

# ACCOUNTING 2018

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

## SECTION 'B' (SHORT-ANSWER QUESTIONS)(50)

**NOTE: Attempt any 04 question from this section.**

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

- The liabilities of a business entity, having Assets of Rs.550,000 and owner's equity Rs.400,000.
- The Owner's equity of a business entity, having Assets of Rs.600,000 Liabilities Rs.120,000.
- The Expenses of a business entity, having Revenue Rs.210,000 and net Loss Rs.25000.

(b) Enlist the complete Accounting cycle.

3. The following are the transaction of Farhan Traders for the month of April 2018.

April 01: Mr. Farhan started his business with a cash

Rs.500,000 and a shop building Rs. 800,000.

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

on account Rs.50,000.

April 08: Opened a bank account with cash Rs.125,000.

April 15: Issued a Cheque to the suppliers Rs.48,500 in full

statement of his account Rs.50,000.

April 25: Proprietor withdraw cash Rs.15,000 and

merchandise worth Rs. 4,800 business is personal

use.

**REQUIRED:** Record the above transactions in General

journal.

4. Bari & Company uses of 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 transaction 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.5,850 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

Rs.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 transaction in a Three

Column Cash Book. Balance the cash book on Jan. 31,

2018 and bring down the balance on February 01, 2018.

5. Given below in page No. 10 of the single column

purchases journal of Saqib Traders, containing some

irrelevant transaction recorded incorrectly by a newly

appointed employee of the firm.

Mr. Saqib Traders

Date	Name Of Suppliers	P.R	Amount
05-03-2018	Purchased merchandise from Aslam & Co. term 2/10, n/30.		12,000
10-03-2018	Purchased merchandise for cash		8,000
12-03-2018	Purchased office equipment from Kashif Engineering.		20,000
15-03-2018	Purchased merchandise from Umer & Company on credit.		15,000
20-03-2018	Purchased office supplies on account from Iqbal & Sons.		1,000
25-03-2018	Purchased merchandise from Aslam & Co. term 2/10, n/30.		15,000
30-03-2018	Purchased merchandise on account from Kamil & Co. term n/30		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.

6. A study of cash record and Bank statement of M/s Noman Traders of the month of March 2018 revealed the following information:

(i) Balance as per cash book Rs.55,000.

(ii) Balance as per Bank statement Rs.70,000.

(iii) Cheques of Rs.70,500 deposited in the Bank but only

Rs.46,000 was credited.

(iv) Cheques 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) Dishonoured Cheque Rs.3,500.

(vii) Bank services charges Rs.500.

(viii) Profit created by bank Rs.1,500.

**REQUIRED:** Prepare a Bank Reconciliation statement on

March 31, 2018.

7. The following errors were discovered before closing the

book of accounts of M/s max Company.

(i) Purchases of furniture Rs.25,000 was debited to

purchase account.

(ii) Return of defective goods worth Rs.5,000 to the supplier

was credit to purchases account.

(iii) Ordinary repairs costing Rs.1,300 to office equipment

was debited to office equipment account.

(iv) Depreciation was overcharged by Rs.5,000 through

allowance for depreciation account.

(v) Sales of old furniture for Rs.4,000 cash was recorded to

sales account.

(vi) Purchases office supplies on account for Rs.6,500 was

recorded and posted as Rs.5,600.

**REQUIRED:** Prepare correcting entrees in G. Journal

## SECTION 'C' (DETAILED-ANSWER QUESTIONS)

**Instruction: Attempt the following questions**

**which is compulsory.**

1. The following have been balances taken from the pre-

closing trial balance of UWH Traders of Dec. 31, 2017.

Particulars	Debit	Credit
Cash	140,000	
Bank	100,000	
Account 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	
Account 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	
Total	764,000	764,000

**Data of 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 Rs.4,000.

**REQUIRED:**

(1) Income Statement for the year ended Dec. 31, 2017.

**OR** Adjusting and Closing entries in General Journal.

(2) Balance Sheet as on December 31, 2017.