ALLAMA IQBAL OPEN UNIVERSITY

Level: Bachelor | Semester: Spring 2009
Paper: **Advanced Accounting (444)** | Maximum Marks: 100
Time Allowed: 3 hrs | Pass Marks: 40

Note: - **ATTEMPT FIVE QUESTIONS. ALL CARRY EQUAL MARKS. QUESTION NO (8) IS COMPULSORY.**

Q.NO.1 What are the different classes of share capital of a company? Also discuss the various kinds of debentures issued by a company.

Q.NO.2 How the following items will appear properly in Balance Sheet?

i. Share premium account
ii. Proposed dividends
iii. Preliminary Expenses
iv. Interest accrued on loans.
v. Store & Spare parts
vi. Loans & Advances
vii. Tax refund due from Government
viii. Profit & Loss account

Q.NO.3 Define "Independent Branch". Give journal entries about the items of Trail balance and record these items in the books of Head office with assumed figures.

Q.NO.4 Ali sends consignment to Wali. The terms are Wali will receive 10% on the invoice price and 20% of any price realized above the invoice price. The consignee will meet his expenses himself.
Ali sent Goods costing Rs 16,000. The invoice price was made by adding 20% to the cost. The consignor paid freight Rs 1500, packing Rs 400, insurance Rs 400 and other expenses Rs 200.
Wali clears the Goods paying Rs 450 for dock dues. He sells on credit half the lot for Rs 13,000 and half of the remaining is sold for cash Rs 5000. The agent reported that one customer failed to pay Rs 800.
Required: - Give journal entries & prepare necessary Accounts in books of both parties.

Q.NO.5 Madina Flour Mills purchased the business of Ahmed Brothers at the Book-value, which is as follows:-

Liabilities	Rs.	Assets	Rs.
Notes Payable	5,000	Plant & Machinery	35,000
Bank Loan	5,000	Sundry debtors	15,000
Capital Reserve	2,000	Furniture	12,000
		Land	7,000

Madina Flour Mills paid cash Rs 7,000 and issued 550 shares of Rs 100 each as full satisfaction of purchase consideration:-
Required: - Pass journal entries in the Books of Madina Flour Mills.

Q.NO.6 Sultan of Sheikhupura enters into joint venture with Ramzan of Gujranwala to ship Rice to "M/S Blue Sky" in Japan. Sultan sends Rice of Rs 25,000, pays freight Rs 1500 and packing expenses Rs 578. Ramzan sends rice of Rs 21,000 and pays freight & insurance Rs 1200, Dock dues Rs 750 and custom charges Rs 1350. Ramzan advances to sultan Rs 6000 on account of Joint – venture. All the rice were sold by Blue Sky for Rs 67,500 out of which he deducted Rs 1700 for selling expenses and 8% commission. Sultan receive the account sales and net proceeds from "M/S Blue Sky". He remit draft at 3 months right for the balance due to Ramzan.
Required:- Record transactions if each party maintain his own record.

Q.NO.7 Following is the Balance sheet of Imran Ltd as on 31st December 2008

Liabilities	Rs.	Assets	Rs.
Equity share capital	70,000	Land & Buildings	20,000
General Reserve	25,000	Plant & Machinery	20,000
Reserve for Contingencies	10,000	Furniture & fixtures	5,000
6% Mortgage debentures	25,000	Stock	50,000
Income tax Payable	4,000	Bills Receivable	10,000
Bills Payable	3,000	Debtors	20,000
Bank overdraft	3,000	Trade Investment	5,000
Sundry creditors	10,000	Prepaid Expenses	2,000
		Cash at Bank	18,000
	1,50,000		1,50,000

Required: - a) Current Ratio b) Acid test Ratio.
c) Debt equity Ratio d) Proprietary Ratio.

Q.NO.8 **(A)** Fill in the blanks.
i) A share is a document showing _____ of the shares held in a company.
ii) A company cannot allot its shares capital to the public unless _____ has been achieved.
iii) Only _____ paid up shares can now be issued by a public Ltd company.
iv) A company whose _____ or more are held by another Co. is called _____
v) A company which holds _____ or more in another Co. is called a _____ Co.

(B) Following statements are True or False:-
i) The Auditor's Report should be attached to the Annual Financial Statement. **T/F**
ii) First Auditor of the Co. can be appointed by the Shareholders only. **T/F**
iii) For appointment in private company, the Auditor must be charted Accountant. **T/F**
iv) Only private Co. has to keep record of share holders at Head office. **T/F**
v) Only unlisted companies have to prepare their annual accounts according to Fifth schedule of the companies' ordinance 1984. **T/F**

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