



Accounting XI - Model Paper

SECTION 'A'

(MULTIPLE CHOICE QUESTIONS) – M.C.Qs.

Instructions:

- i. This section consists of 25 part questions and all are to be answered. Each question carries two marks.
- ii. Do not copy the part questions in your answer script. Write only the answer in Full against the proper number the question and its part.
- iii. Write the code of your question paper in bold letters in the beginning of the answer script.

Q1. Choose the correct answer for each from the given options:

- i) Which of the following is liability?
 - a) Rent revenue
 - b) Accounts payable
 - c) Salaries expenses
 - d) Loan to Uzair
- ii) Expenses incurred but not yet paid, this concept is known as
 - a. Accrual system
 - b. Cash system
 - c. Asset system
 - d. All of the above
- iii) The ruling that the firm should not change its accounting system as policy is known as.
 - a. Going concern
 - b. Full disclosure
 - c. Consistency
 - d. Conservatism
- iv) Identify the incorrect equation
 - a) $\text{Asset} = \text{Capital} + \text{creditors}$
 - b) $\text{Capital} = \text{Assets} + \text{liabilities}$
 - c) $\text{Equities} = \text{Liabilities} + \text{Capital}$
 - d) $\text{Assets} - \text{Capital} = \text{Liabilities}$

- v) Sales to Hassan Rs. 1,500 were posted to his account as Rs. 150. To rectify the error, Hassan's account will be;
- Credited by Rs. 1,350
 - Debited by Rs. 1,500
 - Debited by Rs. 1,350
 - Credited by Rs. 1,500
- vi) Which of the following item is not responsible for difference between cash book balance and bank statement balance;
- Interest given by bank
 - Outstanding cheques
 - Direct deposit by customers
 - Equipment purchased on cash
- vii) Ayesha issues a cheque of Rs. 10,000 to its supplier, but this were not shown on bank statement. How this Rs. 10,000 will be shown on bank reconciliation statement;
- As an uncredited deposit added to the bank statement balance
 - As an uncredited deposit deducted from the bank statement balance
 - As an un-presented cheque added to the bank statement
 - As an un-presented cheque deducted from the bank statement balance
- viii) Which of the following statement is correct;
- Allowance for bad debt is an expense account
 - Building is a current asset
 - Goods purchased for business use are called "Purchases"
 - Earned income is a liability
- ix) In Post-closing trial balance, expense accounts are shown on;
- Debit side
 - Credit side
 - Not shown in Post-closing trial balance
 - Either on debit side or credit side
- x) The Internal equity is also known as
- Assets
 - Capital
 - Stock
 - Liabilities
- xi) If Cash=\$1200, inventories=\$2800, Debtors=\$2000, fixed assets=?
Capital + Liabilities = \$25000. What is the Amount of fixed assets?
- \$25000
 - \$10,000
 - \$19,000
 - \$20,000
- 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:
- Net sales
 - Gross profit
 - Net loss
 - Cost of goods sold
- xiv)** At the end of the period, prepaid insurance showed debit balance of Rs.6,000. It was determined that 1,000 are still prepaid. The adjusting entry would be:
- Prepaid insurance Dr. Cash Cr. 5,000
 - Insurance expense Dr. 5,000 Prepaid insurance Cr.
 - Insurance expense Dr. 1,000 Prepaid insurance Cr.
 - Prepaid insurance Dr. 1,000 Insurance expense Cr.
- xv)** If the accounting year ends on June 30, the closing entries for the year 2018-19 will be passed on:
- December 31, 2018
 - January 1, 2019
 - June 30, 2019
 - June 30, 2018
- xvi)** Under casting of Purchase journal will;
- Overstate sales
 - Understate sales
 - Overstate cost of goods sold
 - Understate cost of goods sold
- xvii)** An alternative name of Purchase journal is;
- Invoices book
 - Credit note book
 - Debit note book
 - Purchase day book
- xviii)** Which of the following is Contra Entry?
- Invested cash into Business
 - Withdrew cash from bank for personal use
 - Withdrew cash from bank for office use
 - Cheque received and deposited into bank same day
- xix)** The month end balance of petty cash book is;
- An expense
 - An income
 - An asset
 - A liability
- xx)** Every business transactions at least affects;
- Exactly two accounts
 - At least one account
 - At least two accounts
 - Not more than two accounts

- xxi)** Cash was found short, the journal entry would be:
- Cash Dr. Cash short/over Cr.
 - Cash short/over Dr. Cash Cr.
 - Cash Dr. Income Cr.
 - Cash Dr. Bank Cr.
- xxii)** Trial Balance contains:
- Assets and liabilities
 - Incomes and expenses
 - Accounts having only debit balances
 - 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:
- Added Rs.66000 in the Cash Book
 - Deducted Rs.56000 in the cash book
 - Added Rs.10,000 in the Bank Statement
 - 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;
- Rs.2000
 - Rs.3500
 - Rs.1000
 - Rs.5600
- xxv)** Xv Debit note is;
- Issued by the customer to supplier
 - Issued by the supplier to customer
 - Issued by the employee to employer
 - Issued by the employer to employee

SECTION "B"

(SHORT ANSWER QUESTIONS)

Q.2. ACCOUNTING FUNDAMENTALS

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

Q.3. 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:

- a. Bank Balance as per Cash Book on June 30 was Rs.10,570;
- b. Balance as per Bank Statement on June 30 was Rs.4,115;
- c. June 28 and June 29 cheque deposits, Rs.5,000 and Rs.4,000 respectively, were not shown in the Bank Statement;
- d. 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;
- e. Bank had given a credit for Rs.50 in respect of interest but the same was not recorded in Cash Book;
- f. 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.4. 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

Q.5. 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

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

Q.6. 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.

Q.7. 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

- a. 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
- b. Balance the Petty Cash Book on 31 May 2020 and enter the amount reimbursed on June I, 2020.

Q.8. GENERAL JOURNAL

GIVEN

The following transactions were completed by Kashan, a sole trader during the month of January 2020.

Jan1: Invest Cash Rs.80,000 in the business.

5: Purchased shop from Mr. Qazi for Rs.40,000 paying him Rs.15,000 cash and the balance on credit.

12: Purchased land for cash Rs.25,000.

15: Sold part of land costing Rs.10,000 to Mr. Wazir on account.

20: Purchased Office Equipment for Rs.7,500 from fine Equipment on account.

28: Received cash Rs.500 form Mr. Wazir

REQUIRED

Record the above transactions in the General Journal giving explanation below each entry.

SECTION “C”

(DETAILED- ANSWERS QUESTION) (20 Marks)

Q.9. 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 31st, 2020:

Debit Balances:

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

Rs. 4,500; prepaid office Rent Rs. 2,000; sales equipment Rs. 8,500; Drawings Rs. 1,000;

Sales Returns and allowance Rs. 800; purchases Rs. 20,000; transportation –in Rs. 2,000;

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

Credit Balances:

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.

Data for Adjustment on December 31st, 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 31st, 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 31st, December, 2020.