

# ACCOUNTING

2017

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

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

**NOTE: Attempt any Five questions. (50)**

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.

(b) Write the effect of the following transactions on accounting equation. Increase will be shown as (+), decrease as (-) and no effect as (0):

- (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.

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.  
08: Purchased furniture from Mr. Babar Rs.50,000 on a/c.  
12: Purchased two computers Rs.20,000 each on cash.  
18: Purchased merchandise from Mr. Faraz Rs.25,000 on account and Rs.10,000 on cash.  
24: Sold merchandise to Mr. Asif Rs.20,000 on account.  
29: Paid salaries to staff Rs.40,000, by cheque Rs.15,000 and balance in cash.

**REQUIRED:** Record the above transactions in General Journal of Mr. M. Hassan Khan.

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

**April:**

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

**REQUIRED:** Prepare Sales Journal (22) and Sales Return & Allowance Journal (15) and pass the entries on April 30, 2017.

5. The following errors were found from the books of a/c. of Mr. Mushtaq Ahmed Maher before closing of books:

- (i) Expense on Repair & 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 & Sons account.