



**ZIAUDDIN UNIVERSITY**  
EXAMINATION BOARD

**RESOURCES FOR**  
**“HSC-I ACCOUNTING”**  
**ZUEB EXAMINATIONS 2021**



**PREFACE:**

The ZUEB examination board acknowledges the serious problems encountered by the schools and colleges in smooth execution of the teaching and learning processes due to sudden and prolonged school closures during the covid-19 spread. The board also recognizes the health, psychological and financial issues encountered by students due to the spread of covid-19.

Considering all these problems and issues the ZUEB Board has developed these resources based on the condensed syllabus 2021 to facilitate students in learning the content through quality resource materials.

The schools and students could download these materials from [www.zueb.pk](http://www.zueb.pk) to prepare their students for the high quality and standardized ZUEB examinations 2021.

The materials consist of examination syllabus with specific students learning outcomes per topic, Multiple Choice Questions (MCQs) to assess different thinking levels, Constructed Response Questions (CRQs) with possible answers, Extended Response Questions (ERQs) with possible answers and learning materials.

**ACADEMIC UNIT ZUEB:**



Lined writing area with 30 horizontal lines. A small dot is present on the 15th line from the top.

S.#	ERQ	CL	DL
1.	<p><b>Following balance have been taken from the pre-closing Trial balance Prepared from the ledger of AlferdTraders on Dec. 31<sup>st</sup> 2007</b></p> <p><b><u>Debit Balance:</u></b>  Cash Rs.21,000; account receivable Rs.33,000; Merchandise Inventory (1-1-07) Rs.1200 ; Equipment Rs.27,000; Prepaid office rent Rs.9,000; Alferd Drawings Rs.3,000; Sale return &amp; Allowances Rs.3,000; Purchases Rs.66,000; Transportation-in Rs,6,00; office Salaries expense Rs.18,000; Sale salaries expense Rs.24,000</p> <p><b><u>Credit Balance:</u></b>  Account Payable Rs.24,000; Sales Rs.1,20,000; Purchase Return &amp; Allowance Rs.45,00; Purchase discount Rs.5,400 ; Allowance for bad debts Rs.6000; Allowance for depreciation on equipment Rs.9,000 ; Alfred’s capital Rs.53,100.  Data for Adjustment and Correction on Dec. 31<sup>st</sup> 2007:</p> <ol style="list-style-type: none"> <li>1. Office salaries expense outstanding Rs.3,000</li> <li>2. 1/3 of sales salaries was prepaid.</li> <li>3. Merchandise inventory on Dec 31<sup>st</sup> 2007 was valued at Rs.24,000.</li> <li>4. Estimated useful life of equipment was 10 years.</li> <li>5. Prepaid office rent expired Rs.3,000</li> <li>6. Increase the allowance for bad debt by Rs.1,800</li> <li>7. An item of sales salaries of Rs.2,000 was wrongly debited to office salaries expense account.</li> <li>8. Defective goods worth Rs.500 returned by a customer were wrongly debited to purchase account.</li> <li>9. An item of repair of sales equipment of Rs.500 was wrongly debited to equipment account</li> </ol> <p><b>Required:</b></p> <ol style="list-style-type: none"> <li>a) Prepare Adjusting &amp; Correcting Entries</li> <li>b) pass Closing Entries</li> <li>c) Prepare Income Summary Account.</li> <li>d) pass Reversing Entries</li> </ol>	U/A	M
2.	<p><b>The following balance have been taken from the Pre-closing Trial Balance of Tahir &amp; Co. prepared on Dec. 31, 2009</b></p> <p><b><u>Debit Balance:</u></b>  Cash Rs.5,000; Account receivable Rs.20,000; Merchandise Inventory Rs.7,000; Prepaid Office Rent Rs.6,000; Sales Equipment Rs.10,000; Purchases Rs.25,000, Carriage Inward Rs.200; Advertising Expense Rs.3,000; Misc. ExpenseRs.2,500; Office Supplies Rs.1,000 Salaries Expense Rs.8,000; sales Returns Rs.600; Allowances for bad debts Rs.300</p> <p><b><u>Credit Balance:</u></b>  Sales rs.40,000; Purchases Discount rs.800; commission income Rs.2,500; Accounts Payable Rs.5,500; Tahir’s Capital Rs.39,800.</p> <p><b><u>Supplementary data for Adjustment as on Dec. 31, 2009:</u></b></p> <ol style="list-style-type: none"> <li>1. Prepaid Office Rent was Rs.2,000.</li> <li>2. Office Supplies unused Rs.300.</li> <li>3. An allowance for bad debts was to be raised to Rs.1,000</li> <li>4. Accrued Salaries for the year Rs.10,000.</li> </ol>	U/A	E

5. Make allowances for Depreciation on Sales Equipment for Rs.1,200.
6. Commission Unearned Rs.500
7. Merchandise Inventory was valued on Dec. 31, 2009 at Rs.6,000.

**Required: Prepare**

An income Statement and Classified Balance Sheet as on Dec. 31, 2009  
Adjusted Trial Balance **OR**  
Closing Entries

**3. a) COST OF GOODS SOLD**

U/A M

**The following balances are taken from the books of Ali Brothers for the year ended**

**Dec. 31, 2009.**

Merchandise Inventory (01.01.2009)	Rs.25,000
Purchases	Rs.70,000
Purchases Discount	Rs.1,400
Purchases Returns	Rs.2,000
Transportation-in	Rs.1,250
Merchandise Inventory (31.12.2009)	Rs.10,000

Prepare Statement of Cash of Goods Sold for the year ended Dec. 31, 2009.

**b) CORRECTION OF ERRORS**

The following Errors were discovered in the books of Taha Traders before the closing the books;

1. Purchase Return of Rs.1,000 was credited to Purchase account.
2. Sale of Office Equipment for Rs.5,000 was credited to Sales account.
3. Rs.1000 spent on the repairs of old furniture was debited to furniture account.
4. Drawing of Rs.500 for personal use of the proprietor was debited to Office Expense account.

**Required:**

Record entries in General Journal to correct each of the above errors.

**4. The following (Balance) Trial Balance has been extracted from the General Ledger of Gulmohar Co**

U/A M

**Gulmohar Co Trial Balance June 30, 2009**

Name of Account	Debit	Credit
Cash	4000	
Bill Receivable	2000	
Account Receivable	10,000	
Allowance for Bad debt		200
Equipment	5000	
Allowances for Depreciation		1000
Accounts Payable		6000
Gul Ahmed Capital		14,000
Sales		30,000
Rent Received		800
Purchase	20,000	

Salaries Expenses	4500	
Office Supplies Expenses	1000	
Insurance Expenses	2500	
Merchandise Inventory, July 01, 2008	3000	
	52,000	52,000

**Additional data for a adjustment:-**

- (a) Merchandise Inventory on June 30, 2009 Rs.4000
- (b) Maintain the allowances for bad debts @ 5% of accounts receivable
- (c) Commission Income Receivable 100.
- (d) Unearned Rent Income a Rs.100
- (e) Depreciation on equipment Rs.200
- (f) Unexpired Insurance Rs.250.
- (g) Salary due but not paid Rs.500.
- (f) Office Supplies expense Rs.500

**Required:-**

- (i) Prepare Income statement for the period ended June 30, 2009.
- (ii) Prepare Balance sheet as on June 30, 2009.
- (iii) Pass adjusting and closing entries for the period ended June, 2009.
- (iv) Prepare adjusted Trial Balance

**5. Following errors were found after analyses of the records of Wahid Traders**

U/A E

- 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

**6. The following is the pre-closing trial balance of Haq & Co. on June 30, 2009.**

U/A D

Cash	1650	
Accounts Receivable	5000	
Merchandise Inventory (1-1-09)	8000	
Prepaid insurance	1550	
Equipment	15000	
J Capital		21500
Sales		50000
Purchases	38000	
Salaries expense	3300	
Commission Revenue		1000
	<u>72500</u>	<u>72500</u>

**Additional information**

- 1. Merchandise inventory on June 30 was valued Rs.12,000.
- 2. Insurance expired during the year Rs.950.

	<p>3. Depreciation expense for the year Rs.1,500.  4. Salaries expense Rs.3,600 for the period.  5. Bad debts @ 2% of sales</p> <p><b>Required:</b>  a) Prepare adjusting and closing entries on December 31.  OR  b) Prepare multiple step Income statement and Classified Balance sheet</p>																																																																						
7.	<p><b><u>Closing Reversing, Opening Entries &amp; Expense &amp; Rev. Summary A/C</u></b></p> <p><b>Following are the unadjusted balance extracted from the ledgers of SHAH TRDERS during the previous financial year.</b></p> <table border="0" style="width: 100%;"> <tr><td>Cash</td><td style="text-align: right;">14,000</td><td></td><td></td></tr> <tr><td>A/R</td><td style="text-align: right;">10,000</td><td></td><td></td></tr> <tr><td>Inventory (01.07.06)</td><td style="text-align: right;">5,000</td><td></td><td></td></tr> <tr><td>Purchases</td><td style="text-align: right;">25,000</td><td></td><td></td></tr> <tr><td>Sales Discount</td><td style="text-align: right;">2,000</td><td></td><td></td></tr> <tr><td>Office Supplies</td><td style="text-align: right;">1,000</td><td></td><td></td></tr> <tr><td>Prepaid Rent</td><td style="text-align: right;">1,200</td><td></td><td></td></tr> <tr><td>Office Furniture</td><td style="text-align: right;">4,000</td><td></td><td></td></tr> <tr><td>Insurance Expense</td><td style="text-align: right;">2,000</td><td></td><td></td></tr> <tr><td>Salaries Expense</td><td style="text-align: right;">2,000</td><td></td><td></td></tr> <tr><td>Drawings</td><td style="text-align: right;">1,000</td><td></td><td></td></tr> <tr><td>Total</td><td style="text-align: right;">67,200</td><td></td><td></td></tr> </table> <p><b><u>Data for Adjustments:</u></b></p> <p>a. Merchandise Inventory on June 30, 2007 was Rs.5,000  b. Insurance Expense for the year is Rs.500  c. Accrued Salaries Rs.1,000  d. Commission Income for the year is Rs.15,000</p> <p><b><u>Required:</u></b></p> <p>a. Prepare Closing Reversing and Opening journal entries. [12]  b. Prepare Expense &amp; Revenue Summary in T – Account. [08]</p>	Cash	14,000			A/R	10,000			Inventory (01.07.06)	5,000			Purchases	25,000			Sales Discount	2,000			Office Supplies	1,000			Prepaid Rent	1,200			Office Furniture	4,000			Insurance Expense	2,000			Salaries Expense	2,000			Drawings	1,000			Total	67,200			U/A	M																				
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8.	<p><b>Following are the balances taken from the ledgers of DAXCON Limited for the financial year ending on December 31, 2007</b></p> <table border="0" style="width: 100%;"> <tr><td>Cash</td><td style="text-align: right;">25,000</td><td>A/P</td><td style="text-align: right;">?</td></tr> <tr><td>Bank</td><td style="text-align: right;">15,000</td><td>Bank Overdraft</td><td style="text-align: right;">20,000</td></tr> <tr><td>A/R</td><td style="text-align: right;">10,000</td><td>Sales</td><td style="text-align: right;">50,000</td></tr> <tr><td>Sales Supplies</td><td style="text-align: right;">5,000</td><td>Commission Income</td><td style="text-align: right;">25,000</td></tr> <tr><td>Prepaid Insurance</td><td style="text-align: right;">5,000</td><td>Capital</td><td style="text-align: right;">170,000</td></tr> <tr><td>Land</td><td style="text-align: right;">80,000</td><td>Purchases Return</td><td style="text-align: right;">1,000</td></tr> <tr><td>Building</td><td style="text-align: right;">40,000</td><td>Purchases Discount</td><td style="text-align: right;">1,000</td></tr> <tr><td>Office Furniture</td><td style="text-align: right;">20,000</td><td></td><td></td></tr> <tr><td>Rent Expense</td><td style="text-align: right;">12,000</td><td></td><td></td></tr> <tr><td colspan="4"> </td></tr> <tr><td>Salaries Expense</td><td style="text-align: right;">10,000</td><td></td><td></td></tr> <tr><td>Drawings</td><td style="text-align: right;">4,000</td><td></td><td></td></tr> <tr><td>Sales Return</td><td style="text-align: right;">2,000</td><td></td><td></td></tr> <tr><td>Sales Discount</td><td style="text-align: right;">3,000</td><td></td><td></td></tr> <tr><td>Freight In</td><td style="text-align: right;">1,000</td><td></td><td></td></tr> <tr><td>Merchandise Inventory</td><td style="text-align: right;">15,000</td><td></td><td></td></tr> <tr><td>Purchases</td><td style="text-align: right;">45,000</td><td></td><td></td></tr> </table> <p><b><u>Data For Ajustments</u></b></p> <p>a. Merchandise Inventory on December 31, 2007 is Rs.5,000.  b. Sales supplies on hand Rs.1,000.  c. Depreciation on fixed assets @10%</p>	Cash	25,000	A/P	?	Bank	15,000	Bank Overdraft	20,000	A/R	10,000	Sales	50,000	Sales Supplies	5,000	Commission Income	25,000	Prepaid Insurance	5,000	Capital	170,000	Land	80,000	Purchases Return	1,000	Building	40,000	Purchases Discount	1,000	Office Furniture	20,000			Rent Expense	12,000							Salaries Expense	10,000			Drawings	4,000			Sales Return	2,000			Sales Discount	3,000			Freight In	1,000			Merchandise Inventory	15,000			Purchases	45,000			U/A	E
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	<p>d. Rent expense for the year is Rs.10,000  e. Salaries expenses for the year is Rs.15,000  f. Commission Income for the year is Rs.20,000  g. Purchases of office furniture of Rs.10,000 by cash was wrongly charged in bank account.  h. An item of sales return of Rs.1,000 was considered as purchases.</p> <p><b>Required:</b>  a. Prepare Income Statement for the year ended on December 31, 2007  b. Prepare Balance sheet as on December 31, 2007</p>																										
9.	<p><b><u>Adjusting Entries</u></b>  <b>The following are the selected balances extracted from the ledgers of M/S. Yawar Associates for the year ended on December 31, 2007.</b></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Cash</td> <td style="width: 15%;">50,000</td> <td style="width: 30%;">A/P</td> <td style="width: 25%;">59,000</td> </tr> <tr> <td>A/R</td> <td>25,000</td> <td>Capital</td> <td>65,000</td> </tr> <tr> <td>Furniture</td> <td>50,000</td> <td>Allowance For Dep-F</td> <td>5,000</td> </tr> <tr> <td>Unexpired Insurance</td> <td>10,000</td> <td>Commission Income</td> <td>20,000</td> </tr> <tr> <td>Salaries Expense</td> <td>15,000</td> <td>Unearned rent Income</td> <td>10,000</td> </tr> <tr> <td>Rent expense</td> <td>9,000</td> <td></td> <td></td> </tr> </table> <p><b><u>Data for Adjustments:</u></b>  a. Unexpired insurance in Rs.4,000  b. Charge Depreciation @ of 10% on assets  c. Salaries expence 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.</p> <p><b><u>Required:</u></b>  a.Prepare necessary adjusting entries in a proper form</p>	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	Salaries Expense	15,000	Unearned rent Income	10,000	Rent expense	9,000			U/A	E
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