

**FUNDAMENTALS OF FINANCIAL ACCOUNTING – SEMESTER-1****Marks**

Q. 2 (a)

**Akber (Private) Limited**  
**Statement of Profit or Loss**  
**for the year ended June 30, 2015**

1.5

	Rs. '000'	
Sales (30,725 – 225)	30,500	0.5 + 0.5
Opening inventory	900	0.5
Purchases	14,000	0.5
	14,900	
Closing inventory	(750)	
	(14,150)	
Gross profit	<b>16,350</b>	0.5
Other income	1,062	0.5
Administrative expenses (7,450 + 397 + 108 + 170)	(8,125)	1.0 + 0.5
Distribution costs (6,250 + 170 + 162)	(6,582)	0.5 + 0.5
	<b>2,705</b>	
Finance costs (55 + 55)	(110)	0.5 + 0.5
<b>Profit for the year</b>	<b>2,595</b>	1.0

(b)

**Akber (Private) Limited**  
**Statement of Financial Position**  
**as at June 30, 2015**

1.5

	Rs. '000'	
<b>Assets</b>		
<b>Non-current assets</b>		
Plant and equipment (7,000 – 1,330 – 567)	5,103	1.0 + 0.5
Motor vehicle (1,440 – 360 – 270)	810	1.0 + 0.5
Computer software (850 – 340 – 170)	340	1.0 + 0.5
	6,253	
<b>Current assets</b>		
Inventory	750	0.5
Trade receivables	1,100	0.5
Advances to employees	250	0.5
Cash and bank balances	2,277	0.5
	4,377	
<b>Total assets</b>	<b>10,630</b>	
<b>Equity</b>		
Share capital	4,500	0.5
Retained earnings (405 + 2,595)	3,000	0.5
	7,500	
<b>Non-current liability</b>		
Long-term loan	2,200	0.5
<b>Current liabilities</b>		
Trade payables	650	0.5
Advances from customers	225	0.5
Accrued interest	55	0.5
	930	
<b>Total equity and liabilities</b>	<b>10,630</b>	

**FUNDAMENTALS OF FINANCIAL ACCOUNTING – SEMESTER-1**

	<b>Marks</b>
<b>Q. 3 (a) (i)</b> Prudence	01
<b>(ii)</b> Historical cost	01
<b>(iii)</b> Accrual basis and/ matching concept	01
<b>(iv)</b> Consistency	01
<b>(v)</b> Going concern	01

**(b)**

<b>(i) Accounts Receivable</b>			
Opening balance (1.1.2013)	450,000	Cash (Collection from customers)	340,000
Sales	690,000	Bad debts (written off)	20,000
		Balance c/d (31.12.13)	780,000
	<b>1,140,000</b>		<b>1,140,000</b>
Opening balance (1.1.14)	780,000	Cash (Collection from customers)	280,000
Sales	530,000	Cash	5,000
Allowance for doubtful debts (Bad debts recovered)	5,000	Balance c/d (31.12.14)	1,030,000
	<b>1,315,000</b>		<b>1,315,000</b>
Opening balance (1.1.15)	1,030,000		
<b>(ii) Allowance for Doubtful Debts</b>			
Accounts receivable (written off)	20,000	Opening bal (1.1.13)	13,500
Balance c/d (31.12.13)	23,400	Provision for 2013	29,900
	<b>43,400</b>		<b>43,400</b>
		Opening bal (1.1.14)	23,400
		Accounts receivable (re-written)	5,000
		Provision for 2014	2,500
Balance c/d (31.12.14)	30,900		<b>30,900</b>
	<b>30,900</b>	Opening bal (1.1.15)	30,900

**FUNDAMENTALS OF FINANCIAL ACCOUNTING – SEMESTER-1**

Marks

Q. 4 (a)

<b>(i) Cost of Equipment</b>	<b>Rupees</b>	
Cost paid	3,000,000	
Add: Import duty	1,000,000	0.5
Other non-refundable taxes	60,000	0.5
Transportation cost	10,000	0.5
Insurance in transit	4,000	0.5
	<b>4,074,000</b>	

**(ii) Depreciation expense for the years ended June 30, 2012, 2013 and 2014.**

Useful life	05 Years
Salvage value	350,000
Depreciation for June 30, 2012 $\{(4,074,000 - 350,000)/5\}$	744,800
During 2012-13 the useful life revised to	5 Years
During 2012-13 the salvage value is estimated	400,000

**Revised Depreciation on the basis of Remaining Life and Salvage Value**

**Working:**

Depreciation for June 30, 2013 and 2014:

$$\{(4,074,000 - 744,800 - 400,000)/5\} \quad 585,840$$

**Depreciation Expenses for the years ending**

30-Jun-12	744,800	01
30-Jun-13	585,840	01
30-Jun-14	585,840	01

**Depreciation for year June 30, 2012, 13 and 14.**

**1,916,480**

**(iii) Exchange Gain/ Loss on Disposal**

Equipment cost	4,074,000	
Accumulated depreciation	(1,916,480)	0.5
Book value	2,157,520	0.5
Less: Cash value	(800,000)	0.5
<b>Exchange Loss on Disposal</b>	<b>1,357,520</b>	0.5

**FUNDAMENTALS OF FINANCIAL ACCOUNTING – SEMESTER-1****Marks****(b)****(i) Average Accounts Receivable Turnover**

$$\frac{\text{Net credit sales}}{\text{Average accounts receivable}} = \frac{900,000}{118,500} = 7.595 \text{ times} \quad 1 + 1$$

**(ii) Average Collection Period in Days**

$$\frac{\text{No. of days in the year}}{\text{Average accounts receivable turnover}} = \frac{365}{7.595} = 48 \text{ days} \quad 1$$

**(iii) Average Accounts Payable Turnover**

$$\frac{\text{Net credit purchases}}{\text{Average accounts payable}} = \frac{880,000}{175,000} = 5.029 \text{ times} \quad 1 + 1$$

**(iv) Average Payment Period in Days**

$$\frac{\text{No. of days in the year}}{\text{Average accounts payable turnover}} = \frac{365}{5} = 73 \text{ days} \quad 1$$

**(c) (i) Cost of total units sold out:**

	<b>Rupees</b>	
6,100 units @ 50	305,000	0.5
5,400 units @ 49	264,600	0.5
5,200 units @ 48	249,600	0.5
4,300 units @ 50	215,000	0.5
21,000 units	<u>1,034,200</u>	0.5

**(ii) Value of closing inventory:**

600 units @ 50	30,000	0.5
6,700 units @ 51	341,700	0.5
7,300 units @ 47	<u>343,100</u>	0.5
14,600 units	<u>714,800</u>	0.5

**(iii) Gross profit:**

Sales 21,000 units @ 57	1,197,000	
Cost of goods sold (as above)	<u>1,034,200</u>	0.5
Gross profit	<u>162,800</u>	0.5
		0.5

**FUNDAMENTALS OF FINANCIAL ACCOUNTING – SEMESTER-1**

Marks

Q. 5 (a)

<b>(i) Sales Ledger Control Account</b>			
Balance b/d	52,120	Balance b/d	3,000
Sales	327,500	Cash book	302,000
Balance c/d	1,250	Bad debts	1,500
		Discounts allowed	13,000
		Returns inwards	9,000
		Purchases Ledger	3,500
		Balance c/d	48,870
	<u>380,870</u>		<u>380,870</u>

0.5 + 0.5

0.5

0.5

0.5

0.5

01

<b>(ii) Purchases Ledger Control Account</b>			
Balance b/d	1,650	Balance b/d	35,250
Cash book	285,000	Purchases	282,500
Discounts received	8,000	Balance c/d	2,560
Returns outwards	6,000		
Sales Ledger	3,500		
Balance c/d	16,160		
	<u>320,310</u>		<u>320,310</u>

0.5 + 0.5

0.5 + 0.5

0.5

0.5

01

(b)

**Classic (Private) Limited**  
**Bank Reconciliation Statement**  
**as on June 30, 2015**

	<b>Rupees</b>	
Balance as per Bank Statement (Overdraft)	(20,000)	
Add: Cheque deposited on June 20, 2015 for collection not yet credited	1,000	01
Cheque deposited for collection but not yet credited	9,170	01
Bank Charges for the month of June not yet entered in Cash Book	90	01
Cheque deposited dishonoured	945	01
Bank mistakenly debited	1,000	01
	<u>12,205</u>	
	(7,795)	
Less: Cheques issued but not presented for payments (500 + 835 + 900)	(2,260)	01
Interest on Investment collected by Bank not entered in Cash Book	(955)	01
	<u>(3,215)</u>	
Balance as per Cash Book (Overdraft)	<u>(11,010)</u>	

THE END