following items to be capital expenditure or Revenue Expenditure? Give reasons: 20

- a) Wages Rs. 200 paid for erecting a new machinery.
b) Repair to motor car of Rs. 300 met with an accident.
c) The removal of stocks from old works to the new one cost Rs. 500.
d) Rs. 25 paid for carriage on goods purchase.

6- Give journal entries necessary to correct the following errors: 20

- a) A sum of Rs. 200 drawn by the proprietor was debited to travelling expenses account.
b) Machinery bought Rs. 1000 posted as purchases.
c) Carriage on machinery Rs. 500 has been debited to carriage account.
d) Repair to motor van Rs. 374 have been debited to motor van account.
e) An amount of Rs. 200 received on account of commission was credited to interest account.

(Continued Overleaf)

- 7- Convert the following receipts and payments account of the Pakistan Nursing Society for the year ended 30th June, 2010, into an income and expenditure account and prepare a balance sheet. 20

Receipt	Rs.
Balance at bank 1-7-2009	2,010
Subscriptions	1,115
Fee from non-members	270
Municipal Grant	1,000
Donation for Building Fund	1,560
Interest	38
	5,993

Payments	Rs.
Salaries of Nurses	656
Board, Laundry and Domestic help	380
Rent, Rates and Taxes	200
Cost of Car	2,000
Car expenses	840
Drugs and incidental expenses	670
Balance c/d	1,247
	5,993

The society owns freehold land costing Rs. 8,000 on which it is proposed to build the Nurse's Hostel. A donation of Rs. 100 received to building fund was wrongly included in subscription account. A bill for medicine purchased during the year amounting to Rs. 128 was outstanding.

- 8- P, Q and R are partners in a business sharing profits and losses in the ratio of $\frac{1}{2}$, $\frac{1}{3}$, $\frac{1}{6}$ respectively. They dissolve partnership and realize the assets. Their position after the realization of assets is as follows: 20

Liabilities	Rs.
Sundry creditors	2,800
P's capital	3,000
Q's capital	1,000
Realisation account (Profit)	1,200
	8,000

Assets	Rs.
Cash at bank	6,000
R's capital over drawn	2,000
	8,000

R is insolvent. He can contribute only Rs. 300 towards his deficiency. Draw up their capital accounts and cash account for final adjustments among the partners.

- 9- What is a statement of affairs? How does it differ from a balance sheet? 20