

Q.no.1: Information given below has been extracted from the books of Ali, who maintains his accounting records on the Single Entry System.

Description	1.1.2003	31.12.2003
Cash	Rs.3,000	Rs.5,000
Accounts Receivable	10,000	15,000
Merchandise Inventory	20,000	50,000
Office Equipment	15,000	15,000
Office Furniture	20,000	20,000
Accounts Payable	8,000	5,000

Adjustment data on December 31, 2003:

- (i) Additional investment Rs.10,000.
- (ii) Withdrawals Rs.500 per month for personal use.
- (iii) Estimated depreciation expense 10% on fixed assets.
- (iv) Rent Rs.2,000 per month outstanding since November 2003.

Required:

- (i) Compute the amount of capital on January 1 and December 31, 2003.
- (ii) Prepare the Statement of Profit or Loss for the year ended December 31, 2003.
- (iii) Prepare opening Journal Entry on January 1, 2004, if the books were to be converted and maintained on a double-entry basis with effect from that date.

Q.no.2: Mr. Alam maintains his accounting records on a single-entry basis. His financial position was as under:

Description	Jan. 1.1.2005	Dec. 31.12.2005
Cash	Rs.50,000	Rs.60,000
Accounts Receivable	60,000	80,000
Merchandise Inventory	25,000	22,000
Supplies	5,000	8,000
Furniture	100,000	150,000
Accounts Payable	15,000	10,000

Additional information on December 31, 2005:

1. Mr. Alam made an additional investment of Rs.41,000.
2. He had withdrawn Rs.5,000 per month during the whole year for his personal use.
3. Depreciation on furniture was estimated at 10%.
4. Accrued salary expense Rs.10,000.
5. Unexpired rent amounting to Rs.5,000.

Required:

- (i) Compute Capital as on January 1, 2005 and December 31, 2005.
- (ii) Prepare the Statement of Profit and Loss for the year ended December 31, 2005.
- (iii) Prepare the Statement of Affairs as on December 31, 2005.

Q.no.3: On May 1, 2007, Mr. Hammad started his business with a cash investment of Rs.500,000. He maintains his accounting records under a single-entry system. His position on 30th April 2008 was as under:

Cash	Rs.1,500
Plant Assets	2,48,500
Accounts Payable	20,000
Merchandise	1,50,000
Bank Loan	50,000
Accounts Receivable	1,70,000

Additional Information:

- (i) Hammad withdrew Rs.7,000 per month for his private use.
- (ii) Additional investment by Hammad Rs.30,000.
- (iii) Plant Assets are to be depreciated at 8% per annum.
- (iv) Prepaid Rent Rs.6,000 and unpaid salaries Rs.5,000.
- (v) 5% of Accounts Receivable is estimated as bad debts.
- (vi) Rs.3,650 of interest is due on the bank loan.

Required:

- a) What is Hammad's Capital at the end?
- b) Prepare the Statement of Profit & Loss for the year.
- c) Prepare Statement of Affairs on 30th April 2008.

Q.no.4: The following information is available from the books of Farhan Qazi, who keeps his books under the Single Entry System.

Description	Jan 1, 2008	Dec 31, 2008
Cash on Hand	50,000	75,000
Cash at Bank	50,000	75,000
Merchandise Inventory	25,000	80,000
Advance from Customers	50,000	20,000
Vehicle	3,00,000	3,00,000
Loan to Employees	1,00,000	80,000
Accounts Receivable	1,25,000	1,10,000
Land		2,00,000

Additional data as on December 31, 2008:

- (i) The Bank Statement showed a credit of Rs.5,000/- on account of direct deposit by Zubair, a customer.
- (ii) Salaries unpaid Rs.10,000/- and prepaid Rs.15,000/-.
- (iii) Depreciation on Vehicle was estimated at 10% per annum.
- (iv) On January 5, Farhan Qazi bought a piece of land for Rs.200,000/- from his personal resources for business use only.

Required:

- (i) Compute Capital at start and end.
- (ii) Prepare Statement of Profit and Loss for the year ended December 31, 2008.
- (iii) Prepare Statement of Affairs as on December 31, 2008.

Jaweed Hassan Batooq