

ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD
(Department of Commerce)

BOOK KEEPING & ACCOUNTANCY (311)

CHECK LIST

Semester: Autumn, 2012

This packet comprises following materials:

1. Text books (one)
2. Assignment No. 1, 2, 3 & 4.
3. Assignment Forms (Four sets)
4. Schedule for Submitting the Assignments and Tutorial Meetings.

If you find anything missing, in this packet, please contact at the address given below:

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ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD
(Department of Commerce)

Course: Book-Keeping and Accountancy (311)
Level: F.A/I.Com
Units: 1-18

Semester: Autumn 2012
Total Marks: 100

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 ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN, WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

Assignment No. 1
(Units 1-4)

Note: All questions are compulsory,

- Q # 1 Define book-keeping. Explain Double Entry System of Book-Keeping and its importance in detail. **(20)**
- Q # 2 Elaborate Journal. Explain in detail the objectives and importance of journal. **(20)**
- Q # 3 The following transitions relate to the business of Ali.

Feb 1, 2010	He started business with cash Rs. 100,000, furniture Rs. 21,000 and goods worth Rs. 45,000.
Feb 7, 2010	He sold goods for Rs. 12,500 on cash.
Feb 13, 2010	He sold goods for Rs. 7,315 to Ahmad on credit basis.
Feb 21, 2010	Received cash from Ahmad Rs. 7,200 and allowed discount Rs. 115.
Feb 28, 2010	He paid wages Rs. 2,700, salaries Rs. 1,500 and miscellaneous expenses of the business Rs. 1,850.

Required:

- (i) Journalize the above transactions

- (ii) Post them into the Ledger Accounts
 (iii) Prepare Trial Balance (20)

- Q # 4 Define the following:
 i. Purchase ii. Sale iii. Profit & Loss Account iv. Direct Expenses
 v. Indirect Expenses vi. Assets vii. Liabilities viii. Capital
 ix. Income x. Goodwill (20)

- Q # 5 From the following trial balance, prepare Trading and Profit and Loss Account and Balance Sheet as on 31st December 2011. (20)

Trial Balance

Particulars	Rs.	Particulars	Rs.
Purchases	115,000	Sales	111,080
Sundry debtors	45,000	Capital	195,500
Furniture	80,000	Sundry creditors	36,000
Motor car	60,000	Purchases returned	1,520
Premises	21,000		
Salaries	10,000		
Printing and stationery	3,500		
Postage and telegrams	950		
Cash at bank	1,000		
Cash in hand	1,500		
Insurance	1,200		
Commission	1,200		
Repairs	750		
Sales returned	2,500		
	344,100		344,100

Closing stock on 31st December 2011 was Rs.32,295

Assignment No. 2

Units 5-9

- Q # 1 Enter the following transactions of Ahmad & Co. in a two column cash book. (20)

Date	Details
March 3, 2010	Purchased goods for Rs. 20,000 by cash and Rs. 12,500 by cheque.

March 12, 2010	Sales (inclusive of credit sales Rs. 15,000) are Rs. 45,800.
March 15, 2010	Paid salaries and wages in cash Rs. 24,000.
March 21, 2010	He withdrew cash from the bank for personal use Rs. 11,200.
March 23, 2010	He withdrew cash from the bank for business use Rs. 75,700.
March 25, 2010	Received a cheque of Rs. 12,000 and deposited into the bank.
March 29, 2010	Received a cheque of Rs. 3,000.
March 31, 2010	Bank charges as per pass book Rs. 1,520.

- Q # 2 From the following particulars, prepare a bank reconciliation statement.
Ali & Bros find that the bank balance shown by the cash book on 31st December, 2010 was 105,000 (credit) but the pass book showed a different balance due to the following reasons:
- A cheque issued for Rs. 5,400 in the favor of Ahmad has not yet been presented.
 - A post-dated cheque for Rs. 3,000 has been debited to the bank account in the cash book, but it could not have been presented for payment.
 - Fire insurance premium Rs. 2,500 paid by the bank was entered in pass book only.
 - A bill of Rs. 1,000 was retired by the bank under a rebate of Rs. 20, but the full amount was credited in the bank column of cash book. **(20)**
- Q # 3
- Differentiate cheque and bill of exchange. **(10)**
 - Enter the following transactions in the books of A and B. **(10)**
A sells goods for Rs. 2,000 to B on 1st July, 2010, and draws a bill of exchange on B for three months on the same date. The bill is accepted by B and B returns the bill to A. A discounts it on 10th July, 2010 with his bank @ 6% p.a. B pays his acceptance on due date.
- Q # 4 Define accounting errors. Also explain the various kinds of accounting errors. **(20)**

- Q # 5 Discuss the various points of differentiation between capital expenditure and revenue expenditure. Also, differentiate between capital income and revenue income. (20)

Assignment No. 3
Units 10-14

- Q # 1 ABC Ltd. of Karachi sent goods costing Rs. 50,000 to Ali of Lahore on 1st July, 2002. ABC Ltd. spent Rs. 1,000 as carriage and insurance. Ali received the goods and sent a bank draft of Rs. 30,000 as advance payment. Ali spent Rs. 2,000 on freight and cartage, Rs. 500 on godown rent and Rs. 300 on insurance. On 31st December, 2002, Ali sent an account sales (along-with the amount due to him) showing that 4/5 of the goods had been sold for Rs. 55,000. Ali was entitled to a commission of 10% on sales. One of the customers went into insolvency and could not pay Rs. 600 due from him.
Give necessary journal entries and prepare necessary ledger account. (20)

- Q # 2. Hamid and Mehmood are in a partnership business. On 31st December, 2010, the balance sheet of the firm was as follows:

Liabilities & Capitals	Rs.	Assets	Rs.
Bank loan	8,480	Furniture and fixture	4,300
Creditors	4,550	Stock	5,830
Capitals:		Investments	5,000
Hamid 6,000		Debtors	6,800
Mehmood <u>4,000</u>	10,000	Cash	1,100
	23,030		23,030

On 31st December, 2010, they agree to admit Shahid as partner on the following terms and conditions:

- (i) Value of furniture was decreased by Rs. 300.
- (ii) Provision for bad and doubtful debts was made at 7-1/2%.
- (iii) Value of investments was decreased by 1,000.
- (iv) Stock was valued at Rs. 6,000.
- (v) Rs. 1,000 was paid towards bank loan.

Shahid was to share 1/3 of the profits/losses. He paid Rs. 3,000 as capital. It was decided that capitals of old partners would be equal to that of Shahid.

Required:

Prepare profit and loss adjustment account, capital accounts of the partners and a revised balance sheet (20)

Q # 3 Explain different kinds of share capital. Also, give accounting treatment of issuance of shares with the help of examples. (20)

Q # 4 Define partnership. Discuss advantages and disadvantages of partnership. (20)

Q # 5 Discuss important documents of company with their contents. (20)

Assignment No. 4 *Units 15-18*

Q # 1 Ashraf started cloth business with a capital of Rs. 62,500 on 1st January, 2010. He purchased furniture for Rs. 12,000 on the same date. During the year the following information are kept due to lack of proper accounting knowledge.

Details	Rs. _____
Sales	110,000
Purchases	44,500
Salaries to staff	7,500
Bad debts written off	2,250
Sundry expenses	8,210

Ashraf took cloth worth Rs. 2,400 for his personal use and gave Rs. 3,000 as school fee of his son. On 31st December, 2010 his sundry debtors were Rs. 7,120 and his sundry creditors were Rs. 4,500. On 31st December, 2010 the stock was Rs. 4,300.

He could not maintain proper books of accounts. So, you are required to ascertain the profit or loss earned by Ashraf. (20)

Q # 2 Explain the following account with the help of examples:
i. Receipts and Payments Account
ii. Income & Expenditures Account
iii. Balance Sheet (20)

Q. 3 What do you understand by “Reserve”? Explain the types of reserves in detail. (20)

- Q. 4 Ali purchased a second hand car from General Motors Rawalpindi on hire-purchase system for Rs. 60,000. The down payment is Rs. 12,000 and remaining amount is to be paid in three equal installments together with interest rate at 20% p.a. depreciation is to be provided at 10% p.a under reducing balance method. At the end of third year of service, the car was sold for Rs. 30,000.
Show the car account and vendor account in the books of buyer for three years. **(20)**
- Q. 5 What do you understand by “Financial Statements”? Explain objectives of preparing financial statements. **(20)**