The workings under the heading of ***"Additional Working"***
are not required according to the requirement of the examiner.
These are only for understanding the solutions.
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2013

B.COM – I – ACCOUNTING

PRIVATE

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ACCOUNTING – 2013 PRIVATE

Instructions: (1) Attempt any FIVE questions. (2) All questions carry equal marks.
(3) Use of calculator is allowed. Do not use abbreviations.
(4) Answers without necessary computations will not be accepted.

Q.No.1 ADJUSTING AND CLOSING ENTRIES

Following data is taken from the books of Rahat Consultation Services:

Account Title	*Unadjusted Trial Balance*		*Adjusted Trial Balance*	
Cash	21,700		21,700	
Accounts receivable	16,900		16,900	
Unexpired insurance	600		550	
Office supplies	720		500	
Land and building	160,000		160,000	
Office equipment	54,000		54,000	
Accumulated depreciation (Office equipment)		195		390
Accounts payable		23,500		23,500
Unearned consultation fee		1,800		1,500
Sarwar Capital		226,420		226,420
Sarwar Drawings	1,500		1,500	
Commission income		15,400		15,400
Advertising expense	2,500		2,500	
Sales salaries expense	9,395		9,575	
Insurance expense			50	
Office supplies expense			220	
Depreciation expense			195	
Consultation fee earned				300
Salaries payable				180

REQUIRED

(i) With the help of above trial balances record necessary adjusting entries.
(ii) Prepare closing entries for the data above.

SOLUTION 1 (i)

RAHAT CONSULTATION SERVICES
ADJUSTING ENTRIES
FOR THE PERIOD ENDED __________

Date	Particulars	P/R	Debit	Credit
1	Insurance expense		50	
	Unexpired insurance			50
	(To adjust the unexpired insurance)			
2	Office supplies expense		220	
	Office supplies			220
	(To adjust the office supplies)			
3	Depreciation expense		195	
	Accumulated depreciation (Office equipment)			195
	(To adjust the depreciation expense for the year)			

Date	Particulars	P/R	Debit	Credit
4	Unearned consultation fee		300	
	Consultation fee earned			300
	(To adjust the unearned consultation fee)			
5	Sales salaries expense		180	
	Salaries payable			180
	(To adjust the unpaid salaries)			

SOLUTION 1 (i)

RAHAT CONSULTATION SERVICES
CLOSING ENTRIES
FOR THE PERIOD ENDED __________

Date	Particulars	P/R	Debit	Credit
1	Expense and revenue summary		12,540	
	Advertising expense			2,500
	Sales salaries expense			9,575
	Insurance expense			50
	Office supplies expense			220
	Depreciation expense			195
	(To close the various expense account)			
2	Commission income		15,400	
	Consultation fee earned		300	
	Expense and revenue summary			15,700
	(To close the various income accounts)			
3	Expense and revenue summary		3,160	
	Sarwar Capital			3,160
	(To close the expense and revenue summary account)			
4	Sarwar Capital		1,500	
	Sarwar Drawings			1,500
	(To close the drawings account)			

Q.No.2 DEPRECIATION

a) Define: (i) Depreciation (ii) Book value (iii) Trade in allowance

b) Noman Industries Ltd. prepares its financial statements on December 31 each year. At December 31, 2012 following balances were reported:

	Machine A	***Machine B***
Cost	450,000	300,000
Accumulated depreciation	(180,000)	(45,000)
Net book value	270,000	255,000

From January 1, 2013 directors decided to change the depreciation method from Diminishing Balance to Straight Line. At this date salvage value and useful life of machine "A" were estimated Rs.10,000 and 5 years, while those of machine "B" Rs.3,000 and 6 years. On September 30, 2013 machine "A" was sold for Rs.255,000.

REQUIRED

(1) Prepare journal entries to record depreciation and disposal of machine "A" on September 30.
(2) Prepare journal entry to record the deprecation of machine "B" for the year ended December 31, 2013.
(3) Prepare balance sheet on December 31, 2013.

SOLUTION 2 (a)

(i) Depreciation:

A noncash expense that reduces the value of an asset as a result of wear and tear, age, or obsolescence. Most assets lose their value over time (in other words, they depreciate), and must be replaced once the end of their useful life is reached. There are several accounting methods that are used in order to write off an asset's depreciation cost over the period of its useful life. Because it is a non-cash expense, depreciation lowers the company's reported earnings while increasing free cash flow.

(ii) Book Value:

The value at which an asset appears in the books of organization (usually as at the date of the last balance sheet) is called book value. This is the purchase cost or latest revaluation less any depreciation applied since purchase or revaluation.

Book value = Cost – Allowance for depreciation

(iii) Trade in Allowance:

Trade in allowance is the amount the dealer agrees to pay for a used, trade-in vehicle, which consumers often apply towards the purchase of a new vehicle.

SOLUTION 2 (b)

Machine – A:

Computation of Revised Depreciation Expense by Straight Line Method:

$$\text{Annual depreciation} = \frac{\text{Cost + Extra ordinary repairs – Allowance for depreciation–Salvage value}}{\text{Revised life / Remaining life in years}}$$

$$\text{Annual depreciation} = \frac{450{,}000 + 0 - 180{,}000 - 10{,}000}{5}$$

Annual depreciation = Rs.52,000

Depreciation expense for the period 30 September 2013 = 52,000 x 9/12 = 39,000

Computation of Gain or Loss on Sale:

Cost of machine – A	450,000
Less: Allowance for depreciation upto date	(219,000)
Book value	231,000
Less: Sold for	(225,000)
Loss on sale	***6,000***

Machine – B:

Computation of Revised Depreciation Expense by Straight Line Method:

$$\text{Annual depreciation} = \frac{\text{Cost + Extra ordinary repairs – Allowance for depreciation–Salvage value}}{\text{Revised life / Remaining life in years}}$$

$$\text{Annual depreciation} = \frac{300{,}000 + 0 - 45{,}000 - 3{,}000}{6}$$

Annual depreciation = Rs.42,000

Depreciation expense for the period 31 December 2013 = 42,000

NOMAN INDUSTRIES LTD.
GENERAL JOURNAL

Date	Particulars	P/R	Debit	Credit
Sep. 30 2013	Depreciation expense		39,000	
	Allowance for depreciation (Machine – A)			39,000
	(To record the depreciation expense on machine A)			
Sep. 30 2013	Cash		225,000	
	Allowance for depreciation (Machine – A)		219,000	
	Loss on sale		6,000	
	Machine – A			450,000
	(To record the sale of machine A on loss)			
Dec. 31 2013	Depreciation expense		42,000	
	Allowance for depreciation (Machine – B)			42,000
	(To record the depreciation expense on machine B)			

NOMAN INDUSTRIES LTD.
BALANCE SHEET
AS ON 31 DECEMBER 2013

Assets		*Equities*
Machine – B	300,000	
Less: Allowance for depreciation	(87,000)	
	213,000	

Q.No.3 PARTNERSHIP – ADMISSION

Affan and Ayyan are partners. Their profit and loss sharing ratio is 2:3. Their financial position on June 30, 2013 was as under:

ALI & BROS.
POSITION STATEMENT
JUNE 30, 2013

Assets		***Equities***	
Cash	75,000	Accounts payable	50,000
Other assets	425,000	Affan Capital	150,000
		Ayyan Capital	300,000
Total	*500,000*	*Total*	*500,000*

On June 30 their income summary account showed a debit balance of Rs.75,000. On July 5, partners decided to admit Mr. Ahmed as a new partner for 2/5 interest in firm.

REQUIRED

Taking in consideration all above information record the admission of Mr. Ahmed, in general Journal:

(a) If he invests Rs.275,000 and is credited with his entire investment.
(b) If he brings cash and land Rs.20,000 and Rs.150,000 respectively.

SOLUTION 3

ALI & BROS.
GENERAL JOURNAL

Date	Particulars	P/R	Debit	Credit
June 30	Affan Capital (75,000 x 2/5)		30,000	
2013	Ayyan Capital (75,000 x 3/5)		45,000	
	Income summary			75,000
	(To record the distribution of net loss)			

Case – (a):
Computation by Goodwill Method: (Goodwill to Old Partners):

For 2/5 interest, Ahmed's investment	275,000
Therefore total capital of firm (275,000 x 5/2)	687,500
For 3/5 interest, old partners' capital (687,500 x 3/5)	412,500
Less: Old partners' capital before admission (120,000 + 255,000)	(375,000)
Goodwill to old partners	***37,500***

ALI & BROS.
GENERAL JOURNAL

Date	Particulars	P/R	Debit	Credit
July 5	Cash		275,000	
2013	Ahmed Capital			275,000
	(To record the admission of Ahmed)			
July 5	Goodwill		37,500	
2013	Affan Capital (37,500 x 2/5)			15,000
	Ayyan Capital (37,500 x 3/5)			22,500
	(To record the distribution of goodwill)			

Case – (b):
Check:

Ahmed's investment (20,000 + 150,000)	170,000
Opposite ratio of Ahmed	X 5/2
Total capital of firm	425,000
Less: Old partners' capital (120,000 + 255,000)	(375,000)
Less: Ahmed's investment	(170,000)
Negative value shows that goodwill goes to Ahmed	(120,000)

Computation: (Goodwill to Ahmed):

For 3/5 interest, old partners' capital (120,000 + 255,000)	375,000
Therefore total capital of firm (375,000 x 5/3)	625,000
For 2/5 interest, Ahmed's Capital (625,000 x 2/5)	250,000
Less: Ahmed's investment	(170,000)
Goodwill to Ahmed	***80,000***

ALI & BROS.
GENERAL JOURNAL

Date	Particulars	P/R	Debit	Credit
July 5 2013	Cash		20,000	
	Land		150,000	
	Goodwill		80,000	
	Ahmed Capital			250,000
	(To record the admission of Ahmed)			

Q.No.4 ACCOUNTS RECEIVABLE

a) Following is the accounts receivable ledger of Faisal Ltd.:

ACCOUNTS RECEIVABLES

Opening balance	705,600	Written off	27,500
Sales	370,000	Collections	300,000

During the year company recorded sales of Rs.475,000 including cash sales of Rs.105,000.

REQUIRED

Using the above information you are required to prepare adjusting entries for each of the following assumptions separately. Company uses balance sheet approach to estimate bad debts @ 5% accounts receivable at end:

(a) The allowance for doubtful accounts has a credit balance of Rs.12,672.
(b) The allowance for doubtful accounts has a debit balance of Rs.4,262.

b) Asad & Sons uses income statement approach to estimate bad debts. On April 1 accounts receivable amounted Rs.600,000 and allowance for doubtful accounts account had a credit balance of Rs.3,000. It was estimated that uncollectible accounts expense would amount to 1/4 of 2% of net credit sales made during the month. During April total sales amounted to Rs.750,000 including 20% cash sales. On April 20, an accounts receivable of Mr. Arshad of Rs.11,000 was written off.

REQUIRED

(i) Record the adjusting entry for doubtful debts on April 30.
(ii) Prepare partial balance sheet.

SOLUTION 4 (a)

FAISAL LTD.
GENERAL LEDGER

Accounts Receivable

Balance	705,600	Written off	27,500
Sales	370,000	Collection	300,000
			327,500
		c/d balance	748,100
	1,075,600		1,075,600
b/d balance	748,100		

Case (a):

Computation of Bad Debts Expense:

Accounts receivable	748,100
Rate of bad debts	5%
Allowance for bad debts closing balance	37,405
Less: Allowance for bad debts opening balance	(12,672)
Bad debts expense for the period	***24,733***

FAISAL LTD.
GENERAL JOURNAL

Date	Particulars	P/R	Debit	Credit
1	Bad debts expense		24,733	
	Allowance for doubtful accounts			24,733
	(To record the bad debts expense for the period)			

Case (b):

Computation of Bad Debts Expense:

Accounts receivable	748,100
Rate of bad debts	5%
Allowance for bad debts closing balance	37,405
Add: Allowance for bad debts opening balance	4,262
Bad debts expense for the period	***41,667***

FAISAL LTD.
GENERAL JOURNAL

Date	Particulars	P/R	Debit	Credit
1	Bad debts expense		41,667	
	Allowance for doubtful accounts			41,667
	(To record the bad debts expense for the period)			

SOLUTION 4 (b)

Computation of Bad Debts Expense:

Sales	750,000
Less: Cash sales (750,000 x 20%)	(150,000)
Net credit sales	600,000
Rate of bad debts	2% x 1/4
Bad debts expense for the period	***3,000***

ASAD & SONS
GENERAL JOURNAL

Date	Particulars	P/R	Debit	Credit
Apr. 30	Bad debts expense		3,000	
	Allowance for doubtful accounts			3,000
	(To record the bad debts expense for the period)			

Accounts Receivable

Balance	600,000	Written off	11,000
Sales	600,000	c/d balance	1,189,000
	1,200,000		1,200,000
b/d balance	1,189,000		

Allowance for Doubtful Accounts

Accounts receivable	11,000	Balance	3,000
		Bad debts expense	3,000
		c/d balance	5,000
	11,000		11,000
b/d balance	5,000		

ASAD & SONS
BALANCE SHEET
AS ON APRIL 30

Assets		***Equities***
Accounts receivable	1,189,000	
Add: Allowance for doubtful account	5,000	
	1,194,000	

Q.No.5 PARTNERSHIP – RETIREMENT

Salman Enterprises is a partnership of three friends, specialized in building construction. At the end of financial year the firm had the following balance sheet:

SALMAN ENTERPRISES
BALANCE SHEET
JUNE 30, 2013

Assets		***Equities***	
Cash	175,000	Liabilities	198,000
Accounts receivable	67,000	Munawwar Capital	264,000
Land and building	470,000	Muzafrar Capital	180,000
Furniture and fixture	98,000	Musharraf Capital	168,000
	810,000		*810,000*

Partners share profit and loss in the ratio of 50%, 30% and 20% respectively. It is agreed that Musharraf is to retire from business on this date.

REQUIRED

Considering the following cases separately prepare journal entry to record the retirement of Mr. Musharraf:

Case – 1: Musharraf sells 1/4 of his interest to Muzaffar and balance of his interest is settled in cash.

Case – 2: Musharraf agrees to accept land worth Rs.150,000 and cash Rs.20,000 as full and final settlement of his interest. Remaining partners are not ready to reduce their capital.

Case – 3: Before retirement of Musharraf partners agree on following revaluations:

1. Land revalued at Rs.590,000.
2. Furniture and fixture revalued at Rs.90,000.

Musharraf is paid Rs.175,000 in cash as full and final settlement.

SOLUTION 5

Case – 1:

SALMAN ENTERPRISES
GENERAL JOURNAL

Date	Particulars	P/R	Debit	Credit
June 30 2013	Musharraf Capital		168,000	
	Muzaffar Capital (168,000 x 1/4)			42,000
	Cash			126,000
	(To record the retirement of Musharraf)			

Case – 2:

Computation – Goodwill Method:

Musharraf Capital	168,000
Less: Paid to Musharraf (150,000 + 20,000)	(170,000)
Excess paid to Musharraf	2,000
Total goodwill of firm (2,000 x 100/20)	***10,000***

SALMAN ENTERPRISES
GENERAL JOURNAL

Date	Particulars	P/R	Debit	Credit
June 30 2013	Goodwill		100,000	
	Munawwar Capital (10,000 x 50%)			5,000
	Muzaffar Capital (100,000 x 30%)			3,000
	Muzaffar Capital (100,000 x 20%)			2,000
	(To record the distribution of goodwill)			
June 30 2013	Musharraf Capital		170,000	
	Land			150,000
	Cash			20,000
	(To record the retirement of Musharraf)			

Case – 3:

SALMAN ENTERPRISES
GENERAL JOURNAL

Date	Particulars	P/R	Debit	Credit
1	Land and building		120,000	
	Revaluation			120,000
	(To record the revaluation of land and building)			
2	Revaluation		8,000	
	Allowance for depreciation (Furniture & fixture)			8,000
	(To record the revaluation of furniture and fixture)			
3	Revaluation		112,000	
	Munawwar Capital (112,000 x 50%)			56,000
	Muzaffar Capital (112,000 x 30%)			33,600
	Muzaffar Capital (112,000 x 20%)			22,400
	(To record the distribution of gain on revaluation)			

Computation – Bonus Method:

Musharraf Capital (168,000 + 22,400)	190,400
Less: Paid to Musharraf	(175,000)
Bonus to old partners	***15,400***

SALMAN ENTERPRISES
GENERAL JOURNAL

Date	Particulars	P/R	Debit	Credit
June 30 2013	Musharraf Capital		190,400	
	Munawwar Capital (15,400 x 5/8)			9,625
	Muzaffar Capital (15,400 x 3/8)			5,775
	Cash			175,000
	(To record the retirement of Musharraf)			

Q.No.6 BANK RECONCILIATION

a) Answer the following:

(1) Why bank reconciliation statement is prepared?
(2) Is the bank reconciliation a part of financial statement?
(3) Briefly explain: (i) Outstanding cheque (ii) unpresented cheque (iii) NSF cheque

b) The information listed below is available in reconciling bank balance for the Sona Chandi Co. on December 31, 2013:

1. The bank statement at December 31 indicated a balance of Rs.10,034.70, however bank account showed a balance of Rs.12,761.94.
2. Cash receipts of Rs.5,846.20 deposited into bank at December 31 did not appear among the deposits.
3. Out of cheque issued in December two cheque amounted to Rs.1,938.56 were not included among the paid cheque.
4. A service charge for Rs.40 by error deducted by the bank from the account of Sona Chandi Co. instead of Chandi Co.
5. The paid cheque returned by bank disclosed an error that a cheque of Rs.504 had been recorded as Rs.50.40 in cash book.
6. A cheque for Rs.220 returned by bank marked as NSF cheque.
7. On December 31, the Co. received a memorandum from bank indicating that the note of Rs.1,904 had been collected.
8. A debit memo for Rs.10 was enclosed with paid cheques for issuance of Co.'s cheque book.

REQUIRED
Prepare a bank reconciliation statement and adjusting entries for Sona Chandi Co.

SOLUTION 6 (a)

(1) Bank Reconciliation Statement is prepared in every organization after receiving the bank statement is not supposed to agree. After of the said statement, the balance should be equal. Bank reconciliation statement is prepared to reconcile the cash book balance with the bank statement balance.
(2) No, bank reconciliation statement is not a part of financial statements. Financial statements include income statement, balance sheet, cash flow statement, statement of changes in equity.

(3) *Outstanding Cheque:* Cheques written by an entity that have not yet cleared the bank.

Unpresented Cheque: Cheques issued by the company to the supplier but have not yet been presented to the bank by the supplier.

NSF Cheque: A cheque which is not paid by a bank when it is presented for payment because there is not enough money in the person's account to pay the cheque called not sufficient fund.

SOLUTION 6 (b)

SONA CHANDI CO.
BANK RECONCILIATION STATEMENT
FOR THE MONTH ENDED 31 DECEMBER 2013

Particulars	Cash Book	Pass Book
Balance on 31 December 2013	12,761.94	10,034.70
Add: Uncleared cheque (2)		5,846.20
Less: Outstanding cheque (3)		(1,938.56)
Add: Error by bank for service charges (4)		40
Less: Accounts payable (error) (5)	(453.60)	
Less: Dishonoured cheque (6)	(220)	
Add: Notes receivable (7)	1,904	
Less: Cheque book charges (8)	(10)	
Reconcile balance	**13,982.34**	**13,982.34**

SONA CHANDI CO.
GENERAL JOURNAL
FOR THE MONTH ENDED 31 DECEMBER 2013

Date	Particulars	P/R	Debit	Credit
1	Bank		1,904	
	Notes receivable			1,904
	(To record the increase in bank account)			
2	Accounts payable		453.60	
	Accounts receivable		220	
	Bank charges		10	
	Bank			683.60
	(To record the decrease in bank account)			

Q.No.7 INVENTORY VALUATION

Given below is the data of Amna Mariyam Ltd. for the month of June 30, 2013. The firm uses Periodic Inventory System:

June 1	Beginning inventory	300 units	@ Rs.55
June 4	Purchases	375 units	@ Rs.58
June 12	Purchases	400 units	@ Rs.65
June 20	Sales	375 units	@ Rs.60
June 22	Sales	175 units	@ Rs.66
June 24	Purchases	300 units	@ Rs.70
June 30	Sales	200 units	@ Rs.80

REQUIRED

(i) Compute the cost of ending inventory and cost of goods sold at the end of June 30, 2013 under each of the method:
(1) LIFO Method (2) FIFO Method (3) Weighted Average Method

(ii) In your opinion which method is most suitable if company wants to show maximum profits to its shareholders?

SOLUTION 7 (i)

AMNA MARIYAM LTD.
SCHEDULE OF UNITS PURCHASED, UNITS SOLD AND UNITS AT END
FOR THE PERIOD JUNE 2013

Date	*Description*	*Units*		*Amount (Rs.)*	
June 1	Merchandise inventory @ Rs.55		300		16,500
	Add: Units Purchased During the Period:				
June 4	Purchased @ Rs.58 each	375		21,750	
June 12	Purchased @ Rs.65 each	400		26,000	
June 24	Purchased @ Rs.70 each	300		21,000	
	Total units purchased during the period		1,075		68,750
	Total units available for sale		1,375		85,250
	Less: Total Units Sold During the Period:				
June 20	Sold	375			
June 22	Sold	175			
June 30	Sold	200			
	Total units sold during the period		(750)		
	Unsold units at end		***625***		

Computation of Cost of Ending Inventory by FIFO Method (Periodic System):

300	Units @ Rs.70 each	21,000
325	Units @ Rs.65 each	21,125
625	***Cost of ending inventory***	***42,125***

Computation of Cost of Ending Inventory by LIFO Method (Periodic System):

300	Units @ Rs.55 each	16,500
325	Units @ Rs.58 each	18,850
625	***Cost of ending inventory***	***35,350***

Computation of Cost of Ending Inventory by Weighted Average Method (Periodic System):

Average per unit cost = $\frac{\text{Total cost of merchandise available for sale}}{\text{Total units available for sale}}$

Average per unit cost = $\frac{85,250}{1,375}$

Average per unit cost = Rs.62

Cost of ending inventory = Unsold units at end x Average per unit cost

Cost of ending inventory = 625 x 62

Cost of ending inventory = Rs.38,750

Computation of Cost of Goods Sold Under Periodic Inventory System:

Particular	***FIFO Method***	***LIFO Method***	***Weighted Average Method***
Merchandise inventory beginning	16,500	16,500	16,500
Add: Purchases	68,750	68,750	68,750
Merchandise available for sale	85,250	85,250	85,250
Less: Merchandise inventory ending	(42,125)	(35,350)	(38,750)
Cost of goods sold	***43,125***	***49,900***	***46,500***

SOLUTION 7 (ii)

If company wants to show maximum profit to its shareholders, company should follow FIFO Method of inventory valuation because it shows the minimum cost of goods sold which results in maximum profit.

Q.No.8 VOUCHER SYSTEM

Sobia Co. uses a voucher system for all major expenditures. Selected transactions for March 2013 are presented below:

1) Issued cheque no.74 for Rs.20,000 in payment of outstanding voucher no.99.
2) Issued cheque no.75 for establishment of petty cash fund in the amount of Rs.5,000 (voucher no.101).
3) Purchased merchandise for Rs.21,000 from Ali Ltd. on account (voucher no.102). Sobia Company follows perpetual system.
4) Returned merchandise worth Rs.1,000 to Ali Ltd. (voucher no.103).
5) Issued cheque no.76 in payment of voucher no.103 after deducting 2% cash discount.
6) Issued cheque no.77 for travel advance to an employee (voucher no.104) Rs.5,000.
7) Signed a 60 – day 10% note for Rs.12,000 in payment of outstanding voucher no.100.
8) Issued cheque no.78 for Rs.15,600 in settlement of a note payable including interest Rs.600 (voucher no.105).
9) Issued cheque no.79 for Rs.200 to reimburse the travel expenses incurred by the employees in excess of travel advance.
10) Issued cheque no.80 to reimburse petty cash fund for supplies expense Rs.1,600; conveyance expense Rs.1,100 and entertainment expense Rs.1,400 (voucher no.107).

REQUIRED

Using General Journal form make entries as the case may be in:

(a) Voucher Register (b) Cheque Register

SOLUTION 8 (a)

SOBIA CO.
(VOUCHER REGISTER)
FOR THE MONTH OF MARCH 2013

Date	Particulars	P/R	Debit	Credit
1	No Entry			
2	Petty cash fund		5,000	
	Voucher payable (No. 101)			5,000
	(To record the voucher issued for petty cash fund)			
3	Merchandise		21,000	
	Voucher payable (No. 102)			21,000
	(To record the voucher issued for purchase of goods)			

Date	Particulars	P/R	Debit	Credit
4	Voucher payable (No. 102)		21,000	
	Merchandise returned			1,000
	Voucher payable (No. 103)			20,000
	(To record the voucher issued for goods returned)			
5	No Entry			
6	Prepaid travelling		5,000	
	Voucher payable			5,000
	(To record the voucher issued for prepaid travelling)			
7	No Entry			
8	Notes payable		15,000	
	Interest expense		600	
	Voucher payable (No. 105)			15,600
	(To record the voucher issued for notes & interest paid)			
9	Travelling expense		200	
	Voucher payable (No. 106)			200
	(To record the voucher issued for travelling expense)			
10	Supplies expense		1,600	
	Conveyance expense		1,100	
	Entertainment expense		1,400	
	Voucher payable (No. 107)			4,100
	(To record the voucher issued to replenish petty cash)			

SOLUTION 8 (b)

SOBIA CO.
(CHEQUE REGISTER)
FOR THE MONTH OF MARCH 2010

Date	Particulars	P/R	Debit	Credit
1	Voucher payable (No. 99)		20,000	
	Bank (Ch # 74)			20,000
	(To record the cheque issued for outstanding voucher)			
2	Voucher payable (No. 101)		5,000	
	Bank (Ch # 75)			5,000
	(To record the cheque issued for establishment of petty cash fund)			
3	No Entry			
4	No Entry			
5	Voucher payable (No. 103)		20,000	
	Bank (Ch # 76)			19,600
	Purchase discount			400
	(To record the cheque issued for payment to supplier)			
6	Voucher payable (No. 104)		5,000	
	Bank (Ch # 77)			5,000
	(To record the cheque issued for prepaid travelling)			

Date	Particulars	P/R	Debit	Credit
7	No Entry			
8	Voucher payable (No. 105)		15,600	
	Bank (Ch # 78)			15,600
	(To record the cheque issued for notes payable)			
9	Voucher payable (No. 106)		200	
	Bank (Ch # 79)			200
	(To record the cheque issued for travelling expense)			
10	Voucher payable (No. 107)		4,100	
	Bank (Ch # 80)			4,100
	(To record the cheque issued for replenishment of petty cash fund)			