



**ANNUAL EXAMINATIONS 2022**

**(MODEL PAPER)**

**ACCOUNTING-XI**

**(Commerce Group)**

**Total Duration: 03 Hours**

**Total Marks: 100**

**Section "A" Multiple Choice Questions (M.C.Os)**

**Time Allowed: 40 Minutes**

**Max Marks: 40**

**Q1. Choose the correct answer for each from the given option and shade the circle in the answer copy:**

**Note: This Section consists of 40-part questions and all are to be answered.**

- I. Payment for 2-year insurance premium by cheque would be charged to:**
- a) Insurance Expense
  - b) Prepaid insurance
  - c) Unearned insurance
  - d) Insurance income
- II. Owner started business with cash 50,000, Building 600,000 and Accounts payable 30,000. His capital will be credited by:**
- a. Rs. 650,000
  - b. Rs. 600,000
  - c. Rs. 680,000
  - d. Rs. 620,000
- III. If unearned rent is debited, the credit account would be Depreciation**
- a. Rent Revenue
  - b. Rent Expense
  - c. Rent Receivable
  - d. Rent payable
- IV. If total assets are 1,000,000 and liabilities are 20% of assets, the owners' equity will be**
- a. Rs. 700,000
  - b. Rs. 1,200,000
  - c. Rs. 800,000
  - d. Rs. 1,000,000

- V. If the adjusting entry consists of fees income Dr. and unearned Fees Cr. This shows**Net Settled Fund
- Advance fees receivable
  - Fees income is received in advance
  - Fees income earned
  - Advance payment is lost
- VI. This Summarizes Dissolution Process:**
- Cash And Bank
  - Building And Land
  - Goodwill And Patents
  - Payables
- VII. Payment from bank for personal house rent will be recorded as Rs. 12,000**
- Drawing Dr. Cash Cr
  - Drawings Dr. Bank Cr.
  - Rent expense Dr. Rent payable Cr.
  - Rent payable Dr. Cash Cr
- VIII. Trial Balance contains**
- Assets and liabilities
  - Incomes and expenses
  - Accounts having only debit balances
  - All ledger accounts balances
- IX. Cash, Receivable, inventory and prepaid expenses are**
- Current Assets
  - Fixed Assets
  - Intangible Assets
  - Tangible Assets
- X. Paid for V. P. P. Rs.255 which of the following category would be used**
- Office supplies
  - Postage & Telegram
  - Cartage
  - Entertainment
- XI. The cash book is**
- Ledger
  - Subsidiary Journal
  - Trial Balance
  - Financial Statement
- XII. If purchases is 70,000 and merchandise inventory end. Is 10,000 and cost of goods sold is 80,000 then what is the merchandise inventory beg.**
- 30,000
  - 20,000
  - 40,000
  - 50,000

**XIII. Net profit + operating expenses is called:**

- a. Net sales
- b. Gross profit
- c. Net loss
- d. Cost of goods sold

**XIV. Which of the following is the main source for recording in purchase journal?**

- a. Insurance expense Dr. 5,000 Prepaid insurance Cr.
- b. Insurance expense Dr. 1,000 Prepaid insurance Cr.
- c. Prepaid insurance Dr. 1,000 Insurance expense Cr.
- d. Prepaid insurance Dr. 5000 Insurance expense Cr.

**XV. Debtors are also known as**

- a. Account receivable
- b. Account payable
- c. Bills payable
- d. Proprietors

**XVI. Under casting of Purchase journal will;**

- a. Overstate sales
- b. Understate sales
- c. Overstate cost of goods sold
- d. Understate cost of goods sold

**XVII. An alternative name of Purchase journal is;**

- a. Invoices book
- b. Credit note book
- c. Debit note book
- d. Purchase day book

**XVIII. Which of the following is Contra Entry?**

- a. Invested cash into Business
- b. Withdrew cash from bank for personal use
- c. Withdrew cash from bank for office use
- d. Cheque received and deposited into bank same day

**XIX. The month end balance of petty cash book is;**

- a. An expense
- b. An income
- c. An asset
- d. A liability

**XX. Every business transaction at least affects;**

- a. Exactly two accounts
- b. At least one account
- c. At least two accounts
- d. Not more than two accounts

**XXI. Cash was found short, the journal entry would be:**

- a. Cash Dr. Cash short/over Cr.
- b. Cash short/over Dr. Cash Cr.
- c. Cash Dr. Income Cr.
- d. Cash Dr. Bank Cr.

**XXII. Trial Balance contains:**

- a. Assets and liabilities
- b. Incomes and expenses
- c. Accounts having only debit balances
- d. All ledger accounts balances

**XXIII. A cheque issued for Rs.66,000 but was wrongly recorded by the bank Rs.56,000 adjustment would be:**

- a. Added Rs.66000 in the Cash Book
- b. Deducted Rs.56000 in the cash book
- c. Added Rs.10,000 in the Bank Statement
- d. Deducted Rs.10,000 in the Bank Statement

**XXIV. Cash book balance Rs.10,000, and pass book balance Rs. 23,000 if the only reconciling items are service charges Rs.1000, direct deposit by a customer Rs.15,000 and one uncredited cheque, find the amount of cheque;**

- a. Rs.2000
- b. Rs.3500
- c. Rs.1000
- d. Rs.5600

**XXV. The Imprest system is used in**

- a. Sales journal
- b. Cash book
- c. Petty cash book
- d. Ledger account

**XXVI. The two sides of a balance sheet consist of**

- a. Assets and Revenues
- b. Assets and Equities
- c. Capital and Expenses
- d. Incomes and expenses



**XXVII. Allowance for depreciation account**

- a. Reduces the value of current assets
- b. Increases the value of fixed assets
- c. Reduces the value of all fixed assets
- d. Reduces the value of fixed assets other than Land

**XXVIII. If the accounting year ends on June 30, the closing entries for the year 2007-08 will be passed on**

- a. December 31, 2008
- b. January 1, 2009
- c. June 30, 2008
- d. December 16, 2009

**XXIX. An activity which is undertaken with the objective of earning profit is called**

- a. Charity
- b. Business
- c. Journalizing
- d. Profit

**XXX. An exchange of value is called**

- a. Transaction
- b. Entry
- c. Account
- d. Balance

**XXXI. Which of the following should not be called sales?**

- a. Sold old furniture for cash
- b. Sold merchandise for cash
- c. Sold merchandise on credit
- d. Sales of item previously included in sales

**XXXII. Depreciation is**

- a. The amount spent to purchase a fixed asset
- b. The salvage value of a fixed asset
- c. The amount of money spent in replacing assets
- d. The loss in value that naturally occurs as an object is put to use or ages

**XXXIII. Bank overdraft means that**

- a. Cash deposited in to bank
- b. Withdraw cash from bank
- c. Excess amount withdrew from business bank account
- d. Excess amount withdrew from personal bank account

**XXXIV. Petty cash fund is classified as**

- a. Assets
- b. Capital
- c. Expense
- d. Revenue

**XXXV. Double entry means**

- a. Entry in two sets of books
- b. Entry at two dates
- c. Memorandum entry
- d. For two aspects of transactions

**XXXVI. Income statement shows the business**

- a. Profit or loss
- b. Total capital
- c. Profit or loss distribution
- d. Take home salary

**XXXVII. Gross profit**

- a. Sales-ending inventory
- b. Purchase- sales
- c. Sales-cost of goods sold
- d. Sales-purchases

**XXXVIII. Pre closing trial balance is prepared right after**

- a. General journal
- b. Ledger
- c. Balance sheet
- d. Income statement

**XXXIX. Cost of goods sold + gross profit – sales =**

- a. 100
- b. 0
- c. 200
- d. 300

**XL. If merchandise inventory beg. Is 50,000, merchandise inventory end Is 60,000 and cost of goods sold is 40,000, then what is the amount of purchases?**

- a. 70000
- b. 40000
- c. 30000
- d. 50000

Time: 02 Hours 20 minutes

Total Marks: 40

**SECTION 'B' (SHORT-ANSWER QUESTIONS)**

**Note: Attempt any 4 questions from this section Each question carries equal marks.**

❖ **Write the Question in the space provided in the answer copy and write the answer below:**

**Q.2 (A) ACCOUNTING FUNDAMENTALS**

- What is the fundamental equation of accounting?
- State the rules of Debit and Credit in terms of increase and decreases in values, derived from this equation.
- List in proper sequence the steps of accounting cycle.

**OR**

**Q.2 (B) BANK RECONCILIATION**

**STATEMENT GIVEN**

A comparison of the Cash Book (bank columns) and the Bank Statement of Mahek A. Wahid & Co. for the month of May 2020 revealed the following:

- Bank Balance as per Cash Book on June 30 was Rs.10,570;
- Balance as per Bank Statement on June 30 was Rs.4,115;
- June 28 and June 29 cheque deposits, Rs.5,000 and Rs.4,000 respectively, were not shown in the Bank Statement;
- Cheque issued on June 25 and June 26 respectively in favour of Hamid Rs.1,000 and Nasir Rs.1,500 were not presented for payment upto June 30;
- Bank had given a credit for Rs.50 in respect of interest but the same was not recorded in Cash Book;
- Bank had made a collection charge of Rs.5, which was not recorded in Cash Book.

**REQUIRED**

Prepare a Bank Reconciliation Statement as of May 31, 2020

**Q.3 (A) GENERAL LEDGER-TRIAL**

**BALANCE GIVEN**

The Post-Closing Trial Balance of **Asad Noman** showed the following balances on December 31, 2019.

Cash	10,000
Accounts Receivable	5,000
Merchandise Inventory	3,000
Accounts payable	8,000
Asad Noman Capital	10,000

Their transactions for the month of January 2020 were as follows:

1. Purchased merchandise on account from Sajid & Co. Rs.4,000 and from Raja & Co. Rs.3,000.
2. Returned merchandise on account to Sajid & Co., Rs.500 and to Raja & Co. Rs.600.
3. Sold merchandise on account to Sami & Co. Rs.10,000 and to Zakir & Co., Rs.12,000.
4. Merchandise was returned by Sami & Co. Rs.700 and by Zakir & Co. Rs.500.
5. Purchased Office Equipment on account Rs.5,000.
6. Paid cash for Salaries Expense Rs.2,000.

**REQUIRED**

- a. Post the above transactions directly in to Ledger Accounts affected.
- b. Prepare a Pre-Closing Trial Balance on January 31, 2020

**OR**

**Q.3 (B) ACCOUNTING FOR CASH**

**GIVEN**

On January 1, 2020 **Ahmed Bros.** Started business with a cash investment of Rs.5,00,000. They completed the following transaction during the month:

- Jan. 02:** Purchased merchandise for cash, Rs.3,000.
- 03:** Opened a bank account with Rs.4,000;
- 04:** Cash Sales, Rs.1,500;
- 10:** Sold merchandise to Mushtaq, Rs.1,000;
- 11:** Paid to Answer by cheque, Rs.690; in full settlement of his account of R.s700;
- 13:** Overdraft facility of Rs.20,000 was granted by bank.
- 15:** Withdrew from bank cash for office use, Rs.500;
- 18:** Advice received from bank that a customer Salim has made a direct Payment of Rs.2,000 into the bank account;
- 23:** Received cash Rs.2,750 form Bahadur in full settlement is account of Rs.2,800;
- 26:** Mushtaq became insolvent and only fifty paisa in the rupee could be received from him;
- 30:** Cash short by Rs.50.



### **REQUIRED**

- d. Record the above transactions in a three-column Cash Book;
- e. Balance the Cash Book on January 31, 2020 and bring down the cash and bank balances on February 1, 2020;

### **Q.4 (A) SPECIAL JOURNALS**

#### **GIVEN**

Below are given selected transactions of Alpha Stores during September 2020.

- 1: Purchased merchandise on account from Zahoor Rs.1,000. 3: Purchased merchandise on account from Adnan Rs.1,500. 5: Purchased a typewriter for cash Rs.2,000.
- 7: Merchandise returned to Zahoor Rs.100. 10: Purchased a typewriter for cash Rs.2,000. 15: Merchandise returned to Adnan Rs.150. 18: Cash purchases Rs.800.
- 22: Purchased furniture on account from Rahim Rs.5,000.
- 25: Furniture returned to Rahim Rs.700.
- 30: Purchased Office Equipment on account from Fahim Rs.1,600.

#### **REQUIRED**

Record the above transactions in (i) Purchases Journal (ii) Purchase Returns and Allowances Journal.

**OR**

### **Q.4 (B) PETTY CASH BOOK**

#### **GIVEN**

On May 1 2020, **Sabahat and Co.** established a petty cash fund on imprest system by Rs.20,000. Payments made during the month of May from the fund are listed below:

- May 1:** Purchased typewriter ribbon and carbon papers Rs.200.
- 3:** Paid rickshaw fare Rs.350.
- 6:** Paid for telegram to Lahore Rs.110.
- 7:** paid for camel cart hire Rs.80.
- 8:** Paid for lunch, offered to customers Rs.100.

- 11: Paid for postage stamps Rs.400.
- 15: Paid for postage and registration of postal parcel Rs.600.
- 17: Purchased gum, stamping, machine and pins Rs.1500.
- 20: Paid for postal charges on registered parcel Rs.500.
- 23: Advanced to guard Rs.4500.
- 24: Paid for Uber fare Rs.1200.
- 27: Paid for outstanding bill for repairs of typewriter Rs.1800.
- 29: Paid for cartage Rs.400.
- 31: Purchased duplicating papers Rs.700.

**REQUIRED**

- f. Record the above transactions in Petty Cash Book having special columns for:
- |                   |                          |
|-------------------|--------------------------|
| i. Stationary     | ii. Postage and Telegram |
| iii. Cartage      | iv. Entertainment        |
| v. Conveyance and | vi. Sundries             |
- g. Balance the Petty Cash Book on 31 May 2020 and enter the amount reimbursed on June I, 2020.

**Q5 (A). ACCOUNTING EQUATION-RULES OF DEBIT AND CREDIT**

State the fundamental Accounting Equation, and give the rules for debit and credit in terms of increases and decreases in the value of (i) assets (ii) liabilities and (iii) owner's equity.

You have obtained the following data from the accounting records of Ideal Company at December 31, 2020. However certain figures could not be properly read and you are to determine the missing figures. Show the working applied to arrive at those figures using.

**FUNDAMENTAL ACCOUNTING EQUATION:**

Accounts payable	Rs.15,830
Accounts Receivable	20,000
Bank Loan Payable	6,000
Buildings	50,000
Cash	8,730
Furniture	3,800
Prize Bonds	15,000
Office Supplies	1,500
Prepaid Insurance	2,600
Total Assets	91,630

Total Liabilities

?

Total Owner's Equity

?

**OR**

**Q5 (B) GENERAL JOURNAL**

**GIVEN:** The following transactions were completed by Mr. Ali during the month of **January 2020**

- i. Commenced business with Cash Rs.400,000.
- ii. Purchased merchandise on account Rs.22,500.
- iii. Returned merchandise to supplier Rs.1250.
- iv. Sold merchandise on account Rs.50,000.
- v. Customers returned merchandise Rs.1000
- vi. Received Cash from customers on account Rs.10,000.
- vii. Paid creditors on account Rs.12,000.
- viii. Paid for Salaries expense Rs.5000
- ix. Paid for Shop Rent expense Rs.5000

**REQUIRED**

Pass entries in general journal in proper form giving narration below each entry

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

**Max Marks: 20**

**Note:** Attempt any 2 questions from this section Each question carries 10 marks.

❖ Write the Question in the space provided in the answer copy and write the answer below:

**Q.6 (A) FINANCIAL STATEMENT**

**GIVEN**

**FINANCIAL STATEMENT:**

The following balances have been taken from the pre-closing trial balance prepared from the ledger of **Ayesha** on December 31<sup>st</sup>, 2020:

**Debit Balances:**

Cash Rs. 6,000; Accounts Receivable Rs. 10,000; merchandise inventory (1<sup>st</sup>, January 2020)

Mortgage payable Rs. 1,500; allowance for depreciation on sales equipment Rs. 2,500; accounts payable Rs. 6,500; capital Rs. 12,300; sales Rs. 40,000; purchases Return and allowance Rs. 1,400; purchases Discount Rs. 1,600.

Office salaries expense Rs. 5,000; Sales Salaries expense Rs. 6,000.

## Credit Balances

### Data for Adjustment on December 31<sup>st</sup>, 2020:

1. Bad debt expense is estimated @2% on net sales.
2. Prepaid office rent expired by Rs. 800.
3. Provide depreciation on sales equipment for the year Rs. 1,000.
4. Office salaries expense outstanding Rs. 900.
5. Merchandise inventory on December 31<sup>st</sup>, 2010 was valued at Rs. 6,200.
6. Purchase of merchandise of Rs. 500 was wrongly charged to sales equipment account.

### **REQUIRED:**

i) Prepare income statement and a classified balance sheet for the year ended 31<sup>st</sup>, December, 2020.

**OR**

**Q6 (B) The following is the pre-closing trial balance of Kashan & Co. on Dec 31, 2020.**

Cash	1650	
Accounts Receivable	5000	
Merchandise Inventory (1-1-2020)	8000	
Prepaid insurance	1550	
Equipment	15000	
K Capital		21500
Sales		50000
Purchases	38000	
Salaries expense	3300	
Commission Revenue		1000
	<hr/>	<hr/>
	72500	72500

### **Additional information**

1. Merchandise inventory on Dec 31 was valued Rs.12,000.
2. Insurance expired during the year Rs.950.
3. Depreciation expense for the year Rs.1,500.
4. Salaries expense Rs.3,600 for the period.
5. Bad debts @ 2% of sales

### **Required:**

- a) Prepare adjusting entries and income statement on Dec 31, 2020.



**Q7 (A) Following errors were found after analyses of the records of Wahid Traders**

1. Purchase of an office furniture Rs.500 was wrongly debited to office equipment account.
2. Cheque deposited Rs.5000 was dishonored and marked NSF.
3. Amount Rs.5000 was received from Arshad for the settlement of account but recorded as received from Rashid.
4. A Payment Rs.560 was wrongly recorded as 650.
5. Repair of Furniture Rs.150 was wrongly debited to furniture account.

**Required: -**

Pass the correcting entries for above transactions in general Journal with complete narration

**OR**

**Q7 (B) Adjusting Entries**

The following are the selected balances extracted from the ledgers of M/S. Yawar Associates for the year ended on December 31, 2007.

Cash	50,000	A/P	59,000
A/R	25,000	Capital	65,000
Furniture	50,000	Allowance For Dep-F	5,000
Unexpired Insurance	10,000	Commission Income	20,000
	15,000	Unearned rent Income	10,000
	9,000	Salaries Expense	
		Rent expense	

**Data for Adjustments:**

- a. Unexpired insurance in Rs.4,000
- b. Charge Depreciation @ of 10% on assets
- c. Salaries expense for the year is Rs.20,000
- d. Commission Income for the year is Rs.30,000
- e. Rent expense for the year is Rs.5,000
- f. Rent is earned to the extent of Rs.8,000
- g. Bad debts expense is too charged @ 5% of receivables.

**Required:**

- a. Prepare necessary adjusting entries in a proper form