

## ACCOUNTING 2019

Time: 3 Hours

(Regular/Private)

Max. Marks: 100

### SECTION "A" MULTIPLE CHOICE QUESTIONS (20 MARKS)

- i. The process of recording transactions in chronological order is called:
  - Posting
  - **Journalizing**
  - Balancing
  - Footing
- ii. A cheque issued by the company but not yet paid by the bank is called:
  - dishonored cheque
  - Uncleared cheque
  - Uncredited cheque
  - **Outstanding cheque**
- iii. This is a merchandising business:
  - Beauty parlor
  - **Medical store**
  - Motor workshop
  - Estate agency
- iv. This one of the following is an income:
  - Unearned commission
  - Commission receivable
  - Commission payable
  - **Commission earned**
- v. All the accounts have debit balance except:
  - Sales return and allowances
  - Drawings
  - Purchases
  - **Purchase return and allowances**
- vi. The purchase journal is used to record:
  - Merchandise purchases
  - Cash purchase only
  - **Credit purchases only**
  - Equipment purchase
- vii. Cash, supplies and prepaid rent are the example of:
  - **Current asset**
  - Non-current asset
  - Current liability
  - Owner's equity
- viii. This statement shows the company's revenue and expenses . during a particular period:
  - Balance sheet
  - Cost of goods sold
  - **Income statement**
  - Trial balances
- ix. Allowance for bad debt is an example of:
  - Current asset
  - Owner's equity

- Current liability
  - **Contra asset**
- x. Interest receivable is an example of:
- Current liability
  - Contra asset
  - Owner's equity
  - **Current asset**
- xi. Bank overdraft is a/an:
- Assets
  - **Liability**
  - Expense
  - Owner's equity
- xii. If profit is zero and expense are Rs. 10,000/-, then revenue will be
- Rs. 12,000
  - Rs. 11,000
  - **Rs. 10,000**
  - Rs. 9,000
- xiii. If assets are Rs. 10,000/- and owner's equity is Rs. 2,500 then liabilities are:
- Rs. 1,500/-
  - Rs. 4,500/-
  - Rs. 6,500/-
  - **Rs.7,500/-**
- xiv. This statement shows the financial position of a business:
- Bank Reconciliation Statement
  - **Balance sheet**
  - Income Statement
  - Trial Balance
- xv. Drawings is shown in the Balance Sheet under the head of:
- Current asset
  - liabilities
  - Non-current asset
  - **Owner's equity**
- xvi. The nature of sales discount is a/an:
- **Contra revenue**
  - Liability
  - Expense
  - Owner's Equity
- xvii. This one of the following is not merchandise of a stationary shop:
- Notebook
  - Stapler
  - **Bicycle**
  - Fountain pen
- xviii. The capital account will not be affected by:
- Additional investment
  - Drawings
  - **Purchase of furniture**
  - Net loss
- xix. This do not appear on the bank statement:
- Direct deposit

- Interest on deposit
- Bank charge
- **Deposit in transit**

xx. A sequence of accounting procedure is:

- **Accounting cycle**
- Accounting period
- Accounting equation
- Closing process

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## SECTION B & C SHORT ANSWER QUESTIONS (50Marks)

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks.

Q.2 (a) Transactions given below relate to the business of Majeed. For each of the transactions, you are required to indicate the effects on the elements of Accounting Equation using (+) for increase and (-) for decrease, (0) for no change:

- i. Sold land for cash at a price in excess of cost.
  - ii. Borrowed money from a bank.
  - iii. Returned some of the equipment previously purchased on credit.
  - iv. Received commission in cash for services rendered.
- b) For each of the following, determine underline missing items:
- i. The Liabilities of a business having assets of Rs. 900,000 and capital of Rs. 480,000.
  - ii. The Capital of a business having Assets of Rs. 1,220,000 and Liabilities of Rs. 420,000.
  - iii. The Expenses of a business having Revenues of Rs. 440,000 and Net income of Rs. 160,000.
  - iv. The Revenues of a business having Expenses of Rs. 760,000 and Net Loss of Rs. 130,000.

Q.3 Mr. Mansoor uses three column cash book. On January 1, 2019, he had cash on hand Rs. 74,000/- and cash in bank Rs. 38,800. He completed the following transactions during the month:

- Jan 04: Purchased merchandise for Rs. 60,000, paying cash Rs. 30,000 and issuing a cheque for the balance.
- Jan 07: Sold merchandise for cash Rs. 16,000 out of which Rs. 10,000 deposited into bank.
- Jan 13: Issued a cheque for Rs. 39,200 in full settlement of Imran's account of Rs. 40,000.
- Jan 15: Received a cheque for Rs. 19,400 from Ghani and allowed discount of Rs. 600.
- Jan 20: Withdrew for personal use cash Rs. 6000 and from bank Rs. 4,000.
- Jan 23: Withdrew cash from bank Rs. 30,000 for business use (Mansoor has an overdraft facility of Rs. 50,000).

### Required:

- a) Prepare a three-column cash book and record the above transactions.
- b) Balance the cash book on January 31 and bring down the balance on February 1, 2019.

Q.4 Following are some transactions performed by EZ traders during the month of March 2019.

- March 08: Sold merchandise on credit Rs. 10,000 to Star Ltd.
- March 12: Purchased office furniture from Toyo Co. Rs. 5,000 in cash.
- March 13: Received cheque for Rs. 9,800 from Star Ltd. in final settlement of their account.
- March 15: Deposited cheque of Star Ltd. in bank.
- March 16: Withdrew cash from bank for personal use Rs. 2,500.
- March 20: Purchased merchandise on account from Moon Bros. Rs. 7,500.
- March 22: Merchandise returned by Moon Bros. Rs. 1,800.

March 29: Account of Moon Bros. settled by issuing a cheque for balance amount.

**Required:**

Record the above transactions in General Journal.

Q.5 Following are the transactions of Ayaan Traders:

- Jan. 02: Sold goods to Haniya & Co. Rs. 13,000.
- Jan. 06: Sold goods to Haris & Co. Rs. 17,000.
- Jan. 10: Sold goods to Hanif & Sons on cash Rs. 18,500.
- Jan. 11: Goods returned by Haris & Co. Rs. 4,000.
- Jan. 18: Goods sold to Hashir Bros. Rs. 8,000.
- Jan.-20: Good returned by Hanif & Sons Rs. 1, 100:
- Jan. 24: Goods sold to Haniya co. Rs. 15,000.

**Required:**

- i. Prepare sales journal in proper form.
- ii. Prepare sales Return Allowance Journal in proper form.

Q.6 Following is a bank reconciliation statement prepared from the cash record of Yasir & Co.

**Bank Reconciliation Statement as on March 31 2019**

Balance as per cash book		Rs. 98,000
Add: Outstanding cheque	Rs. 8,000	
Profit on deposit	Rs. 4,000	
Direct deposit	Rs. 10,000	<u>Rs. 22,000</u>
		<u>Rs. 120,000</u>
Less: Deposit in transit	Rs. 34,000	
Bank Charges	Rs. 2 000	
Dishonored cheque	Rs. 18,000	<u>Rs. (54,000)</u>
Balance as per bank statement		<u>Rs. 66,000</u>

**Required:**

Revise the bank reconciliation statement showing adjusted balance.

Q.7 Following errors were found before closing of books of Waheed Sons. You are required to make journal entries to correct each of the following errors.

- i. Return of defective goods by a customer Rs. 2,000 was charged to sales.
- ii. Purchase of office equipment costing Rs. 10,000 was debited to purchase account.
- iii. Accrued commission income of R s. 1,000 was overlooked.
- iv. Purchase of supplies for Rs. 970 cash was recorded and posted as Rs. 790.
- v. Cash Rs. 4,000 paid to Races & Co. was recorded as paid to Raees & Brothers.

**Required:**

Make journal entries to correct each of the above errors.

**SECTION "C" (DETAILED-ANSWER QUESTIONS) (MAX MARKS 30)**

Instruction: Attempt the following question which is compulsory.

Q.8 The following is the Trial Balance of Mr. Salman, a sole trader, as on December 31. , 2018.

ACCOUNT TITLE	DEBIT(Rs.)	CREDIT(Rs.)
Cash	100,000	
Account Receivable.	40,000	
Purchase	111,300	
Inventory Beginning	10,000	
Prepaid Salaries	10,000	
F Furniture	65,000	

Machinery	100,000	
Rent exp	8,000	
Sales Return & Allowances	2,000	
Sales discount	1,5000	
Accounts payable		42,000
Allow. for depreciation (machinery)		10,000
Allow. for bad debts		1,200
Sales		200,000
Capital Discount		2,000
Capital-Salman		192,600
	<u>447,800</u>	<u>447,800</u>

Data for Adjustment on December 31, 2018:

- i. Merchandise Inventory was valued at Rs. 25,000.

- ii. Salaries expired Rs. 6,000.
- iii. Unpaid Rent Rs. 2,000.
- iv. Depreciation expense (Furniture) Rs. 2,000
- v. Depreciation expense (Machinery) Rs. 1,000
- vi. Bad debt expense Rs. 800. .

**REQUIERED:**

Prepare Adjusting and closing entries in General Journal.

(OR) Prepare Income Statement for the year ended December 31, 2018 and Balance Sheet as on December 31, 2018.

**ACCOUNTING 2018**

**Time: 3 Hours**

**(Regular/Private)**

**Max. Marks: 100**

**SECTION "A" MULTIPLE CHOICE QUESTIONS (20 MARKS)**

- i. This account is irrelevant for the Cost of Goods Sold:
  - Purchase
  - Inventory
  - Carriage-In
  - **Sales Return & Allowance**
- ii. Salary Expenses not yet paid are classified as:
  - Prepaid salary
  - Salary expense
  - **Accrued salary**
  - Unearned salary
- iii. If the proprietorship is  $\frac{3}{5}$  of total assets Rs.300,000/-, then the amount of liabilities is:
  - **Rs.120,000/-**
  - Rs.140,000/-
  - Rs.160,000/-
  - Rs.180,000/-
- iv. Creditors are also termed as:
  - Account Receivable
  - **Account Payable**
  - Bill Receivable
  - Receiver
- v. Sale is best describe by:
  - **Sale of merchandise**
  - Sale of asset

- Cash sale
  - Credit sale
- vi. This is not a contra account:
- Purchase return
  - Drawing
  - Sales return
  - **Furniture**
- vii. The nature of Allowance for Depreciation is:
- Assets
  - Liabilities
  - **Contra Assets**
  - Expense
- viii. Advance received from customers is classified as:
- Assets
  - **Liabilities**
  - Proprietorship
  - Revenues
- ix. A sequence of Accounting procedures is:
- Accounting Equation
  - Accounting Title
  - **Accounting Cycle**
  - Accounting Period
- x. If Gross profit is Rs.80,000/- which is 20%.of sales, then the amount of sales is:
- **Rs.400,000/-**
  - Rs.520,000/-
  - Rs.480,000/-
  - Rs.100,000/
- xi. This is shown as a non-current Assets in Balance Sheet:
- Cash
  - Account Receivable
  - **Machinery**
  - Prepaid Insurance.
- xii. At the end of a accounting year, these accounts are closed:
- Assets
  - Owner's Equity
  - Liabilities
  - **Expenses & Revenues**
- xiii. In Bank Reconciliation statement, unpaid cheque is:
- added in Bank Statement
  - **deducted in Bank Statement**
  - added in Cash Book
  - deducted in Cash Book
- xiv. Merchandise sold on credit if recorded in:
- Cash Book
  - **Sales journal**

- Either Cash Book or Sales Journal
- Petty Cash Book
- xv. Net Income + Operating Expenses:
  - Cost of Goods Sold
  - **Gross Profit**
  - Net Sales
  - Total purchases
- xvi. Bank statement does not show:
  - **Deposit in transit**
  - Direct deposit
  - Bank charges
  - Interest on Deposit
- xvii. Owner's personal expenses, withdrawn from business, are closed by:
  - Assets
  - Liabilities
  - **Owner's equity**
  - Revenue
- xviii. The arithmetic accuracy of account is verified by:
  - Balance Sheet
  - Income Statement
  - Bank Reconciliation
  - **Trial Balance**
- xix. Any entry, which has more than one debit or credit, is called:
  - Single Entry
  - Double Entry
  - **Compound Entry**
  - Contra Entry
- xx. In Ledgers, we use pencil for:
  - Posting
  - **Footing**
  - Balancing
  - Closing

## SECTION B & C SHORT ANSWER QUESTIONS (50Marks)

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks.

Q.2 (a) For each of the following, determine the underlined missing items:

- (i) The Liabilities of a business entity, having Assets of Rs.550,000 and owner's equity Rs.400,000.
- (ii) The Owner's equity of a business entity, having Assets of Rs.600,000 and Liabilities Rs. 120,000.

(iii) The Expenses of a business entity, having Revenue Rs.210,000 and net Loss Rs.25,000.

b) Enlist the complete Accounting cycle.

Q.3 The following are the transactions of Farhan Traders for the month of April 2018,

April 01: Mr. Farhan started his business with a cash Rs.500,000 and shop building Rs.800,000.

April 05: Purchased merchandise for cash Rs. 100,000 and on accounts Rs.50,000.

April 08: Opened a bank account with cash R s. 125,000. Settlement of his account Rs.50,000.

April 25: Proprietor withdrew cash Rs. 15,000 and merchandise.

**REQUIRED:**

Rs.4,800 from business for his personal use.

Record the above transactions in General Journal. Q.4 Ban & Company uses a three column cash book on January 01, 2018- The balance of cash in hand and cash at bank Rs.18,000 and Rs.35,000 respectively. The following are the transactions for the month of January 2018:

January 02: Cash sale Rs.18,500, out of which 40% deposited into Bank on the same day.

January 05; Cash deposited into the bank Rs.8,000.

January 10: Received a Cheque of Rs.11,950 from Jamil in full settlement of his account Rs.12,000.

January 15: Issued a Cheque of Rs.5,890 to Wakeel in full settlement of his account Rs.6,000.

January 20: The cheque of Jamil deposited into bank.

January 25: Withdrew from bank Rs.8,000 for private use and R8.7,000 for office use..

January 31: Paid salaries by Cheque Rs.14,000 and utility bills by cash Rs.5,000.

**REQUIRED:**

Record the above transactions in a Three Column Cash Book. Balance the ash book on January 31, 2018 and bring down the balance on February 01, 2018.

Q.5 Given below in page NO.10 Of the Single column purchase journal of Saqib Traders, Containing some irrelevant transaction recorded incorrectly by a newly appointed employees of the firm:

**MR. SAQIB TRADERS**

Date	Name of Suppliers	P.R	Amount
05-03.2018	Purchase merchandise from Aslam& Co. terms 2/10, n/30.		Rs. 12,000

10-03-2018	Purchase merchandise for cash.	Rs.8,000
12-03-2018	Purchased office equipment from Kashif Engineering.	Rs.20,000
15-03-2018	Purchased merchandise from Umer & Company on credit.	Rs. 15,000
20-03-2018	Purchased office supplies on account from Iqbal & Sons.	Rs. 1,000
25-03-2018	Purchased merchandise from Aslam & Co. term 2/10, n/30.	Rs.15,000
30-03-2018	Purchased merchandise on account from Kamil & Co. term n/30.	Rs. 18,000

**REQUIRED:**

- a) Prepare a revised and correct purchase journal from the above data.
- b) Set up purchase account No. 5001 appropriate controlling account in the general ledger.

Q.6 A study of cash record and Bank statement of M/S. Neman Traders for the month of March 2018 revealed the following Information.

- i. Balance as per cash book Rs.55,000.
- ii. Balance as per Bank statements Rs.70,000.
- iii. Cheque of Rs.70,500 deposited in the Bank but only Rs.46,000 was credited.
- iv. Cheque of Rs.63,000 issued but only Rs.31,000 presented for payment.
- v. Direct deposit by a customer into the Bank Rs. 10,000.
- vi. Dishonored Cheque Rs.3,500.
- vii. Bank services charges Rs.500.
- viii. Profit credited by bank Rs.1,500.

**REQUIRED:**

Prepare a bank Reconciliation statement on March 31, 2018.

Q.7 The following errors were discovered before closing the book of accounts of M/S. Max Company.

- i. Purchase of furniture Rs.25,000 was debited to purchase account.
- ii. Return of defective goods worth Rs. 5,000 to the supplier was credited to purchase account.
- iii. Ordinary repairs costing Rs.1,300 to office equipment was debited to office equipment account.
- iv. Depreciation was overcharged by Rs.5000 through allowance for depreciation account.
- v. Sales of old furniture for Rs.4,000 cash was recorded to sales accounts.
- vi. Purchase office supplies on account for Rs.6,500 was recorded and posted as Rs.5,600.

**REQUIRED:**

Prepare correcting entries In General journal.

## SECTION "C" (DETAILED-ANSWER QUESTIONS) (MAX MARKS 30)

Instruction: Attempt the following question which is compulsory.

Q.8 The following have been balances taken from the pre-dosing trail balance of UWH Traders of December 31, 2017.

Particulars	Debit	Credit
Cash	140,000	
Bank	100,000	
Accounts Receivable	75,000	
Merchandise Inventory (opening)	35,000	
Unexpired insurance	25,000	
Purchases	230,000	
Equipment	60,000	
Purchase Return		15,000
Transportation-In	5,000	
Sales Discount	5,000	
Accounts payable		60,000
Bank loan		130,000
Rent Expenses	60,000	
Sales		305,000
Sales return	5,000	
Commission Income		17,000
Capital		237,000
Drawing	24,000	
	764,000	764,000

Total		
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Data for Adjustment on December 31, 2017:

- i. Merchandise Inventory at December 31, 2017 Rs. 60,000.
- ii. Unpaid Rent Rs. 2,000.
- iii. Insurance Expired Rs. 12,000.
- iv. Depreciation on Equipment estimated at R s. 4,000.

**REQUIRD:**

- 1) Income Statement for the year ended December 31, 2017. (OR). Adjusting and Closing entries in General Journal.
- 2) Balance Sheet as on December 31. 2017.

## ACCOUNTING 2017

Time: 3 Hours

(Regular/Private)

Max.

Marks: 100

### SECTION "A" MULTIPLE CHOICE QUESTIONS (20 MARKS)

NOTE:

- i. This section consists of 20 part questions and all are to be answered. Each question carried one mark.
- ii. DO not copy down the part questions in your answer book. Write only the answer in full against the proper number of the question and its part.
- iii. The code number of your question paper is to be written in bold letters in the beginning of the answerscript.

Q.1 Choose the correct answer for each from the given options:

- i. An accounting books, used for small expenses recording, is known as:
  - Cashbook
  - Ledger
  - **Petty Cash**
  - Journal
- ii. All are example of Fixed Assets except:
  - Buildings
  - Vehicles
  - Equipments
  - **Supplies**
- iii. An entry with more than one debit or more than one credit ia called:
  - Contra entry
  - Double entry
  - General entry
  - **Compound entry**
- iv. The determine arithmetic accuracy of double entry accounting:
  - Income Statement
  - Balance Sheet
  - Cashbook
  - **Trial Balance**
- v. Gross Profit=:
  - Purchase – Sales
  - Sales-Operating expenses
  - Sales+ Operating expenses
  - **Sales-cost of goods sold**
- vi. Allowance for Bed Debts account is:
  - Assets account
  - Liability account
  - **Contra assets account**
  - Expense account
- vii. This o one of the following Balance sheet equations is correct:
  - Liabilities = Assets + Capital
  - Capital = Assets + Liabilities

- **Assets = Liabilities + Capital**
  - Assets = Liabilities – Capital
- viii. If Net sales and Cost of goods sold are equal. then:
- Gross profit is more than Cost of goods sold
  - Gross profit is equal to Net Income
  - Gross profit is less than Cost of goods sold
  - **Gross profit is equal to zero**
- ix. Bank overdraft is a/an:
- Current asset
  - Fixed asset
  - **Current liability**
  - Expense
- x. Excess of expenses over revenue is called:
- Gross profit
  - Net profit
  - **Net Loss**
  - Net income before other income
- xi. If total Assets are Rs. 150,000/- in which 1/3 are liabilities then capital is:
- Rs. 50,000/-
  - Rs. 75,000/-
  - **Rs. 100 000/-**
  - Rs. 150,000/-
- xii. Merchandise, withdrawn by owner for his personal use is known as:
- Capital
  - **Drawing**
  - Personal use
  - Merchandise
- xiii. This one is not a Book of original entry:
- Sales Journal
  - **Trial Balance**
  - Purchase Journal
  - Cashbook
- xiv. In sole proprietorship business, net profit is transferred to:
- **Capital account**
  - Drawing account
  - Current account
  - Bank account
- xv. This account will be credited for recording advance collection of Rent:
- Accrued Rent
  - Prepaid Rent
  - **Unearned Rent**
  - Rent Receivable
- xvi. Rent Receivable is a/an:

- **Assets**
  - Liabilities
  - Expenses
  - Revenue
- xvii. Closing entries are made to close:
- Assets accounts
  - Liabilities accounts
  - **Revenues and expenses accounts**
  - Capital account
- xviii. Credit note issued is entered in:
- Sales journal
  - **Sales return and allowance journal**
  - Purchase journal
  - Purchase return and allowance journal
- xix. This account usually has a Debit balance;
- Unearned commission
  - **Purchase account**
  - Purchase return account
  - Sales account
- xx. Commission received but not yet earned is:
- Assets
  - **Liability**
  - Expense
  - Revenue

## SECTION B & C SHORT ANSWER QUESTIONS (50Marks)

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks.

Q.2 (a) State the rules of Debit and Credit for the following:

- i. Increase in owner's capital.
- ii. Decrease in office supplies.
- iii. Decrease in note payable.
- iv. Increase in Bank overdraft.
- v. Increase in office furniture.
- vi. Decrease in owner's capital.

c) Write the effect of the following transactions on accounting equation- Increase will be shown as (+), decrease as (-) and no effect as (O):

- i. Purchased merchandise for cash.
- ii. Borrowed cash from bank.
- iii. Paid to supplier by cheque.
- iv. Received advance commission from client.
- v. Purchased equipment on credit from Mr. Kashif.

- vi. Owner withdrew cash from business for his Personal use.

Q.3 On March 01, 2017 Mr. M. Hassan Khan started a business with cash investment of Rs. 300,000.

The following transactions were completed during the month:

- March 03: Opened a bank account with Rs. 100,000.  
March 08: Purchase furniture from Mr. Baber R s. 50,000 on account  
March 12: Purchased two computers Rs. 20,000 each on cash.  
March 18: Purchased merchandise from Mr. Faraz Rs. 25,000 on account and Rs. 10,000 on cash.  
March 24: Sold merchandise to Mr. Asif Rs- 20,000 on account.  
March 29: Paid salaries to staff Rs. 40,000, by cheque Rs- 15,000 and balance in cash.

**REQUIRED:**

Record the above transaction in General Journal of Mr. M. Hassan Khan.

Q.4 Following are the selected transaction of Sadaf co. for the month of April, 2017:

- April 3: Sold merchandise to Shamim and co. Rs- 7,250 invoice No. 3212.  
April 7: Sold merchandise to Nasim Traders Rs. 8,200 invoice No. 3213.  
April 10; Merchandise returned from Shamim and Co. Rs. 600 issued credit memo No. 124.  
April 13: Issued invoice No. 3214 to Nigar Zehra for merchandise sold Rs. 8,750.  
April 15: Sold merchandise to Raza Bros. for Rs. 15,150 invoice No. 3215.  
April 16; Merchandise returned from Nigar Zehra Rs. 775 credit memo No. 126.  
April 20: Credit Sales to Azher Bros. Rs. 3,300 invoice No. 3216. Merchandise returned from Azher Bros. Rs. 50 credit.  
April 25: memo No. 128.

**REQUIRED:**

Prepare Sales Journal (22) and Sales Return and allowance journal (915) and pass the entries on April 30, 2017.

Q.5 The following errors were found from the books of Mr. Mushtaq Ahmad Maher before closing of books:

- i. Expense on Repair and Maintenance of Machinery Rs. 5,000 are entered in Machinery account.
- ii. Received cash Rs 10,000 from a customer Usman Brothers but entered in Usman and Sons account.
- iii. Purchase office equipment Rs. 15,500 recorded as purchases.
- iv. Credit sales to Mr. Amjad Rs. 12,000 recorded as cash sales.
- v. Sales of merchandise Rs. 15,000 on account to Mr. Jamil but was recorded as Rs. 1,500.
- vi. Rent of owner's house paid by cheque Rs. 10,000 recorded as Rent Exchange.

**REQUIRED:**

Record Correcting entries in General Journal.

Q.6 Mr. Babloo Khan, a sole trader uses three columns Cash book. On February 01, 2017 he has cash on hand Rs. 50,000 and cash at banks Rs. 30,000. During the month of February 2017, he completed the following transactions.

February 03: Purchased merchandise for Rs. 10,000 paid 30% by cash and Balance by cheque.

February 07: Purchased furniture for cash Rs. 15,000.

February 14; Sold goods for cash Rs. 55,000. 1/4 of which deposited in the Bank same day.

February 19: Advice received from bank that a customer Mr. Hagan Masroor has made direct deposit in bank Rs. 10,000.

February 22: Paid owner's home utility bills Rs. 5,000.

February 24: Withdrew cash from bank R8. 8,000 for office use.

February 36: Received cash Rs. 13,500 from Mr. Owais Shah in full settlement of his account of Rs. 14,000.

February 28: Issued a cheque to Mr. Akber Khan for R8. 11,000 in full settlement of his account of Rs, 12,000.

**REQUIRED:**

- a) Enter the opening balances on February 01, 2017 and record the transaction in the Cash book.
- b) Balance the Cashbook on February 28, 2017, close it and bring down Cash and Bank Balance on March 01, 2017.

Q.7 A study of Cash book (Bank Column) and the Bank Statement of Sarfaraz and Company for the month of April; 2017 revealed the following.

- i. Balance as per Cash book (Cr) Rs. 6,300.
- ii. Cheque Rs. 10,000 deposit on April 30, 2017 not shown by bank.
- iii. Debit memo for a cheque Rs. 1,700 of Mr. Yasir Aziz marked NSF.
- iv. Balance as per Bank Statement (Dr.) Rs. 14,600.
- v. Cheques deposit into the bank Rs. 32,600. The bank cleared only Rs. 10,000 cheque.
- vi. Advice received from bank that a customer Mr. Faizaan had made direct deposit in the bank Rs. 7,200.
- vii. Unpresented Cheques Rs. 8,000.
- viii. Issued a Cheque of Rs. 1,200 purchase of Furniture was recorded as Rs. 12,000 by company's Cashier.

**REQUIRED:**

Prepare a Bank Reconciliation Statement as of April, 2017.

**SECTION "C" (DETAILED-ANSWER QUESTIONS) (MAX MARKS 30)**

Instruction: Attempt the following question which is compulsory.

Q.8 Accounts balance and data for adjustment of Wajid Brothers at the end of June 30, 2016 are as follows:

Accounts Receivable Rs. 10,000; Accounts payable Rs. 12,000; Sales Rs. 105,000; Sales Return and Allowances Rs. 5,000

Purchases Rs. 50,000; Purchase Discount Rs. 2,000; Cash Rs. 50,000; Merchandise Inventory Rs. 15,000; Unearned Commission Rs. 18,000; Prepaid Rent Rs. 8,000; Capital-Wajid Rs. 71,000; Furniture Rs. 20,000; Allowance for Depreciation Furniture Rs. 3,000; carriage-in Rs. 2,000; salary Expense Rs. 36,000; advertising expense Rs. 10,000; Drawing-Wajid Rs. 5,000.

Data for Adjustment on June 30, 2016:

- i. Merchandise Inventory on June 30, 2016 Rs. 20,000.
- ii. Actual Salary for Year Rs. 40,000.
- iii. Depreciation on fixed assets @ of 10% of cost.
- iv. Estimated Bad Debts Expense for the year 1% Net Sales.
- v. Commission Income for the year Rs. 12,000.
- vi. 1/2 of the Rent expired during the period.

**REQUIRED:**

1. Income Statement for the year ended June 30, 2016.

(OR) Closing entries in General Journal

2. Balance Sheet as on June 30, 2016 in classified form.

**ACCOUNTING 2016**

**(Regular/Private)**

**Max.**

**Time: 3 Hours**

**Marks: 100**

**SECTION "A" MULTIPLE CHOICE QUESTIONS (20 MARKS)**

Q.1 Choose the correct answer for each from the given options:

- i. The owner's claim to the assets of the business is:
  - Asset
  - Expense
  - Liability
  - **Owner's Equity**
- ii. A business that purchases and sells goods is called:
  - Manufacturing
  - Servicing
  - **Trading**
  - None of these
- iii. These accounts normally have credit balance except;
  - Bank Loan
  - Sales

- **Sales Return**
  - Accounts Payable
- iv. This is Non-current asset:
- Inventories
  - **Equipments**
  - Office Supplies
  - Accounts Receivable
- v. Amount paid for servicing of owner's car will be recorded as:
- Asset
  - Liability
  - Expense
  - **Drawing**
- vi. The excess of assets over capital is:
- Income
  - Expense
  - Profit
  - **Liability**
- vii. Revenue of Rs. 60,000 while Net Loss is Rs. 20,000 then expenses are:
- Rs. 15,000
  - Rs. 45,000
  - Rs. 60,000
  - **Rs. 75,000**
- viii. All cash receipts and payments are recorded in:
- Purchase Journal
  - Sales Journal
  - Pans Book
  - **Cash Book**
- ix. Contra entry appears on this side of cash book:
- Payment side
  - Receipt side
  - **Both side**
  - None of these
- x. Journals are also called:
- Ledgers
  - Books of final entry
  - **Books of primary entry**
  - Financial statements
- xi. Overdraft in the bank statement is shown as:
- Credit Balance
  - **Debit Balance**
  - Zero Balance
  - Both Debit & Credit Balance
- xii. Ending stock is:

- Liability
  - Income
  - **Asset**
  - Capital
- xiii. This shows the financial position of the business:
- Income Statement
  - **Balance Sheet**
  - Cash Book
  - Bank Statement
- xiv. Cost of goods sold is a part of:
- Equities
  - Balance Sheet
  - **Income Statement**
  - Cash Book
- xv. This account will be credited, if Mr. A started business with cash:
- **Capital**
  - Cash
  - Drawing
  - Expense
- xvi. An Entry with more than one debit or credit is called:
- Double entry
  - **Compound entry**
  - Contra entry
  - Triple entry
- xvii. If total Assets are Rs. 50,000 and liabilities are 20% of assets, then capital is:
- Rs. 10,000
  - **Rs. 40,000**
  - Rs. 50,000
  - Rs. 60,000
- xviii. Un-earned income is a/an:
- Asset
  - **Liability**
  - Owner's Equity
  - Expense
- xix. The term 'Cost of Goods sold means:
- Sales + Gross Profit
  - Sales - Net Profit
  - Sales + Net Profit
  - **Sales - Gross Profit**
- xx. Closing entries are made to close:
- Assets Account
  - Liabilities Account
  - Capital Account

- Revenue and expense account

## SECTION B & C SHORT ANSWER QUESTIONS (50Marks)

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks.

### Q.2 ACCOCOUNTING EQUATION:

- Define the term Accounting.
- Sate Fundamental Accounting Equation.
- Give Rules of Debit and Credit in terms of increase and decrease.
- Write the steps of Accounting Cycle.

### Q.3 GENERAL JOURNAL:

Following are the transactions of Yousuf Traders posted in respective ledger accounts:

<b>CASH</b>			
Nov. 1, 2015	500,000	Nov. 05, 2015	300,000.
	280,000	Nov. 18, 2015	20,000
<b>BANK (Rs.)</b>			
Nov.05, 2015	300,000	Nov. 29, 2015	8,000
	Nov. 20, 2015		25,000
<b>ACCOUNTS PAYABLE (Rs.)</b>			
Nov. 11, 2015	5,000	Nov. 08, 2015	75,000
Nov. 18, 2015	20,000		
<b>PURCHASE (Rs.)</b>			
Nov.08, 2015	75,000	Nov. 08, 2015	75,000
Nov. 20, 2015	25,000		
<b>CAPITAL (Rs.)</b>			
	Nov. 01, 2015		500,000
<b>PURCHASE RETURNS &amp; ALLOWANCE (Rs.)</b>			
		Nov. 11, 2015	5,000
<b>SALARY EXPENSE (Rs.)</b>			
	NOV.29, 2015		8,000
<b>SALES (Rs.)</b>			
Nov. 15, 2015	280,000		

## REQUIRED:

Record the effects shown in above ledger in General Journal.

### Q.4 PETTY CASH BOOK

Mr. Umar maintains petty cash book-under imprest system for recording petty payments.

March I: Amount received from cashier to establish petty cash fund Rs. 5,000. Following are the selected transaction during March, 2015.

March 02,2015	Paid for postage stamps	80
March 02, 2015	Paid for stationary	100
March 03, 2015	Paid for cartage	40
March 03,2015	Paid for postage stamps	60
March 08,2015	Paid for paper	10
March 12,2015	Paid for cartage	60
March 18,2015	Paid for trips to office peons	20
March 23,2015	Paid for ink and nibs	40
March 25,2015	Paid for Trip to office peons	60
March 26,2015	Paid for train fare	500
March 28,2015	Paid for bus fare	40
March 29,2015	Envelopes and letterhead	60
March 30,2015	Printing address on above	40
March 31,2015	Tax free to manager	100

## REQUIRED:

- a) Record the above transaction in petty cash book.
- b) Make balancing on March 31, 2015 and transfer it on April 1, 2015

### Q.5 BANK RECONCILIATION STATEMENT

Comparison of Cash book and Bank statement of Ocean Co. revealed the following information.

- i. Debit Balance as per cash book Rs. 10,000.
- ii. Debit Balance as per Bank statement Rs. 17,000.
- iii. Debit memo for a cheque of Rs. 10,000 marked NSF.
- iv. Cheque deposit totaling Rs. 40,000 but only Rs. 24,000 were cleared.
- v. Cheque issued for Rs. 30,000 but only Rs. 19,000 were presented.
- vi. Late deposit not shown in Bank statement Rs. 32,000.
- vii. Advice received from bank that a customer had made direct deposit into the bank Rs. 18,000.

- viii. Interest credit by bank Rs. 2,500.
- ix. Locker charges debit by bank Rs. 500.

**REQUIRED:**

- a) Prepare a Bank Reconciliation statement as of June 30, 2015.
- b) Record necessary adjusting entries.

**Q.6 SPECIAL JOURNAL**

The following transactions are to be recorded in Special Journal of An & Co.

- April 01, 2015: Sold merchandise on credit to Ahmed Sons Rs. 2,000.
- April 05, 2015: Sold merchandise on credit to Hamza Bros. Rs. 4,000
- April 08, 2015: Ahmed Sons returned merchandise worth Rs. 250 .
- April 15, 2015: Sold merchandise on credit to Usman & Co. Rs. 5,000
- April 20, 2015: 10% allowance given to Hamza Bros. on defective goods of Rs. 2,000 sold to them on April 5
- April 28, 2015: Sold merchandise on credit to Ahmed Sons Rs.3,000.

**REQUIRED:**

- i. Record the above transactions in appropriate journals.
- ii. Post the total of Special Journals to General Ledger, giving posting references.

**Q.7 CORRECTION OF ERROR:**

Following errors were discovered before the closing of books of Hydride Co. Give entries in General Journal to correct each of the following:

- a) Purchase of furniture Rs. 12,000 was wrongly debit to purchase account.
- b) Salaries expense Rs. 15,000 were recorded as service Expense.
- c) Depreciation was overcharged by Rs. 3,000 through allowance for depreciation account.
- d) Return of defective furniture worth Rs. 2,000 was recorded as purchase return account.
- e) She of old equipment worth Rs. 10,000 recorded as sale account.
- f) Payment for owner's club fee Rs. 6,000 was recorded as fee expense.

**SECTION "C" (DETAILED-ANSWER QUESTIONS) (MAX MARKS 30)**

NOTE: Instruction: Attempt the following question which is compulsory.

**Q.8 FINANCIAL STATEMENT AND CLOSING PROCESS**

On December 31, 2015 following balances were extracted from Rehan & Co.

**Debit Balances:**

Cash Rs. 7,000, Accounts Receivable Rs. 30,000, Investment Rs. 25,000, Mds. Inventory Rs. 15,000, Office supplies 4,000, Machine Rs. 40,000, Insurance expense Rs. 5,000, Drawing Rs. 4,000, Purchase Rs. 32,000, Sales return R s. 5,000, Transportation in Rs. 10,000, Rent expense Rs. 20,000, Total Rs. 197,000

## Credit Balances

Allowance for depreciation - Machine Rs. 2,000, Unearned commission Rs. 20,000, sales Rs. 75,000, Accounts payable Rs. 15,000 Capital Rs. 50,000, Purchase returns Rs. 2,000, Notes Payable Rs. 33,000, Total Rs. 197,000.

## Additional Information

- |   |            |
|---|------------|
| a) Merchandise Inventory on Dec. 31, 2015 | Rs. 5,000  |
| b) Depreciation on machine.               | Rs. 3,000  |
| c) Office supplies used                   | Rs. 2,000  |
| d) Insurance Expense                      | Rs. 3,000  |
| e) Unearned commission                    | Rs. 1,000  |
| f) Salaries expense for the year          | Rs. 10,000 |

## REQUIRED:

Prepare any Two of the following:

- i. Income Statement
- ii. Balance Sheet
- iii. Closing entries in General Journal

## ACCOUNTING 2015

Time: 3 Hours

(Regular/Private)

Max. Marks: 100

## SECTION "A" MULTIPLE CHOICE QUESTIONS (20 MARKS)

Q.1 Choose the correct answer for each from the given options:

- i. This is merchandising business:
  - Motor workshop
  - Estate agency
  - **Medical store**
  - Beauty parlor
- ii. This is not an Asset:
  - Account Receivable
  - **Unearned Commission**
  - Cash
  - Unexpired Rent
- iii. Normally, this account has a debit balance:
  - **Loan to Ahmed**
  - Loan from Ali
  - Bank overdraft
  - Purchase discount

- iv. Capital + Liability – Assets =:
- 0
  - 1
  - 2
  - 3
- v. Assets are equal to the sum of liabilities plus:
- Profit
  - Owner's equity
  - Expenses
  - Revenue
- vi. The right of outsiders on assets of business is called:
- Capital
  - Liability
  - Asset
  - Income
- vii. Unearned revenue is a/an:
- Liability
  - Owner's equity
  - Asset
  - Income
- viii. Accrued income appears in balance sheet as a/an:
- Liability
  - Capital
  - Contra Asset
  - Asset
- ix. Ending inventory in balance sheet is shown as:
- Liability
  - Income
  - Asset
  - Capital
- x. Unsold goods at end are called:
- Purchases
  - Closing Inventory
  - Cost of goods sold
  - Opening Inventory
- xi. The arithmetic accuracy of Accounts is verified by:
- Balance Sheet
  - Income Statement
  - Journal
  - Trial Balance
- xii. This is not shown in balance sheet:
- Cash
  - Inventory
  - Building

- **Rent Expense**
- xiii. The process of recording transaction in Journal is called:
- Posting
  - Balancing
  - Footing
  - **Journalizing**
- xiv. Advertisement paid in advance is debited to the account for:
- **Prepaid Advertisement**
  - Accrued Advertisement
  - Advertisement Expenses
  - Selling Expenses
- xv. Rs. 500 withdrawn by the owner for private use is credited to:
- Drawing Account
  - Expense Account
  - **Cash Account**
  - Capital Account
- xvi. Under the interest system. Petty cash fund is periodically:
- Closed
  - Opened
  - **Replenished**
  - Reduced
- xvii. This is a book of secondary entry:
- Trial Balance
  - **Subsidiary Ledger**
  - Sales Journal
  - General Journal
- xviii. Allowance for Bad Debts is:
- Revenue
  - **Contra Asset**
  - Liability
  - Expense
- xix. Contra entries are recorded in:
- Sales journal
  - **Cash Book**
  - General Journal
  - Petty Cash Book
- xx. Outstanding cheque is:
- **Unpresented Cheque**
  - Dishonored Cheque
  - Deposit in Transit
  - Cheque in Clearing

**SECTION B & C SHORT ANSWER QUESTIONS (50Marks)**

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks.

### **Q.2 ACCOCOUNTING EQUATION:**

For each of the following determine the underlined missing item.

- i. The liabilities of a business entity having assets of Rs.400,000 and owner's equity of Rs. 1 80,000
- ii. The assets of a business entity having liabilities of Rs.100,000 and owner's equity of Rs.200,000
- iii. The Owner's equity of a business entity having assets of Rs.200,000 and liabilities of Rs.70,000
- iv. The revenues of a business entity having expenses of Rs. 120,000 and Net Income of Rs.30,000.
- v. The expenses of a business entity having revenue of Rs.180,000 and Net loss of Rs.16,000
- vi. Sales revenue of a business entity having cost of goods sold Rs.210,000 and gross loss of Rs.10,000

### **GENERAL IOURNAL:**

The following are transactions completed by All Air . Conditioners: 2014

Dec. 01 Invested Cash Rs.120,000 & shop equipment worth Rs.80,000.

03 Paid shop rent for the month Rs.10,000. 15 Received repair income i.i cash Rs.20,000 for the

Service rendered during the first fortnight.

25 Rendered services for Rs.30,000 on credit.

28 Paid salaries Rs.10,000,

30 Received Cash Rs. 20,000 on account

31 Rendered services for cash Rs.50,000 during the last fortnight.

### **REQUIRED:**

Record the above transaction in the general journal (standard form)

### **Q.4 TRIAL BALANCE:**

The following balance appeared in the accounts of Raza Traders on April 01, 2015:

Bank Rs. 220,000 Office Supplies Rs. 2,000, Office Equipment Rs. 32,000, Advertising payable

Rs. 2,000, Raza Capital Rs? The transactions completed during the month were as follows:

April 01: Purchased office equipment on credit from A.B. & Co. Rs. 10,000

05 Returned office equipment purchased on 1<sup>st</sup> April Rs. 2,000.

15 Issued Cheque in payment of account payable Rs. 5,000.

20 Received consulting fee income and deposited in bank  
Rs. 1,900. 25 Issued cheque against advertising payable Rs. 1,500.

**REQUIRED:**

- a) Computer Raza Capital on April 1.
- b) Prepare Trial Balance on April 30.

**Q.5 CASH BOOK:**

Mr. Yasir a sole trader, uses a three column cash book for his business. On June 1, 2014 he had cash on

hand Rs. 25,000 and cash in bank Rs. 35,000. During the month he completed the following transactions.

- June 6 Received a cheque from Israna Co. for Rs. 2,400 and allowed them discount Rs. 100.
- 11 Deposited Israna Co's cheque in the bank.
- 15 Issued a cheque for Rs. 2,500 to Kafel Co. in full settlement of their account of Rs. 3,000.
- 27 Deposited cash into Bank Rs. 10,000.
- 27 Withdrew from bank for personal use Rs. 3,000.
- 30 Withdrew cash from the bank for office use Rs. 5,000.

**REQUIRED:**

- a) Enter the opening balances and record the above transaction in a three-column cash book.
- b) Balance the cash book on June 30, 2014 bringing down the cash and bank balances on July 1, 2014.

**Q.6 SPECIAL JOURNALS:**

The following are selected transaction of Liaquat & Company for April, 2015.

- April 1 Sold merchandise on account to Mr. Ahmed Rs. 4,000.
- 4 Sold merchandise on account to Mr. Basit Rs. 5,000.
- 8 Merchandise returned by Mr. Ahmed Rs. 100
- 10 Sold the old typewriter by cash Rs. 500
- 12 Sold merchandise on account to Mr. Mubeen Rs. 2,000.
- 16 Merchandise returned by Mr. Basit Rs. 800
- 19 Sold merchandise for Rs. 3,000
- 23 Sold merchandise to Ms. Ahmed on account for Rs. 6,000
- 30 Returned merchandise From Mr. Mubeen Rs. 700

**REQUIRED:**

- a) Record the above transaction as the case may be in:
  - i. Sales Journal
  - ii. Sales Returns and Allowances Journal
- b) Prepare in the running balance from the account of Mr. Ahmed in Accounts receivable

Subsidiary ledger.

### **Q.7 BANK RECONCILIATION:**

Following is the information provided by Muqem Co. at April 30, 2015 for preparation of bank

Reconciliation statement.

- i. On April 30, bank statement: showed overdraft of Rs. 8,500 and cash book had a balance of Rs. 13,650.
- ii. Deposit in transit Rs. 80,000.
- iii. A debit memo for 1,500 accompanied the bank statement for locker rent. The bank had Erroneously charged this to Muqem Co. instead of Muqem Bros.
- iv. The bank charged Rs. 100 for services.
- v. Outstanding cheques Rs.48,000.
- vi. A direct remittance in bank account Rs. 8,000 by a customer.
- vii. Dividend collected by the bank on behalf of the company Rs.3000 but not recorded in cash book.
- viii. A cheque for Rs.720 of Azeem deposited in the bank was erroneously recorded in cash book Rg.270.

### **REQUIRED:**

Prepare Bank Reconciliation Statement.

### **SECTION "C" (DETAILED-ANSWER QUESTIONS) (MAX MARKS 30)**

NOTE: Instruction: Attempt the following question which is compulsory.

### **Q.8 FINANCIAL ADJUSTMENT. AND CLOSING PROCESS:**

Given: Balance extracted from the ledger of Mustafa Traders on March 31, 2015 before adjustment are as follows:

#### **Debit Balances:**

Cash Rs.100,000; Merchandise Inventory April 01 Rs.80,000; Office Equipment Rs.300,000; Purchase Rs.520,000; Salaries

Expense Rs.55,000; Office Supplies' Rs.5,000; Prepaid Insurance Rs.12,000; Accounts Receivable R\$.200,000; Sales Returns & Allowance Rs.5,000; Furniture Rs. 173,000; Mustafa Drawings Rs,50,000; Transportation-in Rs.4,000; Rent Expense Rs.50,000 Total=Rs. 15,54,000

**Credit Balances:**

Sales Rs.750,000; Purchase Returns & Allowance Rs.5,000;  
Mustafa Capital Rs.600,000; Allowance for Depreciation  
(Office equipment) Rs.25,000; Accounts payable Commission Income Rs.4,000;  
Total = Rs. 15,54,000.

Data for Adjustment on March 31, 2015:

- i. Merchandise Inventory was valued at Rs.100,000.
- ii. Salaries payable Rs.5,000.
- iii. Commission accrued Rs. 1,000.
- iv. Office supplies unused Rs.2,000.
- v. Insurance expired Rs. 8,000.
- vi. Depreciation on office equipment for the year was estimated at Rs. 5,000.

**REQUIRED:**

Prepare any two of the following:

- i. Entries in general journal
- ii. Income Statement
- iii. Balance Sheet

## ACCOUNTING 2014

Time: 3 Hours

(Regular)

Max. Marks: 100

### SECTION "A"

#### MULTIPLE CHOICE QUESTIONS (20 MARKS)

- Q.1 Choose the correct answer for each from the given options:
- i. Accounts payable and income tax payable are:
    - **Current liabilities**
    - Equity
    - Fixed assets
    - Long term liabilities
  - ii. Pre-payment is initially recorded as an:
    - Expense or Liability
    - Asset or Income
    - **Asset or Expense**
    - Asset or Liability
  - iii. The error in cash account will affect:
    - Income statement
    - Sales Journal
    - Purchase Journal
    - **Balance Sheet**
  - iv. The Statement which presents revenues and expenses of an entity is called:
    - **Income Statement**
    - Bank Reconciliation Statement
    - Purchase Journal
    - Balance Sheet
  - v. It is not a book of prime entry:
    - Petty cash book
    - Journal
    - Cash book
    - **Bank Reconciliation Statement**
  - vi. Capital is the amount:
    - The outsider owes to the entity
    - The owner owes to the entity
    - The customer owes to the entity
    - **None of these**
  - vii. Closing entries are prepared:
    - **At the end of an accounting period**
    - At the beginning of an accounting period
    - During the year
    - None of these
  - viii. Financial transactions are recorded in:
    - Balance sheet
    - Trial balance
    - Ledger
    - **Journal**
  - ix. It is not included in Balance sheet:
    - Cash
    - Inventory

- Building
  - **Rent expense**
- x. Accrued income is:
- **Asset**
  - Expense
  - Liability
  - Revenue
- xi. This one of the following is correct:
- Assets + Owners 'Equity = Liabilities
  - Assets + Liabilities = Owners 'Equity
  - Assets = Owners' Equity – Liabilities
  - **Assets - Liabilities = Owner's Equity**
- xii. Sale is best described by:
- Only Cash sale of merchandise
  - **Cash and Credit sale of merchandise**
  - Any sale of any Assets for cash
  - Sale of any Assets on Credit
- xiii. If Cash sales are Rs.12,000 and Credit sales are Rs.3,000 in the current month, the amount of total revenue for the current month will be:
- **Rs.15,000**
  - Rs.9,000
  - Rs.12,000
  - Rs.3,000
- xiv. If the company's policy is to record advance payment as an asset, payment for insurance premium will be recorded as:
- **Prepaid Insurance**
  - Insurance expense
  - Insurance payable
  - Unearned Insurance
- xv. This one of the following is correct statement:
- Profit does not change owners 'equity
  - **Profit decreases owners' equity**
  - Profit increases owner's equity
  - Profit increases both liabilities and owner's equity
- xvi. Posting means:
- Making an entry in general journal
  - Making an entry in special journal
  - **Transferring an entry from a journal to ledger account**
  - Determining balance of account
- xvii. This normally has a debit balance
- Accounts Payable
  - **Supplies**
  - Unearned Commission
  - Capital Account
- xviii. The purpose of a trial balance is to:
- **Determine the arithmetic accuracy of double entry**
  - Show financial position at a particular date
  - Show performance of business
  - None of these
- xix. If one entry Doable has more than one debit Compound or credit, entry.it is called:

- Double Entry
  - Contra Entry
  - **Compound Entry**
  - None of these
- xx. If the seller reduces the price of goods after shipment, because of the goods supplied have some defects, this reduction in price is called a:
- **Sales return and allowances**
  - Sales discount
  - Quantity discount
  - Purchase return and allowance

**SECTION B & C SHORT ANSWER QUESTIONS (50Marks)**

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks.

**Q.2 General Journal:**

The following transactions were completed by Mr. Saad, a sole trader.

- (i) Invested Rs. 5,00,000
- (ii) Opened a bank account with Rs.3,50,000
- (iii) Purchased Goods from Mr. Ali on credit for Rs.45,000 and cash Rs.33,000
- (iv) Sold goods on account for Rs.55,000 and cash Rs.23,000
- (v) Paid for insurance Rs.26,000 through cheque
- (vi) Purchased computer for Rs.32,000
- (vii) Received commission in advance through a cheque of Rs, 12,000
- (viii) Issued a cheque of Rs. 44,500 to Mr. Ali in full settlement of his account of Rs. 45,000

**REQUIRED:**

Make entries in General Journal.

**Q.3 General Ledger:**

Take the transactions in Question No.2 in this paper

**REQUIRED:**

Posting, footing & balancing in T-accounts.

**Q.4 Petty Cash Book:**

?	?		?	?	?

Stationary	Postages Telegram	Cartage	Entertainment	Sundries

**Given:**

- (i) Established petty cash fund by Rs. 5,000 on Jan 01, 2014.
- (ii) Replenished the petty cash fund Rs. 3,800.

**REQUIRED:**

Prepare entries in General Journal.

**Q.5 Bank Reconciliation Statement:**

A comparison of cash book and bank statement of Ather & Co. revealed the following information:

- (i) Cheques deposit of R s. 16,000 but not shown in bank statement.
- (ii) Cheque issued of Rs. 20,000 but not presented at the bank.
- (iii) Direct deposit by customer Rs. 14,000 in bank.
- (iv) Dishonored cheque Rs. 8,500.
- (v) Bank service charges Rs. 1,000.
- (vi) Mark-up credited by bank Rs.500.
- (vii) A cheque for Rs. 4,050 issued to supplier was wrongly recorded in cash book as Rs.40,500.
- (viii) A cheque for Rs. 25,700 was deposited to bank entered in the company's record as Rs.27,500.

**REQUIRED:**

A schedule of: added to and deducted from cash book.

**Q.6 Correction of Errors:**

Give entries in General Journal to correct each of the following errors deducted before closing the book of Erma Stores.

- (i) Purchase return of Rs. 185 was to purchases account.
- (ii) Sales of office furniture Rs. 160 was credited to sales account.
- (iii) Depreciation on furniture Rs. 55 was overcharged.
- (iv) Drawing of Rs. 1,200 for personal use of the proprietor was debited to capital account.
- (v) Cash Rs. 40 received from Hamna was recorded as received from Vanna.

**Q.7 Special Journal and Subsidiary Ledger:**

**Given:**

The following are the selected transactions completed by Asad Traders during March 2014.

March 07: Purchased goods for resale, on account from Asim sons for Rs. 9,0007-

- 11: Purchased merchandise on account from Ismail brothers for Rs. 13,000/-
- 17: Purchased merchandise on credit from Sattar & co. for Rs. 4,000/-
- 26: Purchased merchandise on account from Asim sons for Rs. 6,000/-
- 27: Purchased merchandise for cash from Sattar sons Rs. 3,400/-
- 29: Purchased Furniture for office use from Shamim Sons, Rs.34,800/- paying cash.

**REQUIRED:**

- a) Record the above transactions in the appropriate journals.
- b) Make postings to the account payable subsidiary ledger. Use three column ledger accounts.

**SECTION "C"**  
**(DETAILED-ANSWER QUESTIONS) (30 MARKS)**

Instruction: Attempt the following question which is compulsory.

**Q.8 Financial Statement:**

(i) Merchandise Inventory (Opening)	Rs. 25,000
(ii) Purchased Merchandise	Rs. 133,000
(iii) Merchandise Inventory (Ending)	Rs. 18,000
(iv) Purchases returns	Rs. 500
(v) Purchases discount	Rs. 1,000
(vi) Transportation	Rs. 800

**REQUIRED:**

Compute Cost of Goods Sold.

- b) The following balances of Qasim & Co. on December 31, 2013 was as under:

Account Title	Debit	Credit
Cash	40,000	
Accounts Receivable	60,000	
Merchandise inventory beginning	18,000	
Prepaid Insurance	20,000	
Notes Payable		20,000
Unearned Commission		10,000
Capital-Qasim		150,000
Sales		120,000
Cost of goods sold	????	
Salaries expense	11,000	
Office supplies	8,000	
Rent expense	3,000	

Supplementary data of adjustments for DEC 31, 2013:

(i) Office supplies used	Rs. 5,000
(ii) Accrued salaries	Rs. 4,000
(iii) Commission earned	Rs. 7,000
(iv) Bad debt estimated 2% on sales	
(v) Insurance expired during the year	Rs. 6,000

**REQUIRED:**

- a) Income statement for the year ended December 31, 2013.
- b) Balance sheet as of December 31, 2013. (OR) Prepare Closing entries & Post closing Trial Balance.

**ACCOUNTING 2014**

(Private)

**Max. Marks: 100**

**Time: 3 Hours**

**SECTION "A"**

**MULTIPLE CHOICE QUESTIONS (20 MARKS)**

Q.1 Choose the correct answer for each from the given options:

- i. An entry with more than one debit or more than one credit is
  - **Compound Entry**
  - Double Entry
  - Contra Entry
  - None of these
- ii. Depreciation Is:
  - **None- Cash Expense**
  - Prepaid Expense
  - Cash expense
  - Accrued Expense
- iii. The excess of assets over capital is/are:
  - Income

- Expense
  - Profit
  - **Liabilities**
- iv. The Total liabilities of a business are Rs. 60,000 which are 1/3 of the total assets, then the total assets will be:
- Rs. 20,000
  - Rs. 120,000
  - **Rs. 180 000**
  - Rs. 60,000
- v. Contra Entry is recorded in:
- **Cash book**
  - Petty cash book
  - Sales journal
  - Purchase journal
- vi. The following does not affect the owners' equity:
- Profit
  - Additional investment
  - Drawing
  - **Purchase of fixed assets**
- vii. This is recorded in purchase journal:
- Purchase of fixed assets
  - **Purchase of merchandise on account**
  - Purchase of merchandise for cash
  - None of these
- viii. A chronological record of all events in a business is:
- Ledger
  - Trial balance
  - List of sales of purchases
  - **General Journal**
- ix. It determines the arithmetic accuracy of Double entry:
- General Journal
  - **Trial Balance**
  - Ledger
  - Adjustment
- x. The process of transferring debits and credits from the journal to the ledger accounts is called:
- Footing
  - Balancing
  - Trial Balances
  - **Posting**
- xi. Beginning Inventory + Purchase — ending inventory =:
- Gross profit
  - Net profit
  - Goods available for sale
  - **Cost of goods sold**
- xii. The claims of creditors against the assets of a business are known as:
- Accounts Receivable
  - Owner's equity
  - Assets
  - **Liability**

- xiii. In case of loss, Revenue is always:
- More than cost
  - **Less than cost**
  - Equal to cost
  - None of these
- xiv. This is special journal as well as a part of ledger:
- General Journal
  - Sales journal
  - **Cash book**
  - Trial balance
- xv. Drawing accounts is closed to:
- Income summary account
  - Cash account
  - Merchandise account
  - **Capital account**
- xvi. A pre-payment is initially recorded to:
- Expense or Liability
  - Asset or Income
  - Asset of Liability
  - **Asset or Expense**
- xvii. Allowance for Bad debts account is:
- **Contra asset**
  - Liability
  - Asset
  - None of these
- xviii. In Trial Balance, salaries expenses are R s. 90,000. On December 31 Adjustment data shows accrued salaries of Rs. 15,000. The amount of total salaries expense will be:
- Rs. 75,000
  - Rs. 90,000
  - Rs. 15,000
  - **Rs. 105,000**
- xix. In Balance sheet, ending merchandise inventory is shown as:
- A liability
  - An income
  - **An Asset**
  - Capital
- xx. A schedule explains difference between the balance in Bank statement and the balance shown in the depositor's accounting record is:
- Trial balance
  - Schedule of accounts receivable
  - Schedule of accounts payable
  - **Bank Reconciliation**

## SECTION B & C SHORT ANSWER QUESTIONS (50Marks)

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks.  
The use of calculator is allowed.

### Q.2 **ACCOUNTING TERMS AND EQUATION:**

- a) State the fundamental accounting equation.
- b) Give rules of debit and credit in terms of increases and decreases in the value of three elements of the equation.
- c) List in sequence the steps involved in complete accounting cycle.

**Q.3 GENERAL JOURNAL:** Mr. Akbar started his business on January 1st 2014 by investing cash Rs. 90,000 and equipment worth Rs. 50,000. During the month the following transactions were completed.

- Jan. 05 Purchase merchandise on credit Rs. 50,000 from Asim Traders and paid Rs. 2,000 for transactions on it.
- Jan. 07 Sold merchandise on credit Rs. 16,000 and for cash Rs.15,000 to Mr. Khalid.
- Jan. 15 Received a cheque of Rs. 15,000 from Mr. Khalid in full settlement of his account.
- Jan. 20 Paid by cheque Rs. 49,500 to Asim Traders in full settlement of their account.
- Jan. 25 Deposited the cheque in the Bank, received on Jan. 15.
- Jan. 30 Mr. Akbar purchased a mobile phone for his personal use from the business cash Rs. 5,000.
- Jan. 31 Paid Rent in advance by a cheque of Rs. 10,000 for office building.

**REQUIRED:**

Prepare General Journal entries.

**Q.4 TRIAL BALANCE:**

The following are balances taken from the ledger of Qadri Brothers on March 31, 2014.  
 Cash Rs. ? Accounts Receivable Rs. 10,000, Merchandise Inventory Rs. 6,500, Sales Rs. 45,000, Prepaid Rent Rs. 4,000, Purchase Discount Rs. 1,500, Service Income Rs.4,000, Office Equipment Rs. 10,000, Accounts Payable Rs. 4,000, Purchase 20,000, Miscellaneous Expense Rs. 1,500, Sale Return and Allowance Rs. 2,000, Capital Rs.30,000.

**REQUIRED:**

Prepare a Trial Balance with proper heading arranging the accounts in sequence.

**Q.5 CASH BOOK:**

M/S Jawaid & Co. use three column cash book in their business. On March 1, 2014, they had cash in hand Rs. 50,000 and cash at Bank Rs. 90,000. Following transactions were completed by them during March.

- March 05 Sold merchandise for Rs. 36,000.
- March-10 Received a cheque from Younus for Rs. 24,500. The cheque was deposited into the bank on the same day.
- March 15 Paid cash to Muneer Rs. 22,700 in settlement of his account of Rs. 23,000.
- March 17 The cheque of Younus was dishonored by the bank.
- March 26 Withdrew from Bank Re. 2,000 to pay residential flat's rent and Re. 6 for office rent.

**REQUIRED:**

Prepare a Three Column Cash Book. Balance it on March 31 and bring down the balances as on April 1, 2014.

### **Q.6 BANK RECONCLIATION:**

Comparison of Cash Book and Bank Statement of Mr. Tariq Jamil, a sole traders, reveals the following for the month of April 2014:

- i. Balance as per cash book Balance) Rs. 17,000 and as per bank statement (Debit Balance) Rs. 23,000.
- ii. Direct deposit by a customer Rs. 5,000.
- iii. A cheque of Rs. 18,000 issued in settlement of an account was recorded in the cash book as Rs. 13,000.
- iv. Uncleared cheques Rs. 37,000.
- v. Unpresented cheques Rs. 7,000.
- vi. Bank made direct payment for an outstanding bill of business Rs. 10,000.

### **REQUIRED:**

- a) Prepare Bank Reconciliation Statement as on April 30, 2014.
- b) Record necessary entries in general journal to the book Mr. Tariq Jamil, at April 30, 2014.

### **Q.7 SPECIAL JOURNALS:**

Following information for the month of February 2014 is extracted from the books of Shahzaman Co.

- |         |  |
|---------|--|
| Feb. 02 | Purchased goods from Momin Rs. 12,000 on credit.   |
| Feb. 15 | Purchased merchandise from Muslim for Rs. 30,000 paying a cheque of Rs. 12,000 and agreeing to pay the balance after Ten days. |
| Feb. 10 | Purchased office supplies on account from Jazib R s. 2,000.  |
| Feb. 15 | Purchased merchandise from Qazi for Rs. 17,000 with terms 2/10, 11/30..  |
| Feb. 20 | Purchased merchandise from Imran for Rs. 40,000, receiving quantity discount of Rs. 2,000.                                     |

### **REQUIRED:**

Prepare a purchase journal from above given information. Total it and write an entry on Feb. 28 to indicate debit and credit.

## **SECTION "C"**

### **(DETAILED-ANSWER QUESTIONS) (30 MARKS)**

Instruction: Attempt the following question which is compulsory. The use of calculator is allowed.

### **Q.8 FINANCIAL STATEMENT:**

The following balances have been taken from-the ledger of Raza & co. on December 31, 2013:

Debit Balances

Cash	Rs. 60,000
Account Receivable	Rs. 40,000
Merchandise Inventory	Rs. 80,000
Prepaid Insurance	Rs. 26,000
Office Equipment	Rs. 50,000
Purchase	Rs. 190,000
Salaries Expense	Rs. 30,000
Sales Returns	Rs. 25,000
	Rs. 501,000

Credit Balances

Accounts Payable	Rs. 38,000
Notes Payable	Rs. 32,000
Unearned Rent	Rs. 32,000
Sales	Rs. 220,000
Accumulated Depreciation	Rs. 22,000
Raza's Capital	Rs. 157,000
	Rs. 501,000

Data for Adjustment on December 31, 2013

i. Merchandise Inventory	Rs. 80,000
ii. Insurance expired	Rs. 4,000
iii. Bad debts estimated	Rs. 6,00
iv. Outstanding salaries	Rs. 4,000
v. Depreciation on office equipment for the year.	Rs. 3,000
vi. Rent earned	Rs. 8,000

**REQUIRED:**

Prepare any two of the following:

- i. Income statement for the year ended Dec. 31, 2013.
- ii. Balance sheet as on Dec. 31, 2013.
- iii. Closing entries on Dec. 31, 2013

**ACCOUNTING 2013**

**(Regular)**

**SECTION "A"**

**MULTIPLE CHOICE QUESTIONS (20 MARKS)**

**Time: 3 Hours**

**Max. Marks: 100**

Q.1 Choose the correct answer for each from the given options:

- i. A cash book may be called a three- column cash book due to the three-columns of:
  - Date, Particulars, P/R
  - **Discount? Cash, bank**
  - Date, cash and bank
  - Sales discount, purchases discount, cash
- ii. The term Balancing means to:
  - Tally both sides of trial balance
  - Tally both sides of balance sheet
  - Reconcile cash book and bank statement balance
  - **Calculate and write account balances**
- iii. The following statement is correct:
  - Accounting is a part of book keeping
  - **Book Keeping is a part of accounting**
  - Accounting and book keeping are the same
  - Accounting is a part of auditing
- iv. A ledger consists of :
  - Financial statement
  - Journal entries
  - **A group of accounts**
  - Special journal
- v. A cheque with a future date is called:
  - Cancelled cheque
  - Dishonored cheque
  - **Post-dates cheque**
  - Outstanding cheque
- vi. item shown in both income statement and balance sheet is:
  - Allowance for bad debts
  - Depreciation expenses
  - **Merchandise inventory (ending)**
  - Merchandise inventory (beginning)
- vii. The owners claim on the business is called:
  - Assets
  - Expenses
  - Liabilities
  - **Owners' equity**
- viii. From special journals to subsidiary ledgers, posting is made:
  - **For each related record**
  - At the end of every month
  - At the end of fiscal year
  - At the end of calendar year
- ix. This is a non-current asset:
  - Merchandise inventory
  - Office supplies
  - **Fixtures**
  - Prepaid insurance
- x. All the accounts have normally credit balance except:
  - Accumulated depreciation

- Purchase discounts
  - **Sales returns and allowances**
  - commission income
- xi. List of balances of accounts having debit and credit columns is called:
- Special journal
  - **Trial balance**
  - Schedule of accounts receivable
  - General ledger
- xii. The following doesn't affect owners' equity:
- Loss
  - Additional investment
  - Drawings
  - **Redemption of loan**
- xiii. Invoice means:
- List of credit sales
  - **Detail of sale for a transaction**
  - List of cash sales
  - List of cash and credit sales
- xiv. An entry with more than one debit or more than one credit is called:
- Double entry
  - **Compound entry**
  - Contra entry
  - Triple entry
- xv. The most suitable book for recording purchase of merchandise on cash is:
- Purchases journal
  - General journal
  - **Cash book**
  - Petty cash book
- xvi. A note issued to customer when substandard goods are returned back is:
- Invoice
  - Debit note
  - **Credit note**
  - Promissory note
- xvii. The basic purpose of preparing a bank reconciliation statement is to:
- Determine cash in-hand
  - Determine cash in bank
  - **Correct and update cash book records**
  - Know the financial position of business
- xviii. A prepayment initially recorded either as an:
- **Asset or liability**
  - Asset or income
  - Asset or expense
  - Expense or liability.
- xix. The accounts do not need to be adjusted at the end of fiscal year:
- Prepaid expenses
  - Expenses
  - **Cash and bank**
  - Revenues
- xx. The account(s) not shown in the post-closing trial balance is/are;

- Contra assets
- **Drawings**
- Current assets
- Merchandise inventory (ending)

## SECTION “B” SHORT ANSWER QUESTIONS (50Marks)

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks.

### **Q.2 Accounting Terms and Equation:**

- a) Prepare the list of the following.
- Books of marginal entries
  - Books of final entries
  - Statements

### **Q.3 Ledger:**

#### **Given:**

On December 31, 2012 the ledger of Naveed Hashmi traders shows the following balances after closing process:

Cash Rs.64,000/-Merchandise inventory Rs.136,000/-, Accounts payable Rs.20,000/-m Capital Rs.180,000/- During the month of January 2013, he made the following entries in his journal:

#### **Naveed Hashmi Traders**

General Journal					
Date		Particulars	P.R.	Debit (Rs)	Credit(Rs)
January 2013	02	Accounts payable cash		14,000/-	14,000/-
	05	Purchases Accounts payable cash		17,500/-	10,000/7,500/-
	11	Cash Sales		12,000/-	12,000/-
	18	Accounts payable  Purchases returns and allowance.		2,800/-	2,800/-
	26	Rent expenses cash		14,000/-	14,000/-

### **REQUIRED:**

Maintain **Cash account** (number 11) and **Accounts Payable** (21) in the general ledger.

### **Q.4 Special Journal:**

**Given:** Pak Distributors deal in some groceries and beverages, made the following Transaction during August 2012:

August 03, 2012: Purchased 20 bags of flour at Rs.380/- each on credit from Mehran Chakki vide invoice# 2136

August 09, 2012: Sold 8 Cartons of cooking oil on credit to Khan traders Rs.6,400/-vide invoice# 1419

August 16, 2012: Received invoice # 540 from Punjab Traders for the purchase of bags of rice Rs. 7,000/- the amount was paid instantly.

August 19, 2012; Issued invoice # 1431 to Baloch Kiryana merchant for the sale on jumbo cola drink bottles Rs. 2,208

August 23, 2012: Purchased calculators, cash book and other material for keeping on credit from Karachi book depot Rs. 2,400/

August 25, 2012: Sold flour bags on credit to Delhi Merchant Rs. 3,280/- vide invoice # 1443

August 29, 2012: Purchased 10 carton of packed milk from Punjab Traders Rs. 8,640/- vide invoice # 571

### **REQUIRED:**

Record the above transactions in the Journal as the case may be and ignore the irrelevant transactions if any.

- i. One-column purchases journal (Page 12).
- ii. One-column sales journal (Page 23)

### **Q.5 Cash Book:**

**Given:** On July 1, 2012, Orient Traders has cash in hand Rs.24,800/ and the balance on HBL account Rs.36,980 the following are the selected Transactions during July 2012 relating to the business:

July 03, 2012: Sold merchandise on cash Rs. 12,000/

July 09, 2012: Opened a current account of business in MCB with cash Rs. 10,000/

July 18, 2012: Received cheque for Rs. 20,000/- from a customer. The cheque was deposited in HBL on the same day.

July 21, 2012: Purchased merchandise for Rs. 18,400/- and issued a cheque from the cheque book of HBL Rs. 13,400/

July 27, 2012: Issued a cheque of MCB Rs. 5,000/- to petty cashier for establishing petty cash fund.

July 30, 2012; Transferred Rs. 15,000/- from HBL to MCB account.

### **REQUIRED:**

Record the above transaction in Cash book showing separate bank accounts.

### **Q.6 Correction of Errors:**

**Given:** The following general journal contains some incorrect entries. However, the correct narrations below each entry show the actual transaction:

General Journal					
Date		Particulars	P.R.	Debit (Rs.)	Credit (Rs.)
February 2012	02	Sales Accounts receivable (return inferior good from customer)		25,000/-	25,000/-
March	05	Purchases (return and allowance accounts payable (return defective goods to supplier)		2,000/-	2,000/-
March	29	Accounts Payable - cash (Payment to supplier within discount period, terms 2/10, n/30)		5,000/-	5,000/-
June	11	Cash sales (Sale of old furniture)		6,000/-	
August	08	Rent expenses  (Payment of cheque for the rent of residential building of owner)		7,000/-	7,000/-

**REQUIRED:**

Maintain revised general journal after correcting entries. Writing narrations is not necessary here.

**Q.7 Bank Reconciliation:**

**Given:** The cash book and bank statement of the business of Ghori khan reveal the following information:

- Cash at bank as per bank statement-Rs.9,820/-overdraft as on December 10, 2012.
- Cash at bank as per cash book Rs.29,650/-as December 10, 2012
- Cheques were issued for the various payments of Rs. 12,400/-but the cheques of Rs. 96,400/- were presented for payments.
- Cheques of Rs. 88,000/- were received and deposited but the cheques of Rs.40,250/- were not cleared.

- e) Interest charged by bank Rs.312/- and bank services charges Rs.168/- were not recorded in the cash book.  
f) A customer's cheque of Rs.14,740/- was returned dishonored.

**REQUIRED:**

Prepare a Bank Reconciliation Statement as on December 10, 2012.

**SECTION "C"**  
**(DETAILED-ANSWER QUESTIONS) (30 MARKS)**

Instruction: Attempt the following question which is compulsory.

**Q.8 Financial Statement:**

**Given:** Accounts balances and data for adjustment of Zulfiqar & co. at the end of accounting period, June 30, 2012 are as follows:

**Debit Balances:**

Cash R 6.59,500/-, Accounts Receivable Rs.73,000/Merchandise Inventory July 1, 2011 Rs. 198,000/-  
Prepaid Insurance Rs. 24,000/- Furniture Rs. 45,000/- Drawing Rs. 50,000/- Purchases Rs.284,000/- Salaries  
expenses Rs. 58,000/Rent expenses Rs. 32,000/-.

**Credit Balances:**

Notes Payable Rs.20,000/- Unearned commission Rs.8,500/- Accumulated depreciation- furniture  
Rs.9,000/- Zulfiqar Capital Rs.400,000/- Sales Rs.386,000/-

Data for Adjustment on June 30, 2012

- a) Cost of goods sold Rs.242,000/-
- b) Unearned commission Rs.6,000/-
- c) Salaries expenses for the year Rs. 72,000/-
- d) Accumulated depreciation Rs.13,500/-
- e) Prepaid Insurance Rs.16,000/-

**REQUIRED:**

- i. Prepare Income statement and Balance Sheet.
- ii. Prepare post-closing Trial Balance OR Make Income Summary Account in the General Ledger.

**ACCOUNTING 2013**

**Time: 3 Hours**

**(Private)**

**Max. Marks: 100**

**SECTION "A"**

**MULTIPLE CHOICE QUESTIONS (20 MARKS)**

Q.1 Choose the correct answer for each from the given options:

- i. This is a Long term liability:
  - Salaries payable
  - Rent payable

- **Bank Loan**
  - Account Payable
- ii. Narration is written in
- In between the entries
  - **Above the entry**
  - Below the entry
  - Anywhere
- iii. Cash book is:
- **Ledger**
  - Subsidiary Ledger
  - Statement
  - Financial Statement
- iv. Dishonored cheques customers are recorded in:
- **Petty cash book**
  - Sales Journal
  - Cash book
  - Purchase journal
- v. N.S.F. stand for:
- National Studies Federation
  - New Study Federation
  - **Net Sufficient Fund**
  - Non-Sufficient Fund
- vi. Such entry is called Contra entry that is entered in cash book on:
- Receipts side
  - Payment side
  - **Both Bides**
  - None of these
- vii. These accounts normally have credit balance except:
- **Account Payable**
  - Bank loan
  - Sales
  - Sales return & Allowance
- viii. This is the part of Account receivable that is estimated to be uncollectible:
- **Bad debts**
  - Depreciation
  - Unsold inventory
  - Credit sales
- ix. Assets are equal to:
- Cash + Capital
  - Capital - Liabilities
  - **Capital + Liabilities**
  - Cash – Capital
- x. The total liabilities of a business are Rs. 50,000/-, which is 2/3 of the total assets. Then the total assets will be:
- Rs. 95,000/-
  - Rs. 85,000/-
  - **Rs. 75 000/-**
  - Rs. 65,000/.

- xi. Bank overdraft means the business:
- Is wasting money
  - Is having more receipts than payments
  - Has bought too many goods
  - **Has more out of its bank account than it has put in.**
- xii. Interest earned but not yet received is called:
- **Accrued Income**
  - Unearned Income
  - Other Income
  - None of these
- xiii. In Balance sheet, ending inventory is shown as:
- Liabilities
  - Assets
  - Income
  - **Capital**
- xiv. Net profit is always:
- Equal to Gross profit
  - More than Gross profit
  - **Less than Gross profit**
  - None of these
- xv. Opening entries are prepared for:
- Income, Expenses, Drawing
  - **Income, Assets, Expenses**
  - Drawing, Liabilities, Expenses
  - Assets, Capital, Liabilities
- xvi. This best describes Accumulated Depreciation:
- Expense Account
  - **Contra Asset Account**
  - Assets Account
  - Liabilities Account
- xvii. Cost of Goods sold is:
- Asset
  - Income
  - **Expense**
  - Liability
- xviii. The error in cash account will affect:
- Income Statement
  - Sales Journal
  - Purchase Journal
  - **Balance Sheet**
- xix. Accrued income is shown in:
- Income statement
  - Balance sheet
  - Cash book
  - **Both Income statement & Balance sheet**
- xx. The discount given on prompt payment is called:
- Trade Discount

- Quantity Discount
- **Cash Discount**
- None of these

## SECTION “B” SHORT ANSWER QUESTIONS (50Marks)

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks. The use of calculator is allowed.

- Q.2 (a) State the fundamental accounting equation  
 (b) Give the rules of Debit and Credit in terms of increase and decrease in financial elements:  
 (c) List in sequence the steps involved in a complete accounting cycle.

### **Q.3 General Ledger:**

The Trial Balance of Habib Co. showed the following balances as on December 31, 2012.

Cash	Rs. 10,000/
Accounts Receivable	Rs.5,000/
Merchandise Inventory	Rs. 3,000/-
Accounts Payable	Rs. 8,000/
Habib’s Capital	Rs. 10,000/

The transactions for the month of December 2012 were as follows

- Dec. 05, 2001-2: Purchase merchandise on account from Rana Co. for Rs. 7,000/-  
 Dec. 08: Returned merchandise to Rana & Co. Rs. 1,100/Dec.12: Sold merchandise to Mumtaz & Co, on account for Rs. 22,000/-  
 Dec.15: Sold merchandise of cash Rs. 15,000/-  
 Dec.17: Merchandise was returned by Mumtaz & Co. Rs 1,200/-  
 Dec.18: Purchased office equipment on account for Rs5,000/-  
 Dec.20: Opened a bank account with Rs. 10,000/-  
 Dec.24: Withdrew merchandise Rs. 2,000/- and cash Rs. 3,000/- for personal use.  
 Dec.31: Paid cash for salary expense Rs. 2,000/-

### **REQUIRED:**

Enter the opening balances and post the above transaction in General Ledgers.

### **Q.4 Cash Book:**

Mr. Shehzad uses three-column cash book. On April 1, 2012, he had cash in hand Rs. 40,000/- and balance at bank Rs. 50,000/ (Bank Overdraft) during the month he completed the following transaction:

- April 01: Cash sale Rs. 60,000/-  
 April 03: Received a cheque for Rs. 15,000/- from a customer Raja, . deposit into bank in full settlement of his account of Rs. 16,000/-  
 April 05: Mr. Ahsan settled his account of Rs. 18,000/- after a discount of Rs. 1,000/- through cheque.  
 April 09: Deposited Mr. Ahsans Cheque into. Bank.  
 April 18: Paid salaries by cheque Rs. 11,000/-  
 April 25: Drew cash for personal use Rs. 1,000/April 30: Drew from bank for office use Rs. 4,000/

### **REQUIRED:**

Record the above transaction-in three Column Cash Book...

### **Q.5 Bank Reconciliation Statement:**

**Given:** Comparison of Cash Book and Bank statement of Khalid Traders revealed the following information.

<b>Bank as per Cash Book</b>	<b>Rs. 12,000/-</b>
<b>Balance as per Bank Statement</b>	<b>Rs. 37,000/</b>
i. Cheque deposited but not shown in Bank statement	Rs. 15,000/
ii. Cheque issued but not presented at bank	Rs. 32,000/-
iii. Direct deposit by a customer in bank	Rs. 8,000/
iv. Dishonoured Cheque	Rs. 1,500/-
v. Bank service charges	Rs. 500/-
vi. Profit given by bank	Rs. 2,000/-

### **REQUIRED:**

- Prepare Bank Reconciliation statement as on Dec. 31, 2012.
- Prepare necessary adjusting entries.

### **Q.6 Special Journal:**

**Given:** Following information for the month of January 2013, is extracted from the books of Gulistan Co.

- Jan. 01: Sold merchandise on credit to Rehman Sons. Rs. 5,000/-  
Jan. 02: Sold-goods on credit to Mehran Stores Rs. 6,000/-  
Jan.03: Rehman Sons. Returned merchandise Worth Rs.450/  
Jan.10: Sold merchandise to Hadi & Co. worth Rs. 2,000/-  
Jan.17: 10% allowance given to Mehran Stores on defective goods of Rs. 2,000/- sold to him on 'January 02, 2013.  
Jan.27: Sold merchandise on account to Rehman Sons. Rs. 3,000/-  
Jan.29: Sold merchandise to Hadi & Co. Rs. 2,500/- for each.

### **REQUIRED:**

- Record the above transactions in appropriate journal.
- Prepare Account Receivable subsidiary ledgers for each customer in self Balancing form.

### **Q. 7 Correction of Errors:**

Following errors were found before closing the books of Karm Brothers.

#### **Given:**

- Purchase of stationary for Rs. 1,200/- has been recorded as purchases.
- Construction as addition of office building for Rs. 30,000/- was wrongly debit to repair expense account.
- Defective goods returned by a customer for Rs. 2,000/- were charged to sales account.
- Depreciation Expense on machinery was overcharged by Rs. 1,000/- through allowance for depreciation account.
- Cash Rs. 900/- received from a customer Naseem, was recorded as received from Nasreen.
- Rs. 600/- was paid for repair of proprietor's home T.V. set and debit to general expense account..

## (DETAILED-ANSWER QUESTIONS) (30 MARKS)

Instruction: Attempt the following question which is compulsory. The use of calculator is allowed.

### **Q.8 Financial Statement:**

The following is the pre-closing Trial Balance of Syed Sons for the year ended December 31, 2012.

#### **Debit Balances:**

Sales Revenue Rs. 45,000/-, Purchase discount Rs. 1,500/-, Commission income Rs. 4,000/-, Account payable Rs. 4,000/Allowance for Bad debt Rs. 500/-, Syed's Capital Rs. 30,000/

**Total Rs. 85 000/**

Data for Adjustments on December 31, 2012:

- i. Prepaid shop rent was Rs. 1,000/
- ii. Office supplies unused Rs. 500/-
- iii. Allowance for Bad Debt was increased by Rs. 300/
- iv. Outstanding salaries Rs. 3,000/-
- v. Depreciation on Sales Equipment was estimated at Rs. 1,500/
- vi. Commission unearned Rs. 1,000/-
- vii. Merchandise inventory was valued on December 31, 2012 Rs. 3,000/

#### **REQUIRED:**

- a) Prepare Income Statement for the year ended December 31, 2012.
- b) Prepare balance sheet of December 31, 2012 in classified form.
- c) Prepare closing entries in General journal. (OR) Prepare Post Closing Trial Balance as on Dec, 31, 2012.

## ACCOUNTING 2012

**Time: 3 Hours**

**(Regular)**

**Max. Marks: 100**

### SECTION "A"

#### **MULTIPLE CHOICE QUESTIONS (20 MARKS)**

Q.1 Choose the correct answer for each from the given options:

- i. A debit balance of bank in firm's cash book will be shown in the bank statement as:
  - A debit balance
  - Anil balance
  - **A credit balance**
  - None of these
- ii. If the gross profit is Rs. 5000/- and the net profit is 25% of the gross profit, then the operating expenses are:
  - Rs. 1250/-
  - **Rs. 3750/-**
  - Rs. 4150/-
  - Rs. 6250/-

- iii. A fixed asset is reported on balance sheet at its:
- Replacement
  - Scrap value
  - **Book value**
  - Market value
- iv. If sales return is recorded as purchases return by mistake, net income will:
- **Increase**
  - Decrease
  - Not change
  - Be nil
- v. Owner's equity is increased by:
- **Net Income**
  - Withdrawal of Cash
  - Net Loss
  - Withdrawal of Merchandise
- vi. This is an example of an adjusting entry:
- Purchase of supplies on account
  - **Depreciation expenses**
  - Billing for services rendered
  - Payment of wages to employees
- vii. This financial statement is based on the accounting equation:
- **Balance sheet**
  - Income statement
  - Statement of retained earning
  - Bank reconciliation statement
- viii. Cash book is used to record only:
- Credit transaction
  - **Cash transaction**
  - Cash and credit transaction
  - None of these
- ix. These types of accounts normally have credit balances:
- Revenue, assets and owners' equity
  - Revenue, expenses and owner's equity
  - **Revenue, liability and owner's equity**
  - None of these
- x. Sold office furniture on account will be recorded in:
- Purchase Journal
  - Purchase Return and Allowances Journal
  - Sales Journal
  - **None of these**
- xi. Reversing entries are passed:
- **At the start of an accounting period**
  - At the end of an accounting period
  - After six months of an accounting period
  - During the accounting period
- xii. Sales as equal to:
- (Cost of goods sold) - (Gross profit)
  - **(Cost of goods sold) + (Gross profit)**
  - (Cost of goods sold) (Net profit)

- (Cost of goods sold) + (Net profit)
- xiii. Net profit is transferred to:
- **Owner's equity/Capital accounts**
  - Drawing accounts
  - Cash accounts
  - Purchase accounts
- xiv. Normally, this is a debit balance:
- **Loan to Ali**
  - Loan from Atif
  - Bank overdraft
  - Purchase discount
- xv. A trial balance is:
- A balance sheet
  - Balance of the bank account
  - A rough draft of the final accounts
  - **A list of in the ledger**
- xvi. This is a nominal account closed at the end of the period:
- Prepaid Rent
  - **Rent Expenses**
  - Accrued Rent
  - Unearned Rent
- xvii. This is not a book of original entry:
- General journal
  - Cash receipt journal
  - Purchase Journal
  - **Subsidiary ledger**
- xviii. Special journals are used to avoid numerous entries in:
- Subsidiary ledger
  - **General ledger**
  - Both of these
  - None of these
- xix. Current liabilities are such obligations which are to be satisfied with in:
- **One year**
  - Two years
  - Three years
  - Forty years
- xx. Petty Cash Book is a book:
- Of small size
  - **Used for small payments**
  - Used for small receipts
  - Used in small business ...

## SECTION "B" SHORT ANSWER QUESTIONS (50Marks)

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks. The use of calculator is allowed.

### Q.2 Accounting Equation

- a) State the rules of Debit and Credit in terms Of increase and decrease in the values of assets, liabilities, proprietorship, revenue and expense.
- b) For any seven of the following accounts, state whether it is an asset, liability or owner's equity
- i. Office equipment
  - ii. Capital
  - iii. Cash
  - iv. Office supplies
  - v. Merchandise inventory
  - vi. Prepaid rent
  - vii. Account receivable
  - viii. Account payable
  - ix. Salaries payable

### **Q.3 General Journal**

**Given:** The following transactions were completed by Almas Brothers during April:

April 1: Proprietor commenced business with cash Rs. 50,000/- office furniture Rs. 40,000/-

April 3: Deposited cash into bank Rs. 30,000/-

April 4: Purchased merchandise Rs. 8000/-, paid Rs. 3,000/- and issued a note for the balance.

April 16: Proprietor withdrew cash Rs. 8,000/- and merchandise worth Rs. 2,000/-

April 18: Paid advertising expenses by cheque Rs. 4500/-

### **REQUIRED:**

Record the above transactions in the standard form of General Journal.

### **Q.4 Cash Book:**

Following are the selected transactions of Sanaullah Stores. Set up a Three Column Cash Book and make postings there in:

March 1, 2012: Opening Balances: Cash Rs. 50,000/- and Bank Rs. 10,000/- (overdraft).

March 1, 2012: Sold merchandise for Rs. 50,000/- and deposited 80% amount into bank

March 3, 2012: A cheque of Rs. 10,000/- issued against invoice of 23rd February, under credit term (2/10, n/30).

March 8, 2012: Received a cheque of Rs. 11,000/- from Umair, a customer, against his account of Rs. 11,100/- in full settlement.

March 18, 2012: Deposited Umair's cheque into bank.

March 25, 2012: Received Rs. 3,000/- as advance from Shoib for the goods to be sold after two weeks.

March 28, 2012: Withdrew cash for Rs. 3,000/- for personal use.

### **Q.5 Bank Reconciliation Statement:**

**Given:** A study of cash record and the bank statement of Naeem Traders for the month of April 2012 revealed the following information:

Balance as per Cash Book       Rs. 22,500/

Balance as per Bank Statement   Rs. 27,000/-

- i. April 30, deposit not shown in bank statement Rs. 5,000/-
- ii. Cheque issued but not presented for payments Rs. 7,000/
- iii. Cheque deposited by a customer directly in the firm's bank account for Rs. 6,000/- which was not recorded in the firm's cash book.
- iv. Collection charge of Rs. 500/- not recorded in the cash book.
- v. The bank had credited the firm's account for markup Rs. 4,000/- which was not recorded in cash book.
- vi. The customer's cheque for Rs. 7,000/- which was earlier deposited into bank was dishonored by his bankers. This was not recorded in the cash book.

**REQUIRED:**

- a) Prepare a Bank Reconciliation Statement as of April 30, 2010.
- b) Make adjusting entries in General Journal

**Q.6 Special Journal:**

**Given:** Following are the selected transactions taken from the records of Kainat General Stores for the month of April 2012:

April 10: Milk powder of Rs. 200/- was returned by Bushra.

April 12: Shampoo of Rs. 1,000/- was returned to Aadil Stores.

April 15: Biscuits of Rs. 1,500/- were returned to Union traders.

April 20: A pouch of oil of Rs. 500/- were returned by Mohsin.

April 22: Cereal boxes of Rs. 500/- were returned by Yousuf

April 26: Received a concession from Desi Oil Stores of Rs. 450/- on the delivery of leaked pouches.

April 28: Washing powder of Rs. 140/- was returned by Ahmad.

**REQUIRED:**

Prepare:

- a) Sales Returns and Allowance Journal page #3.
- b) Purchases Returns and Allowance Journal page #4.

**Q.7 Correction of Error:**

**Given:**

- a) Office supplies amounting to Rs. 1,500/- were debited to purchases account.
- b) Construction as addition of office building for Rs. 50,000/- was wrongly debited to building repairs accounts.
- c) Withdrawal by the proprietor of Rs. 8000/- had been debited to salaries expense account.
- d) Purchase of office furniture on account for Rs. 6,500/- was recorded and posted as Rs. 5,600/
- e) Sales of office equipment Rs. 2,000/- was credited to sales account.

**REQUIRED:**

Prepare Correcting Entries in General Journal. .

**SECTION “C”  
(DETAILED-ANSWER QUESTIONS) (30 MARKS)**

NOTE: Attempt the following question which is compulsory. .

**Q.8 Financial Statement and Closing Process:**

**Given:** Following are the trial balance of Ahmed & Co. as of Dec. 31, 2011:

**Debit Balances:**

Cash Rs. 12,400/-, merchandise inventory Rs. 87,000/-, account receivable Rs. 56,000/-, office supplies Rs. 1,600/-, unexpired insurance Rs. 4,200/-, land Rs. 68,000/-, building Rs. 164,000/-, office equipment Rs. 42,600/-, Ahmed's drawings Rs. 20,000/-, sales discount Rs. 7,000/-, cost of goods sold Rs. 316,600/-, sales salaries expenses Rs. 55,200/-, advertising expenses Rs. 12,200/-, office salaries expenses Rs. 44,600/-, travelling expenses Rs. 15,600/-.

**Credit Balances:**

Account payable Rs. 38,000/-, Ahmed's capital Rs. 322,400/-, sales Rs. 504,000/-, allowance for depreciation (Equipments) Rs. 10,600/-, allowance for depreciation (building) Rs. 32,000/-.

**Data for Adjustment at Dec. 31**

- a) Office supplies on hand Rs. 500/-
- b) Unexpired insurance Rs. 3,000/-
- c) Depreciation for the year on building Rs. 4,000/-, office equipment Rs. 1,800/-.
- d) Unpaid salaries: sales salaries Rs. 3,000/-, office salaries Rs. 2,000/-

**REQUIRED:**

- i. Prepare Income statement for the year ended Dec. 31, 2011.
- ii. Prepare balance sheet as on Dec. 31, 2011.
- iii. Prepare adjusting entries in General Journal. (OR) Prepare closing entries in General Journal.

**ACCOUNTING 2012**

**Time: 3 Hours**

**(Private)**

**Max. Marks: 100**

**SECTION “A”**

**MULTIPLE CHOICE QUESTIONS (20 MARKS)**

Q.1 Choose the correct answer for each from the given options:

- i. In Cash Book, Purchase Discount is shown on:
  - Receipt side of Cash Book
  - **Payment side of Cash Book**

- Petty Cash Book
- Trial Balance
- ii. Under Imprest system of Petty Cash Book, the Petty Cash Fund reimbursed on:
  - Annual basis
  - Quarterly basis
  - Daily basis
  - **Monthly basis**
- iii. Merchandise shown in Trial Balance (post-closing) is:
  - Opening Merchandise
  - **Merchandise unsold at pear end**
  - Merchandise returned by customer
  - Merchandise returned to supplier
- iv. Salaries paid Rs. 10,000 were posted to salaries account as Rs. 1,000. To rectify the error, the salaries account will be:
  - Debited by 10,000
  - Credited by 10,000
  - **Debited by 9,000**
  - Credited by 9,000
- v. Goods purchased for Rs. 20,000 were entered in Purchase Journals Rs. 28,000. This will:
  - **Increase cost of goods sold**
  - Increase sale
  - Decrease cost of goods sold
  - Decrease sale
- vi. Sales Journal contains:
  - Suppliers account
  - Customers subsidiary ledger
  - List of Cash Sales
  - **List of Credit Sales**
- vii. A Cheque, deposited into bank but not yet credited by bank, is called:
  - **Uncleared Cheque**
  - Outstanding Cheque
  - Dishonored Cheque
  - None of these
- viii. Unearned Income is Asset a/an:
  - Drawing
  - Asset
  - **Liability**
  - Capital
- ix. In Balance Sheet, Allowance for Bad Debts is:
  - Added in Fixed Assets
  - Added in Accounts Receivable
  - Deducted from Fixed Assets
  - **Deducted from Accounts Receivable**
- x. In Trial Balance, Salaries Expenses Rs. 75,000. On 31st Dec, Adjustment data shows Accrued Salaries Rs. 15,000. The amount of Salaries Expense will be:
  - Rs. 60,000
  - Rs. 75,000
  - Rs. 15,000

- **Rs. 90 000**
- xi. This is correct:
  - Allowance for Bad Debts is an Asset Account
  - Prepaid Rent is an Expense Account
  - **Accrued Income is an Asset Account**
  - Accrued Income' is a Liability Account
- xii. Income, earned but not received, is known as:
  - Capital
  - Expense
  - Liabilities
  - **Assets**
- xiii. This account is not closed:
  - **Cash**
  - Rent Expense
  - Salary Expense
  - Sales
- xiv. List of all accounts balances is called:
  - Journal
  - Ledger
  - **Trial Balance**
  - None of these
- xv. Allowance for Bad Debts accounts is a contra account of:
  - **Assets**
  - Liabilities
  - Revenue
  - Expense
- xvi. Footing is made:
  - After Recording
  - After Balancing
  - **Before Balancing**
  - Before Recording
- xvii. This decrease both assets and liabilities:
  - Sale of furniture on credit
  - Sale of furniture for cash
  - Depositing cash into bank
  - **Payment of account payable by cheque**
- xviii. These best describe assets:
  - Cash, Account Receivable, Bank overdraft
  - Cash, Not Receivable, Unearned Commission
  - **Cash Prepaid Expenses Interest Receivable**
  - None of these
- xix. The excess of Assets over Capital is/are;
  - Income
  - Expenses
  - Profit
  - **Liabilities**
- xx. Identify the Correct figures:
  - Assets
  - Rs. 750,000

- Rs. 300,000
- Rs. 670,000
- Rs. 400,000**
- Liabilities
  - Rs. 200,000
  - Rs. 70,000
  - Rs. 270,000
  - Rs. 90,000**
- Capital
  - Rs. 450,000
  - Rs. 200,000
  - Rs. 100,000
  - Rs. 3,10,000**

## SECTION "B"

### SHORT ANSWER QUESTIONS (50Marks)

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks. The use of calculator is allowed.

#### **Q.2 General Journal:**

- On Jan. I, 2012 Mr. Usman started business with a cash investment of Rs. 25,000 and office furniture worth Rs. 35,000:
- Jan. 05: Opened a Bank Account with Cash Rs. 10,000/-
- Jan. 07: Purchased merchandise for Rs- 12,000/- from Jawaid & Sons paying Cash Rs. 2,000/- and balance on Credit
- Jan. 09: Returned merchandise worth Rs. 2,500/- to Jawaid & Sons.
- Jan. 11: Cash Sales Rs. 8,000/- of which 50% of the amount deposited into bank.
- Jan. 31: Paid Salaries Rs. 2,000/- by Cheque.

#### **REQUIRED:**

Record the above transactions in Standard form of General Journal

#### **Q.3 General Ledger:**

- Mr. Humza, started business on April 01, 2012 in the name of Humza Land Company:
- April 02: Mr. Humza invested Cash Rs. 1,00,000 in the business.
- April 06: - Purchased land and a small office building at a total price of Rs. 97,500 of which Rs. 64,000 was applicable to Land and 33,500 to the building, The term of purchase required a cash-payment of Rs- 19,500/- and the issuance of a Note payable for Rs. 78,000/-
- April 15: Sold one quarter of land at its cost of Rs. 16,000/- to Mr. Irfan, issued a note of Rs. 16,000/- in a series of five equal monthly instalments of Rs. 3,200/- each beginning April 30
- April 30: Received Rs. 3,200/- first monthly instalment from Mr. Irfan

**REQUIRED:**

Post the above transactions directly in the Ledger Accounts (T Accounts)

**Q.4 Cash Book:**

**Given:** On March 01, 2012, Adnan Traders started business with a cash investment of Rs- 9,000/-. The transactions for the month were as under.

March 02: Purchased merchandise for Cash Rs. 3,000/-

March 03: Opened a Bank Account with Rs. 1,000/-

March 05: Cash Sales Rs. 1,500/-

March 15: Paid to Alam by Cheque Rs. 1,500/- in full settlement of his account of Rs. 2,000/-

March 24: Received Cash Rs. 2,400/- from Mehmood in full settlement of his account of Rs. 2,800/- and deposited the same into bank.

March 3: Cash was found short by Rs. 50/

**REQUIRED:**

- Record the above transactions in three column Cash Book page No. 25.
- Balance the Cash Book on March 31, 2012. Bring down the balances on April 01, 2012.

**Q.5 Special Journal****Accounts Payable - Subsidiary Ledger****MR. AHMED**

Date		Particulars	Post Ref.	Debit	Credit	Balance
May 2012	04	Purchases	PJ 17		7000	7000
	10	Purchase Returns	PRJ3	500	—	6500
	29	Purchase	PJ 17		9,800	16,300

**MR. BAIG**

Date		Particulars	Post Ref.	Debit	Credit	Balance
May 2012	08	Purchases	PJ 17		5300	5300
	14	Purchase Returns	PRJ 3	400	—	4900

**MR. CHOHAN**

Date		Particulars	Post Ref.	Debit	Credit	Balance
May 2012	17	Purchases	PJ 17		2500	2500
	22	Purchase Returns	PRJ 3	300	—	2200
	29	Purchase	PJ 17		9,800	16,300

**REQUIRED:**

- i. Prepare, Purchase Journal (Page - '17) and Purchase Return and Allowance Journal (Page - 3) in Chronological order.
- ii. Pass Journal entries at the end of the month in Purchase Journal and Purchase Return & Allowance Journal giving posting reference (Purchase Account No. 5001 ) , Purchase Return & Allowance Account No. 5002\* and Accounts Payable Control Account No. 2101)
- iii. Set - up Purchase Account, Purchase Return and Allowance Account and Accounts Payable Control Account in Skeleton form.

**Q.6 Bank Reconciliation Statement:**

On Jan. 31, 2012, the Cash Book of Zaheer Merchants showed a bank Balance of Rs. 5,750/- and Bank Statement showed a debit balance (overdraft) of Rs- 3,500/-- On comparing the following differences were revealed:

- i. Cheque amounting to Rs. 16,500/- was deposited into the bank but not shown in the Bank statement.
- ii. Cheque drawn for Rs. 6,000/- was entered in the Cash book but not presented at the Bank for payment.
- iii. Accompanying the bank statement, a Cheque for Rs- 150/ returned dishonored.
- iv. Rs. 1,500/-, being the proceeds of a Cheque collected, appeared in the Bank Statement.
- v. Bank Charges of Rs. 15/- and interest on overdraft Rs. 85/ appeared in the Bank Statement.

**REQUIRED:**

- i. Prepare Bank Reconciliation Statement on Jan. 31, 2012.
- ii. Prepare necessary Journal Entries in the Books of Zaheer Merchants.

**Q.7 Correction of Errors:**

Following Errors were found before closing the books

- i. Purchase of Office Furniture for Rs. 12,000/- Cash was recorded in Office Equipment account.
- ii. Wages amounting to Rs. 1,500/- were debited to Repair expense account.
- iii. Purchase of Merchandise for Rs. 40,000/- on account were recorded and posted as Rs. 4,000/-
- iv. Sale of old furniture for Rs. 3,500/- Cash was charged to Sales account.
- v. Merchandise worth Rs. 5,000/- taken by the proprietor for his personal use, were debited to Drawing account and credited to Sales account,

**REQUIRED:**

Prepare entries in General Journal to rectify the above errors.

**SECTION "C"**  
**(DETAILED-ANSWER QUESTIONS) (30 MARKS)**

NOTE: Attempt the following question which is compulsory. The use of calculator is allowed.

### **Q.8 Financial Statement:**

Following is the Pre-Closing Trial Balance of Ishaque and Company for the year ended Dec. 31, 2012.

Account Titles	Acct. Nos.	DEBIT	CREDIT
Cash		40,000	
Accounts Receivable		50,500	
Prepaid Insurance		6,000	
Merchandise Inventory (l. 1.2011)		42,000	
Office Equipment		50,000	
Account Payable			40,000
Notes Payable			20,000
Unearned Commission			3,500
Capital Ishaque			1,50,000
Drawing - Ishaque		12,000	
Sales Revenue			2,62,000
Sales Discount		3,000	
Purchases		1,20,000	
Carriage - In		8,000	
Utility Expense		25,000	
Advertising Expense		34,000	
Salaries Expense		40,000	
Rent Expense		45,000	
		4,75,500	4,75,500

Data for adjustment on Dec. 31, 2011:

- i. Merchandise Inventory (31-12-2011) Rs. 60,000/
- ii. Bad Debts Expense @ 5% of Net Sales
- iii. Insurance is prepaid up to the extent of Rs. 1,500/
- iv. Unearned Commission Rs. 1,000/-
- v. Goods costing Rs. 1,000/- were taken by Mr. Ishaque for private use were overlooked.

### **REQUIRED:**

- i. Prepare Adjusting Entries in General Journal and prepare cost of Goods Sold Account.
  - ii. Record Closing Entries in General Journal on Dec. 31, 2011.
- (OR)
- i. Prepare Income Statement for the year ended Dec. 31, 2011.

- ii. Prepare Classified Balance Sheet as of Dec. 31, 2011.

**ACCOUNTING 2011**  
**(Regular)** **Max. Marks: 100**  
**SECTION "A"**  
**MULTIPLE CHOICE QUESTIONS (20 MARKS)**

Q.1 Choose the correct answer for each from the given options:

- i. Adjusting and closing entries are recorded in:
- **General Journal**
  - Special Journal
  - General Ledger
  - Trial Balance
- ii. Each adjusting entry has an effect on:
- Balance sheet
  - Income Statement
  - **Income statement and Balance sheet both**
  - None of these
- iii. This is shown in current assets on balance sheet:
- Unearned rent
  - Rent Income
  - **Prepaid rent**
  - Rent Expense
- iv. This statement is not necessarily prepared at the end of financial year:
- Income statement
  - Balance Sheet
  - **Bank reconciliation statement**
  - Post-closing trial balance
- v. This is not a balance sheet item:
- Allowance for Bad debts
  - Unearned fee
  - Bill receivable
  - **Depreciation expense**
- vi. This account is shown in Income statement:
- Unearned rent
  - Prepaid rent
  - Rent payable
  - **Rent income**
- vii. The item shown in both income statement and balance sheet is:
- Merchandise inventory (beginning)
  - Allowance for Bad debts
  - **Merchandise inventory (ending)**
  - Depreciation expense
- viii. While calculating a gross profit, following account is irrelevant:
- Transportation in
  - Sale

- **Delivery expense**
  - Merchandise Inventory
- ix. A transaction of cash deposited into bank will have this effect on accounting equation:
- Positive
  - **Nil**
  - Negative
  - None of these
- x. These accounts are affected by the transaction credit sales:
- Cash & Sales
  - Accounts payable & Sales
  - **Accounts Receivable & Sales**
  - Sales only
- xi. This account is debited to record merchandise returned to supplier:
- **Account payable**
  - Account receivable
  - Purchase
  - Purchase Return
- xii. These accounts are not debited in a closing entry except:
- Sales Return & Allowance
  - Purchases
  - Transportation in
  - **Sales**
- xiii. The term 'Revenue' is best described as:
- Amount received from merchandise sold
  - **Income from sale of merchandise or services**
  - Receipts from merchandise sold
  - Receipts from customers
- xiv. Footing is made just:
- After recording
  - After balancing
  - **Before balancing**
  - Before recording
- xv. An entry with more than one debit or more than one credit is called:
- Double Entry
  - Contra Entry
  - Single Entry
  - **Compound Entry**
- xvi. Cash book is used for recording:
- Cash receipts only
  - Cash payments only
  - Cash and credit transactions
  - **Cash transactions**
- xvii. Contra entries are recorded on:
- Receipt side of a cash book
  - **Both sides of a cash book**
  - Payment side of a cash book
  - Receipt side of a petty cash book
- xviii. The total amount of a schedule of customers should be the same as:
- Sales

- **Accounts Recievable**
  - Purchases
  - Accounts Payable
- xix. A note issued by customer, when substandard goods are returned is called:
- Debit note
  - Credit note
  - Invoice
  - Promissory note
- xx. Bank reconciliation statement is prepared:
- At the end of 6 months
  - **At the end of every month**
  - At the end of financial year
  - At any time when management needs

**SECTION “B”**  
**SHORT ANSWER QUESTIONS (50Marks)**

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks. The use of calculator is allowed.

**Q.2 General Journal:**

Following are the first six transactions of Miqdad Traders, posted in respective ledger accounts:

**REQUIRED:** Write down a transaction for each General entry record in the General Journal of

Date	Particulars	P.Ref.	Debit (Rs.)	Credit (Rs.)
Jan. 1, 2011	Cash		60,000/-	
	Capital			60,000/-
Jan. 4, 2011	Prepaid Shop rent		80,000/-	
	Cash			80,000/-
Jan. 5, 2011	Bank		10,000/-	
	Cash			10,000/-
Jan. 6, 2011	Purchases		25,000/-	
	Cash			5,000/-
	Account Payable			20,000/-
Jan. , 2011	Cash		10,000/-	
	Bank		10,000/-	
	Sales			20,000/-
Jan. 12, 2011	Drawins		5,000/-	
	Bank			5,000/-

Amber Traders.

### **Q.3 Ledger and Trial Balance:**

**Given:** Following balances have been taken from the books of Faisal a sole trader as on December 31, 2010. Cash R6. 25,000/-, Bank Rs. 15,000/-, Sales Rs. 27,000/-, Account receivable Rs. 12,000/-, Account payable Rs. 25,000/-, Bills payable Rs. 15,300/-, Merchandise Rs. 135,300/-, Capital Rs. 120,000/-  
During January 2011 following transactions were completed:  
Jan. 05: Paid cheque to supplier Rs. 10,000/-.

Jan. 06: Received cheque from customers Rs. 9,500/-.

Jan.07: Paid cheque Rs. 5,000/- and cash Rs. 10,300/- against bills Payable.

Jan. 27: Paid Rs. 3,000/- for his son's school fee.

**REQUIRED:**

Prepare a Trial Balance of Mr. Faisal as on Jan. 31, 2011.

**Q.4 Petty Cash Book:**

**Given:** Ahsan & Co. uses petty cash book for recording petty payments: Following are the selected transactions during September 2010.

Sep. 01: Amount received from cashier to establish petty cash fund Rs. 1,200/-.

Sep. 05: Paid rickshaw fare Rs. 75/-.

Sep. 06: Paid bus fare Rs. 27/-.

Sep. 08: Paid for entertainment Rs. 137/-.

Sep. 09: Paid for postage stamps Rs. 42/-.

Sep. 12: Paid for telegram charges Rs. 62/-.

Sep. 13: Paid for transportation Rs. 50/-.

Sep. 13: Paid for repair of computer Rs. 100/-.

**REQUIRED:**

a) Record above transactions in the Petty Cash Book.

b) Balance the petty cash book on September 30, 2010 and enter the amount reimbursed on October 1, 2010.

**Q.5 Bank Reconciliation:**

**Given:** A study of cash transactions related with the business bank account for April revealed the following information:

- i. Overdraft balance as per bank statement Rs. 25,000/-.
- ii. Balance as per cash book Rs. 15,000/-.
- iii. Uncleared cheques Rs. 35,000/-.
- iv. Unpresented cheques Rs. 5,000/-.
- v. Direct payment by bank for bill payable Rs. 8,000/-.
- vi. Direct deposits by customer Rs. 3,000/-.
- vii. Cheque issued by manager Rs. 16,000/- recorded in counterfoil Rs. 11,000/-.

**REQUIRED:**

a) Prepare Bank Reconciliation Statement as on April 30, 2010.

b) Record necessary entries in General Journal.

**Q.6 Special Journal:**

**Given:** Following are the selected transactions completed by Star Co. during May 2010.

May. 01: Purchased merchandise from Moon Co. under term 2/15, n, 30, Rs. 6,000/-.

May. 06: Purchased office supplies from Sun Ltd. Rs. 8,000/-.

May. 10: Purchased merchandise on account from Moon Co. Rs. 12,000/-.

May. 11: Purchased merchandise from Shaheen Traders for cash Rs. 4,000/-.

May. 12: Merchandise returned to Moon Co. Rs. 1,000/-.

- May. 16: Purchased merchandised from Moon Co. Rs. 5,000/-.  
May. 20: Purchased merchandise on credit from Fast co. Rs. 9,800/-.  
May. 25: Purchased goods from Fair Traders Rs. 15,000/- under term 2/10, n/30.

**REQUIRED:**

- a) Record the transactions listed above in the purchase Journal or General Journal, as appropriate
- b) Foot the purchase Journal on May 31 and post the total to the purchases and account, payable in General Ledger.

**Q.7 Correction of Error:**

**Given:**

- i. Purchased office table amounting to Rs. 1,600/- has been recorded as office equipment.
- ii. Sales return of Rs. 550/- from a customer has been debited to sales discount.
- iii. Drawings made by the owner Rs- 500/- has been charged to General Expense account.
- iv. Receipt of Rs. 600/- from Rana & Co., a customer, has been charged to the account of Rani & Co.
- v. Payment for machinery repairs Rs. 200/- has been charged to machinery account.
- vi. Construction as addition to office building for Rs. 50,000/was wrongly debited to building repair account.

**SECTION "C"**

**(DETAILED-ANSWER QUESTIONS) (30 MARKS)**

NOTE: Attempt the following question which is compulsory. The use of calculator is allowed.

**Q.8 Financial Statement and Closing Process:**

**Given:** Following are the account balances of M/S. AK & Sons on June 30, 2010.

Cash in hand Rs. 35,000/-, Furniture 140,000/-, •Cash at Bank Rs. 45,000/-, Capital Rs. 428,000/  
Accumulated Depreciation (Furniture) Rs. 23,000/-, Machinery Rs. 220,000/-, Accumulated Depreciation  
(Machinery) R s. 35,000/-, Purchases R s. 135,000/-, Sales Rs. 280,000/-, Account Receivable Rs.  
30,000/-, Account Payable Rs. 42,000/-, Purchase return & Allowance Rs. 4,000/-, Allowance for Bad  
Debt Rs. 6,000/-, Merchandise Inventory (beginning) Rs. 25,000/-, Merchandise Inventory (ending) Rs.  
87,000/-, Salaries Expense R s. 45,000/- Rent Expense Rs. 33,000/-, Advertising Expense Rs. 22,000/-,  
Travelling Expense Rs. 32,000/-, Office Supplies Expense Rs. 12,000/-, Utility Charges Rs. 26,000/-, Bad  
Debt Expense Rs. 2,000/-, Depreciation Expense Rs. 10,000/-, Sales Return and Allowance Rs. 6,000/-.

**REQUIRED:**

- i. Record Closing entries in General Journal on June 30, 2010.
- ii. On July 1, 2010, .record opening entries in General Journal and also prepare a post-closing Trial Balance as on June 30, 2010.  
(OR) Prepare:
  - i. Income statement in report form.
  - ii. Balance sheet as on June 30, 2010.

# ACCOUNTING 2011

Time: 3 Hours

(Private)

Max. Marks: 100

## SECTION "A"

### MULTIPLE CHOICE QUESTIONS (20 MARKS)

Q.1 Choose the correct answer for each from the given options:

- i. Gross profit is:
  - **Excess of sales revenue over cost of goods sold**
  - Sales less ending stock
  - Cost of goods sold plus opening stock
  - Net profit less expenses
- ii. Accounts are up-dated at the end of Accounting period by:
  - Correcting entry
  - General entry
  - Opening entry
  - **Adjusting entries**
- iii. Bad debts expenses are:
  - Selling Expenses
  - Administrative Expenses
  - **Operating Expenses**
  - Preliminary Expenses
- iv. Depreciation expense includes:
  - **Non-cash expense**
  - Cash expense
  - Prepaid expense
  - All of these
- v. Supplies on hand on Jan, I Rs. 140/- supplies purchased during the period Rs. 530/-, supplies consumed Rs. 480/- supplies at the end were:
  - Rs. 910/-
  - Rs. 760/-
  - Rs. 670/-
  - **Rs. 190/-**
- vi. Accounting cycle is a sequence of Accounting procedures followed during:
  - **Accounting period**
  - Two years
  - Accounting equation
  - One hour
- vii. When gross profit is zero, it implies that:
  - G.P. >COGS
  - COGS > G.P.
  - Net sales = Gross profit
  - **Net sales = Cost of goods sold**
- viii. When Depositor's book shows a credit bank balance it means:
  - **Amount overdrawn**
  - Amount deposited
  - Uncleared cheque
  - Outstanding cheque
- ix. A bank does not pay against cheques if they are:
  - **Over six months old**

- Over five months old
  - Over three months old
  - Over two months old
- x. The following bank account is subject to zakat deduction:
- Current A/C
  - **Saving A/C**
  - T -A/C
  - Control A/C
- xi. Cash book serves the purpose of:
- Journal
  - **Ledger**
  - Trial Balance
  - Financial Statement
- xii. An Accounting book used for small expenses recording is called:
- Cash book
  - Journal.
  - Ledger
  - **Petty cash book**
- xiii. A cheque is received for Rs. 4000/- and recorded in the bank column receipts side of cash book, the balance of cash will show:
- Overstatement
  - Understatement
  - **No effect**
  - Balance
- xiv. Purchase Account is:
- An asset
  - A Liability
  - **An expense**
  - Revenue.
- xv. If sales returns is debited to purchases account erroneously by Rs. 2000/- the net income will show:
- Increase by Rs. 2000/-
  - Decrease by Rs. 2000/
  - **No effect**
  - Decrease by Rs. 1000/-
- xvi. N.S.F. stands for:
- National Studies Federation
  - New Studies Federation
  - Net Sufficient Funds
  - **Non-Sufficient Funds**
- xvii. The owner's equity in the business arises from these two sources:
- Net Income and
  - Net profit and Drawings
  - **Net Profit and additional investment**
  - All of these
- xviii. This account has a credit balance:
- **Bank overdraft**
  - Sales discount
  - Unexpired insurance

- Office Supplies
- xix. The act of totaling of money columns of an account is called:
- Posting
  - Ruling
  - **Footing**
  - Balancing
- xx. The term "Accounting period" means the span of time covered by:
- Income statement
  - Balance sheet
  - Cash flow statement
  - **All of these**

## SECTION "B"

### SHORT ANSWER QUESTIONS (50Marks)

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks. The use of calculator is allowed.

#### Q.2 General Journal:

Following are the first six transactions of Miqdad Traders, posted in respective ledger accounts:

<p>Cash (Rs.)</p> <p>Jan 1, 2011 50,000</p> <p style="padding-left: 100px;">Jan 20, 2011 1,000</p> <p style="padding-left: 100px;">Jan 25, 2011 3,000</p>	<p>Capital-Miqdad (Rs.)</p> <p>Jan 1, 2011 50,000</p>
<p style="padding-left: 40px;">Purchases</p> <p>Jan 4, 2011 5,000</p>	<p>Accounts Payable - Ahmed</p> <p>Jan 4, 2011 50,000</p> <p>Jan 25, 2011 1,000</p>
<p>Accounts Receivable-Mansoor</p> <p>Jan 15, 2011 4,000</p>	<p>Sales</p> <p>Jan 15, 2011 4,000</p>
<p>Prepaid Rent</p> <p>Jan 20, 2011 1,000</p>	<p>Capital-Miqdad (Rs.)</p> <p>Jan 25, 2011 4,000</p>

#### **REQUIRED:**

Record the effects shown in above ledgers (postings) in standard form of General Journal.

#### **Q.3 Ledger and Trial Balance:**

**Given:** The following is the Trial Balance of Shah Latif & Co. on March 31, 2011:

Cash	Rs. 20,000	Accounts Payable	Rs. 30,000
Accounts Receivable	Rs. 50,000	Salaries Payable	Rs. 15,000
Merchandise Inventory	Rs. 60,000	Bank Loan	Rs. 25,000
Equipment	Rs. 40,000	Capital	Rs. 100,000
	Rs. 170,000		Rs. 170,000

The following transactions were performed during first fortnight of April:

April 05: Paid outstanding salaries.

April 06: Collected  $\frac{1}{2}$  of Account Receivable.

April 07: Sold merchandise for cash Rs. 20,000/- and on account Rs. 30,000/-

April 10: Paid  $\frac{1}{3}$  of the Accounts Payable.

April 14: Made additional investment depositing cash into the bank Rs. 25,000/-

## **REQUIRED:**

Prepare the ledgers with,, opening balances on April 01 and post the above transactions directly there- in. Foot and Balance the accounts. .

### **Q.4 Cash Book:**

**Given:** Mr. Sultan, started business by the name of Baaho Enterprises on April 1, 2011 with cash investment of Rs. 50,000/-. During the month the following transactions were completed.

April 05: Opened an account with the bank depositing cash Rs. 10,000/-

April 10: Purchased merchandise for cash Rs. 5,000/- and on account Rs. 20,000/- from Asif.

April 14: Sold merchandise for cash Rs. 9,000/- and on credit R.s. 16,000/- to Adeel.

April 20: Issued a cheque to Asif for Rs. 9,800/- as part payment.

April 23: Mr. Adeel issued a cheque of Rs. 9,800/- in favor of Baaho Enterprises as part payment

April 27: Deposited the above cheque of Adeel into the Bank.

## **REQUIRED:**

- a) Record above transactions in three column Cash Book page no. 51.
- b) Balance the Cash Book on April 30. Bring down the balances on May 1, 2011

### **Q.5 Special Journal:**

**Given:** Following information for the month of April 2011 is extracted from the books of Sakina Mariam Co. dealing in various, types 'of New Equipments such as Computers, Calculating machine etc.

April 05: Sold one computer system on Account to Apex Stores for Rs. 24,000/-

April 09: Sold old furniture (used in own office) to Bashir on credit for Rs. 14,000/-

April 14: Sold a typewriter to Shahzad Associates for Rs, 13,000/..on account.

April 21: Sold a Printer to Ramzan % Co. for cash Rs. 7,000/

April 23: Sold Ten Calculators at Rs. 1,200/- each to Husnain . Industries on account.

## **REQUIRED:**

- a) Prepare a Sales Journal from above pass the entry on April 30, 2011.
- b) Set up. Accounts Receivable account bearing. no. 500.1 and sales accounts No, 1005 in standard from.. (Control Accounts).

### **Q.6 Bank Reconciliation Statement:**

**Given:** Comparison of cash book and bank Statement of Naeem & Co. for the month of March 2011 revealed the following;

- i. Balance as per Cash Book Rs. 2,050/-
- ii. Bank overdraft Rs. 3,500/- as per bank statement.
- iii. A deposit of Rs. 5,400/- was made on March 31, too late to appear in Bank statement.
- iv. Cheques outstanding totaled Rs. 800/-
  - v. Cheque drawn for Rs. 420/- was erroneously charged by the bank as Rs. 520/-
- vi. Bank service charges, of Rs. 30/- were not recorded by the company,
- vii. A cheque for purchase of office supplies was drawn for Rs. 230/- but was recorded by the company as Rs. 320/-
- viii. A cheque of Rs. 110/- for travelling expenses was not recorded by the company.
- ix. A cheque of Asif & Co. for Rs. 800/- marked N.S.F. and returned by the bank.

**REQUIRED:**

Prepare Bank Reconciliation statement as on March 31, 2011.

**Q.7 Correction of Error:**

Following Errors were found before closing of books of Daniyal Brothers. You are required to make improper form of General Journal to rectify the errors.

- i. A cheque of Rs. 5,000/- was received from Irfan Sons and deposited in the bank but in the cash book receipts was recorded as Rs. 500/-
- ii. The invoice of Rs. 8,000/- was paid to Akram after discount period but payment was recorded with discount of 2%
- iii. Bad debts expense was overstated by Rs. 2,000/-
- iv. Accrued interest on overdraft of Rs. 4,000/- was overlooked.
- v. Accrued commission revenue was understand by Rs. 5,000/-

**SECTION "C"**

**(DETAILED-ANSWER QUESTIONS) (30 MARKS)**

NOTE: Attempt the following question which is compulsory. The use of calculator is allowed.

**Q.8 Financial Statement:**

The balances taken from the pre-closing Trial Balance of Usra & Co. as of December 31, 2010 are as follows:

**Debit Balances:**

Cash Rs. 40,000/-, Accounts Receivable Rs. 35,000/-, Merchandise inventory (opening) Rs. 30,000/-, Unexpired insurance Rs. 20,000, Purchase Rs. 130,000/-, Transportation-in Rs. 5,000/-, Sales discount Rs. 5,000/-, Sales equipment Rs. 40,000/-, Drawings Rs. 12,000/-, Rent expenses Rs. 25,000/

**Credit Balances:**

Accounts payable Rs. 25,000/-, Sales Revenue 105,000/-,  
Commission Income Rs. 7,000/-, Purchases return Rs. 5,000/-,  
Long-term Loan Rs. 80,000/-, Capital Rs. 120,000/

**Data for Adjustments on December 31, 2010:**

- i. Merchandise Inventory at December 31, 2010 Rs. 60,000/
- ii. Unpaid Rent Rs. 2,000/-
- iii. Insurance expired Rs. 12,000/-
- iv. Depreciation on Sales Equipment estimated at Rs. 4,000/

**REQUIRED:**

- a) Prepare Income statement for the year ended December 31, 2010.
- b) Prepare balance sheet as of December 31, 2010 in classified form.
- c) Prepare closing entries in General Journal (OR) Adjusted Trial Balance.

**ACCOUNTING 2010**  
**(Regular/Private)**

**Max. Marks: 100**

**Time: 3 Hours**

**SECTION "A"**

**MULTIPLE CHOICE QUESTIONS (20 MARKS)**

Q.1 Choose the correct answer for each from the given options.

- i. Direct Deposit by a customer is recorded by bank as:
  - **Credit in the customer's account**
  - Debit in the customer's account
  - Debit and credit in the customer's account
  - None of these
- ii. The act of recording a transaction in General Journal is called:
  - Posting
  - Narration
  - Closing
  - **Journalizing**
- iii. Accrued income is:
  - **Income Receivable**
  - Income payable
  - Unearned Income
  - Expense
- iv. Cost of Goods sold is a part of:
  - Equities
  - Balance sheet
  - Statement of Retained Earning
  - **Income Statement**
- v. Cash withdrawn by proprietor for personal use is called:
  - Gift
  - **Drawing**
  - Investment
  - None of these
- vi. It is always used while depositing money in bank a/c.
  - Cheque Book
  - Cash Book
  - General Ledger
  - **Paying in slip**
- vii. Credit Note issued is entered in:
  - Sales Journal
  - Purchases Journal
  - **Sales return & allowance journal**
  - Purchase return & allowance journal
- viii. The following best describes a Trial Balance:
  - Financial position Of the business
  - A special account

- All entries in the Journal
  - **List of balances of the ledger account**
- ix. The following statement is incorrect:
- Assets — Liabilities = Capital
  - Assets — Capital = Liabilities
  - Assets = Liabilities + Capital
  - **Assets + Liabilities = Capital**
- x. It is not an asset:
- Cash
  - Notes Receivable
  - **Unearned Rent**
  - Building
- xi. It is called Liability:
- Machinery
  - **Notes Payable**
  - Sales
  - Account Receivable
- xii. This is the set of current Assets:
- Cash + Building
  - Cash + Loan
  - **Cash + Bank**
  - Cash + Furniture
- xiii. Sales is best described by:
- Sale of all items
  - **Sale of merchandise**
  - Sale of machinery
  - Sale of old furniture
- xiv. Sale Journal is used for the recording of:
- Sale of all items
  - **Sale of merchandise on account**
  - Sale of merchandise for cash
  - Sale of merchandise for cash & on credit
- xv. This is not shown in Income Statement:
- **Cash**
  - Salaries expense
  - Sales
  - Sales return
- xvi. Allowance for Depreciation account is:
- **A contra asset account**
  - An asset account
  - A liability account
  - None of these
- xvii. This account is normally debit balance:
- Sales
  - Purchase Return
  - **Sales Return**
  - Account Payable
- xviii. The following statement is correct:
- **Profit increases owner's equity**

- Profit decreases owner's equity
  - Profit increases liability
  - Profit decrease assets
- xix. Cash Book is used for recording:
- All cash and credit transactions
  - **All cash transactions**
  - Cash receipts
  - Cash payments
- xx. Purchases of merchandise on account are recorded in:
- Cash Book
  - **Purchase Journal**
  - Sales Journal
  - Purchases Return & Allowance Journal

### SHORT ANSWER QUESTIONS (50Marks)

NOTE: Attempt any FOUR questions from this section. All questions carry equal marks. The use of calculator is allowed.

#### **Q.2 GENERAL JOURNAL:**

On August 1, 2009, Mr. Ahsan invested Rs. 5,00,000 in the business. He completed the following transactions during the month.

- a) Aug. 06: He paid shop rent in advance for one year Rs. 12,000
- b) Aug. 10: He purchased merchandise worth Rs. 3,10,000 cash.
- c) Aug. 17: He sold merchandise for cash Rs. 2, 10,000 and on account Rs. 80,000.
- d) Aug. 29: He received Rs. 60,000 from customers.

#### **REQUIRED:**

Record the above transactions in the standard form of General Journal.

#### **SOLUTION:**

Mr.

**AHSAN,  
JOURNAL ENTRIES**

No.	Particulars	P.R	Debit	Credit
Aug.1	Cash Ahsan Capital To record the investment.		500,000	500,000
6	Prepaid Rent Cash Paid advance rent for 3 month.		12,000	12,000
10	Purchase Cash Purchased goods on account.		3,10,000	3,10,000

17	Cash Account Receivable Sales To record the sale for cash & on account.		2,10,000 80,000	2,90,000
29	Cash Account Receivable Cash received from customers		60,000	60,000

### **Q.3 LEDGER AND TRIAL BALANCE:**

The following transactions were completed by Mr. Asif during the month of October 2009.

- a) Oct.01: Asif started business with cash investment of Rs. 4,00,000.
- b) Oct.05: He purchased machines for use in business worth Rs. 2,00,000.
- c) Oct.10: He received service income Rs. 30,000.
- d) Oct.10: He paid rent for three months from October 2009 to December 2009 of workshop @ Rs. 3,000 per month.
- e) Oct.31: He paid salaries to employees Rs. 10,000.

### **REQUIRED:**

- i. Post the above transactions in the Ledger accounts in skeleton T form.
- ii. Prepare Trial Balance on October 31, 2009 after footing and Balancing.

### **SOLUTION:**

**Mr. ASIF,  
GENERAL LEDGER  
CASH**

Oct.1	400,000	Oct.5	200,000
10	30,000	10	9,000
	430,000	31	10,000
Bal.	211,000		219,000

**CAPITAL**

	Oct. 1	400,000
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**PREPAID RENT**

Oct. 10	9,000	
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**MACHINE**

Oct.5	200,000	
-------	---------	--

**SALARY EXPENSE**

Oct.31	10,000	
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**SERVICE INCOME**

	Oct. 10	30,000
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**Mr. ARIF,  
TRIAL BALANCE,  
AS ON OCTOBER 31, 2009**

Particular	R.R.	Debit	Credit
Cash		211,000	
Asif Capital			400,000
Prepaid Rent		9,000	
Machine		200,000	
Salary Expense		10,000	
Service Income			30,000
Total		430,000	430,000

**Q.4 CASH BOOK:**

Mr. Arif uses three column Cash Book. On November 1, 2009 he had cash in hand Rs. 2,00,000 and cash at Bank Rs. 2,20,000. He completed the following transactions:

- Nov.13: Issued a cheque to Mr. Bilal for Rs. 48,000 in full settlement of Rs. 49,000.
- Nov.17: Received a cheque from Mr. Hamza for Rs. 18,000 in full settlement of Rs. 20,000 and deposited the cheque in bank on the same day.
- Nov-19: Sold merchandise on account for Rs. 20,000 to Mr. Sadiq.
- Nov.23: Withdrew cash from bank for office use Rs. 20,000.
- Nov.30: Paid salaries by cheque Rs. 5,000.

**REQUIRED:**

- i. Record the above transactions in 3 column cash book.
- ii. Balance the Cash Book on Nov. 30, 2009.

**Q.5 SPECIAL JOURNAL:**

Given below are transactions of Tariq Traders Dec. 2009.

- a) Dec.07: Sold merchandise on account to Shahid Store Rs. 40,000.
- b) Dec.08: Sold old computer to Mr. Ahmed on account worth Rs. 5,000.
- c) Dec.21: Sold merchandise to Ghulam Ali & Co. on account Rs. 30,000.
- d) Dec.25: Sold merchandise on account to Rashid Store Rs. 35,000.
- e) Dec.31: Cash Sales Rs. 40,000.

**REQUIRED:**

- i. Record the above transaction in Sales Journal.
- ii. Set up Controlling Accounts in the General Ledger in standard form.

**SOLUTION:**

**TARIQ TRADERS,  
SALES JOURNAL.**

Date	Inv. No	Name of Suppliers	P.R	Amount
Dec. 7		Shahid Stores	✓	40,000
21		Ghulam Ali & Co.	✓	30,000
25		Rashid Stores	✓	35,000
		Account Receivable Dr. Sales Cr.		1,05,000

**GENERAL LEDGER  
ACCOUNT RECEIVABLE**

Dec.31	105,000	
--------	---------	--

**SALES**

	Dec.31 (SJ)	105,000
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**Q.6 BANK RECONCILIATION STATEMENT:**

On comparison of Cash Book (Bank Column) and the Bank Statement of Aslam Traders for the month of July, 2009 revealed the following:

- a) Balance as per Bank Statement on July 31, 2009 was Rs. 57,000.
- b) Balance as per Bank Statement on July 31, 2009 was R s. 43,000.

- c) Cheques issued during July 2009 but not presented Rs. 15,000.
- d) Bank charges not entered in Cash Book Rs. 500.
- e) Locker Rent debited by Bank not recorded in Cash Book Rs. 3,500.
- f) Profit credited Rs. 1,500 and Tax debited Rs. 150 by Bank not recorded in Cash Book.
- g) Cheques deposited on July 30, 2009 not shown in Bank Statement Rs. 5,000.
- h) Direct Deposit by a customer Rs. 6,650.

**REQUIRED:**

Prepare Bank Reconciliation Statement as on July 30 2009.

**SOLUTION:**

**ASLAM TRADERS,  
BANK RECONCILIATION STATEMENT,  
FOR THE PERIOD ENDED JULY 31, 2009.**

	<b>Cash Book</b>	<b>Pass Book</b>
Balances	43,000	57,000
Less: Cheque issued but not presented		<u>15,000</u>
		42,000
Less: Bank Charges	<u>500</u>	
	42,500	
Less: Locker Rent Expense	<u>3,500</u>	
	39,000	
Add: Profit	<u>1,500</u>	
	40,500	
Less: Taxes Expense	<u>150</u>	
	40,350	
Add: Deposited but not recorded		5,000
		47,000
Add: Account Receivable	<u>6,650</u>	
Adjusted Balances	47,000	47,000

**Q.7 CORRECTION OF ERRORS:**

The following errors were discovered before closing the books of Zakir & Company.

- a) Sale of old equipment for Rs. 3,000 was credited to sales account.
- b) Payment of sales salaries expense was charged to sales supplies account amounted to Rs. 6,000.
- c) Return of defective part of machinery worth Rs. 2,000 was recorded in purchases return account.
- d) An amount of Rs. 12,000 paid to Raheem & Co. was incorrectly debited to the account of Raheem Bros.

2.	Sales Salaries Expense Sales Supplies To record the payment of salary was wrongly debited to supplies.		6,000	6,000
3.	Purchase Return & Allowance Machinery To record the return of machine was charged to purchase return.		2,000	2,000
4.	A/c. Payable (Raheem Co.) A/c. Payable (Raheem Bros). To record the payment to Raheem Co. was recorded to Raheem Bros.		12,000	12,000
5.	Office Supplies Purchases To record the off. Supplies was wrongly debit to purchases.		2,500	2,500
6.	A/c. Receivable (Mr. Abrar) A/c. Receivable (Mr. Ansar) Cash received from Ansar was wrongly recorded to Absar.		5,000	5,000

- e) Purchase of office supplies worth Rs. 2,500 recorded in purchases account.  
f) Cash received Rs. 5,000 from Mr. Ansar was recorded as received from Mr. Abrar.

**REQUIRED:**

Prepare correcting entries in General Journal of Zakir & Company.

**SOLUTION.**

ZAKIR & COMPANY,  
CORRECTING ENTRIES.

No.		P.R	Debit	Credit
1.	Sales Equipment To record the sale of equipment was wrongly credited to sales.		3,000	3,000

**Q.8 FINANCIAL STATEMENTS AND CLOSING PROCESS:**

Balances taken from the Ledger of Maaz a sole trader on December 31, 2009 before adjustments are as under.

Cash	40,000	Accounts Payable	18,000
A/c Receivable	20,000	Notes payable	12,000
Mrds. Inventory	60,000	Unearned Rent	12,000
Prepaid Insurance	6,000	Sales	200,000
Office Equipment	30,000	Accumulated Depreciation (Of. Equipment)	2,000
Purchases	170,000	Maaz Capital	97,000
Salaries Expense	10,000		
Sales Return	5,000		
	341,000		341,000

**DATA FOR ADJUSTMENTS:**

- i. Merchandise Inventory on December 31, 2009 was values at Rs. 80,000.
- ii. Insurance was expired Rs. 4,000.
- iii. Bad debts expense estimated Rs. 600.
- iv. Outstanding salaries amounting to Rs. 4,000.
- v. Depreciation expense on equipment for the year Rs. 3,000.
- vi. Rent earned Rs. 8,000.

**REQUIRED:**

- i. Prepare a multiple steps Income Statement and Classified Balance Sheet for December 31, 2009.
- ii. Prepare Adjusted Trial Balance. (OR) Prepare closing entries.