

ACCOUNTING

2008

Time: 3 Hours (Regular & Private) Max. Marks: 100

NOTE: Attempt Five questions in all including question No.3 which is compulsory.

- 1.(a) Give the rules of Debit and Credit in terms of Increase and Decrease in Assets, Liabilities and Owner's Equity.
- (b) What is a Basic Accounting Equation?
- (c) Determine the underlined missing items for each of the following:

2. GENERAL JOURNAL AND LEDGER:

Given: The following transactions took place during the month of January, 2008 by Mr. Saad:

- January 01: Mr. Saad invested Rs.50,000 cash.
January 02: Purchased office furniture on account from Daniyal Furniture Store, Rs. 10,000.
January 04: Purchased merchandise on a/c. from Asim Rs.15,000
January 06: Paid office rent for the month of January Rs.5,000.
January 09: Sold merchandise for Rs. 10,000 cash.
January 14: Sold merchandise on account to Irfan, Rs. 12,000.
January 16: Merchandise purchased for cash, Rs. 6,000.
January 20: Paid Rs. 5,000 cash to Asim.
January 25: Withdrew cash Rs. 3,000 for private use.
January 31: Paid Rs. 2,000 to the City Government for trade taxes

REQUIRED:

- (i) Record the above transactions in the standard form in General Journal. (ii) Post the above transactions in T -A/cs.

3. FINANCIAL STATEMENT:

Given: The following balances have been taken from the pre-closing Trial Balance of Khursheed Zaidi on 31.12.2007:

Debit Balances:

Cash Rs.20,000, Accounts Receivable Rs.15,000, Merchandise Inventory (01.01.2007) Rs 30,000, Office Equipment Rs.40,000, Purchases Rs.120,000, Machine Rs.100,000, Salaries Expense Rs.9,000, Wages Expense Rs.4,000, Packing Charges Rs.10,000, Prepaid Rent Rs.10,000, Khursheed Zaidi's Drawing Rs.2,000, Transportation-in Rs.2,000, Sales Returns Rs.20,000.

Credit Balances:

Sales Revenue Rs.2,00,000, Purchases Returns Rs.2,000 Accumulated Depreciation on machine Rs.10,000, Accounts

Payable Rs.5,000, Bank Loan Rs.20,000, Khursheed Zaidi's Capital Rs.145,000.

Supplementary Data for adjustments:

- (i) Outstanding salaries Rs. 6,500.
- (ii) Rent expense for the year Rs. 8,000.
- (iii) Provide bad debts @ 2% of net sales.
- (iv) Depreciation on fixed assets at 10% per annum.
- (v) Merchandise Inventory on 31.12.2007, Rs. 20,000.

REQUIRED:

- (a) Prepare Income Statement for the year ended 31.12. 2007.
- (b) Prepare classified Balance Sheet as on 31.12. 2007.

4. ADJUSTING AND CLOSING ENTRIES:

Pick up the data from the balances given in question No.3 and take into account the supplementary data for adjustment as given therein.

REQUIRED:

- (i) Prepare necessary adjusting entries in the general journal in proper form.
- (ii) Prepare closing entries in general journal in proper form.

5. CASH BOOK:

Mr. Muhammad Usman uses a three-column cash book in his business. On December 1, 2007 the balances of cash in hand and at bank were Rs.24,000 and Rs.36,000 respectively. The following transactions were completed in the month of December 2007:

- Dec.1 Cash sales of Rs.15,000 which includes a cheque of Rs.5,000.
" 5 Cash Rs.5,000 and cheque of December 1 were deposited into bank.
" 7 Received payment from M/S Honda Atlas Car on line Rs.5,000.
" 9 Sold merchandise for cash Rs.10,000.
" 12 Withdrew from bank Rs.15,000 for office use and Rs.2,000 for private use.
" 18 Received a cheque from Mr. Akram of Rs.19,000 after allowing him discount of Rs.1 000.
" 22 Paid life insurance premium by cheque for Rs.4,000.
" 26 Issued a cheque to Mr. Sardar for Rs.15,000 in full settlement of his account of Rs.16,500.
" 28 Deposited the cheque of Mr. Akram.

REQUIRED:

- (i) Enter the opening balances and record the above transactions in three column cash book.
- (ii) Balance the cash book on 31.12.2007 and show the opening balances on January 1, 2008.
- (iii) Set up Purchase Discount no. 503 and Sales Discount no.403 accounts in T-form and post the totals therein.

6. BANK RECONCILIATION STATEMENT:

On April 30, 2008 the following information is collected for the preparation of bank reconciliation statement of Muhammad Yousuf Brothers:

- (i) The balance of April 30, 2008 as per bank statement is Rs.75,000 the cash book shows a balance of Rs.99,000.
- (ii) Uncleared cheque of Rs.30,000.
- (iii) Cheque of Rs.20,000 issued but not presented in the bank for payment.
- (iv) Cheque No.3456 for Rs.58,000 issued for advertisement expense was recorded in cash book as Rs.85,000.
- (v) A customer's cheque for Rs.30,000 was returned with the bank statement marked N.S.F.
- (vi) A payment made to Usman & Co for Rs.10,900 after deduction of discount of Rs.100 on line but not recorded in the cash book.
- (vii) Withholding tax on cash withdrawal Rs.100 shown in the bank statement.

REQUIRED:

- (a) Prepare statement of Bank Reconciliation on 30.04.2008
- (b) Prepare necessary adjusting entries.

7. SPECIAL JOURNAL:

Mr. Kamran deals in electronic items. The following transactions were completed during the month of March 08.

- March 01: Purchased merchandise on credit from Aamir Company Rs.30,000.
March 05: Sold merchandise to Usman Brothers on credit for Rs.50,000.
March 15: Purchased equipment on account from Jamil & Company Rs.52,000.
March 18: Purchased merchandise on account from Khalid & Sons Rs.40,000.
March 26: Sold merchandise to Arbab Anjum on credit for Rs.45,000.
March 27: Sold furniture to Jawaid Rs.5,000.
March 29: Sold merchandise for cash Rs.15,000.

REQUIRED:

Record the above transactions into the following journals:

- (i) One-column purchase journal of page No. 220.
- (ii) One-column sales journal of page No. 110.
- (iii) Two-column general journal of page No. 330.