

ACCOUNTING 2016

Time: 20 Minutes (Regular & Private) Max. Marks: 20

SECTION "A" (MULTIPLE CHOICE QUESTIONS)

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 balances 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 business is Rs. 60,000, while Net loss is Rs. 15,000 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
* Pass Book * Cash Book
- (ix) Contra entry appears on this side of cash book:
* Payment side * Receipt side
* Both sides * 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 * Cash Book
* Balance Sheet * 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 * Revenues and expenses account

ACCOUNTING 2016

Time: 2:40 Hours (Regular & Private) Marks: 80

SECTION 'B' (SHORT – ANSWER QUESTIONS)

NOTE: Attempt any Four questions. (50)

2. ACCOUNTING EQUATION:

- (a) Define the term Accounting.
(b) State Fundamental Accounting Equation.
(c) Give Rules of Debit & Credit in terms of increase and decrease.
(d) Write the steps of Accounting Cycle.

3. GENERAL JOURNAL:

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

CASH (Rs.)			
Nov.01,2015	500,000	Nov.05,2015	300,000
Nov.15,2015	280,000	Nov.18,2015	20,000
BANK (Rs.)			
Nov.05,2015	300,000	Nov.29,2015	8,000
		Nov.20,2015	25,000
Accounts payable (Rs.)			
Nov.11,2015	5,000	Nov.08,2015	75,000
Nov.18,2015	20,000		
PURCHASE (Rs.)			
Nov.08,2015	75,000		
Nov.20,2015	25,000		
CAPITAL (Rs.)			
		Nov.01,2015	500,000
PURCHASE RETURN & ALL. (Rs.)			
		Nov.11,2015	5,000
SALARY EXPENSE (Rs.)			
Nov.29,2015	8,000		
SALES (Rs.)			
		Nov.15,2015	280,000

REQUIRED: Record the effects shown in above ledger in General Journal.

4. Petty Cash Book:

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

March 1: Amount received from cashier to establish petty cash fund Rs.5,000. Following are the selected transactions during March 2015

Mar.02, 2015	Paid for postage stamps	80
March 02,	Paid for stationery	100
March 03,	Paid for cartage	40
March 03,	Paid for postage stamps	60
March 08,	Paid for paper	10
March 12,	Paid for cartage	60
March 18,	Paid for trips to office peons	20
March 23,	Paid for ink and nibs	40
March 25,	Paid for Tiffin to office peons	60
March 26,	Paid for train fare	500
March 28,	Paid for bus fare	40
March 29,	Envelopes and letterheads	60
March 30,	Printing address on above	40
March 31,	Taxi fare 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.

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.

6. SPECIAL JOURNAL:

The following transactions are to be recorded in Special Journals of AN & Co.

- 01.4.2015: Sold merchandise on credit to Ahmed Sons Rs.2,000.
05.4.2015: Sold merchandise on credit to Hamza Bros. Rs.4,000.
08.4.2015: Ahmed Sons returned merchandise worth Rs.250.
15.4.2015: Sold merchandise on credit to Usman & Co. Rs.5,000.
20.4.2015: 10% allowance given to Hamza Bros. on defective goods of Rs.2,000 sold to them on April 5.
28.4.2015: 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.

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) Sale 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 QUESTION)

NOTE: Attempt the following question which is compulsory. (30)

8. Financial Statement and Closing Process:

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

Deb't Balances:

Cash Rs.7,000, Accounts Receivable Rs.30,000, Investment Rs.25,000, Mrds. Inventory Rs.15,000, Office supplies Rs.4,000, Machine Rs.40,000, Insurance expense Rs.5,000, Drawing Rs.4,000, Purchases Rs.32,000, Sales return Rs.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 return 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 commission 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.