

BOARD OF INTERMEDIATE EDUCATION, KARACHI

H.S.C. Annual Examinations 2021

(MODEL QUESTION PAPER)

ACCOUNTING PAPER-I

Total Duration: 02 Hours

Time Allowed: 30 Minutes

SECTION "A" (M.C.Qs)

Marks: 50

- Note:** i) This section consists of 25 part questions and all are to be answered. Each question carries two marks.
- ii) Do not copy down the part questions in your answer book. Write only the answer in full against proper number of the question and its part.
- iii) The code number of your question paper is to be written in bold letters in the beginning of the answer script.

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

- i) Accounting is often referred to as the language of the:
- | | |
|--------------|--------------------------|
| ◆ Business | ◆ Schools |
| ◆ Daily life | ◆ Information Technology |
- ii) A business transaction affects:
- | |
|-----------------------------|
| ◆ At least one account |
| ◆ Maximum of three accounts |
| ◆ At least three accounts |
| ◆ At least two accounts |
- iii) When the payment or receipt of cash is postponed for a future date, this transaction is said to be:
- | | |
|----------------------|------------------------|
| ◆ Sale transaction | ◆ Cash transaction |
| ◆ Credit transaction | ◆ Purchase transaction |
- iv) The amount with which the trader starts business is known as:
- | | |
|------------|-------------|
| ◆ Drawings | ◆ Capital |
| ◆ Stock | ◆ Purchases |
- v) The cash or goods taken away by the owner from the business for his personal use are called:
- | | |
|------------|-------------|
| ◆ Capital | ◆ Purchases |
| ◆ Drawings | ◆ Cash |

vi) The following statement is incorrect:

| | | | | | |
|---|-------------|---|-------------|---|-------------|
| ◆ | Assets | – | Capital | = | Liabilities |
| ◆ | Liabilities | + | Capital | = | Assets |
| ◆ | Liabilities | + | Assets | = | Capital |
| ◆ | Assets | – | Liabilities | = | Capital |

vii) The following is not a current liability:

| | | | |
|---|------------------|---|------------------|
| ◆ | Bank Overdraft | ◆ | Mortgage payable |
| ◆ | Salaries Payable | ◆ | Unearned Rent |

viii) The following is a Revenue:

| | |
|---|-----------------------|
| ◆ | Unearned commission |
| ◆ | Commission receivable |
| ◆ | Commission payable |
| ◆ | Commission earned |

ix) If assets of a firm are Rs.59250 and liabilities are Rs.28150 then the amount of Capital will be:

| | | | |
|---|-------|---|-------|
| ◆ | 29100 | ◆ | 21000 |
| ◆ | 31100 | ◆ | 31000 |

x) The following is not an asset:

| | |
|---|--------------------|
| ◆ | Building |
| ◆ | Cash balance |
| ◆ | Account Receivable |
| ◆ | Bank Overdraft |

xi) The act of recording transactions in the Journal is called:

| | | | |
|---|--------------|---|---------|
| ◆ | Journalizing | ◆ | Posting |
| ◆ | Balancing | ◆ | Ledger |

xii) A short explanation of transaction is written under each entry is called:

| | | | |
|---|-------------|---|------------------|
| ◆ | Narration | ◆ | Indentation |
| ◆ | Explanation | ◆ | Memorandum entry |

xiii) The following best describes a Trial Balance:

- ◆ Shows the financial position of the business
- ◆ It is a special account
- ◆ Shows all the entries in the books
- ◆ It is a list of balances of the Ledger Accounts

xiv) The transaction recorded on both sides of Cash Book is called:

- ◆ Receipt Entry
- ◆ Payment Entry
- ◆ Contra Entry
- ◆ Compound Entry

xv) The petty cash book is used for recording:

- ◆ Petty payments
- ◆ Petty receipts
- ◆ All cash payments
- ◆ All cash receipts

xvi) The span of time for which a business generally prepares its financial statements is termed as:

- ◆ Accounting period
- ◆ Accounting cycle
- ◆ Accounting standards
- ◆ Manufacturing period

xvii) A bank reconciliation statement reconciles the:

- ◆ Ledger with the journal
- ◆ Cash book with the petty cash book
- ◆ Bank statement with the cash book
- ◆ Control account with subsidiary ledger

xviii) The purchase journal is the book of original entry used to record the:

- ◆ Purchase of tangible asset on credit
- ◆ Purchase of merchandise for cash
- ◆ Purchase of merchandise on credit only
- ◆ Sales of merchandise on credit

xix) The expenses incurred but have not been actually paid till the end of the current year, are known as:

- ◆ Prepaid expenses
- ◆ Unexpired expenses
- ◆ Accrued expenses
- ◆ Unearned revenue

xx) Revenue which has been earned in the current year but has not been received is known as:

- ◆ Accrued expenses
- ◆ Prepaid expenses
- ◆ Unearned revenue
- ◆ Accrued income

xxi) If there is a net loss of Rs.5000 and Revenues are Rs.55000 then the expenses are:

- ◆ 40000
- ◆ 50000
- ◆ 60000
- ◆ 70000

xxii) The following is not a merchandise of a stationary shop:

- ◆ Note book
- ◆ Bicycle
- ◆ Stapler
- ◆ Fountain Pen

xxiii) The capital account will not be affected by:

- ◆ Additional Investment
- ◆ Drawing
- ◆ Purchase of furniture
- ◆ Net loss

xxiv) The following item is not responsible for differences between cash book balance and bank statement:

- ◆ Interest given by bank
- ◆ Outstanding cheque
- ◆ Direct deposit by customer
- ◆ Equipment purchased on cash

xxv) This is a merchandising business:

- ◆ Beauty parlor
- ◆ Motor workshop
- ◆ Medical store
- ◆ Estate agency

Time: 1 Hour 30 Min.

Max. Marks: 50

SECTION "B" (SHORT-ANSWER QUESTIONS) (30 Marks)

Note: Attempt any **Three** questions from this section. All questions carry equal marks.

2. The following transactions relate to Mr. Kashif, a sole trader during March 2021:

- Mar 01: Started business with cash investment of Rs.50,000.
- Mar 04: Opened a bank account with Rs.10,000.
- Mar 07: Purchased goods on credit from Mr. Adnan for Rs.4,000.
- Mar 10: Goods returned to Mr. Adnan for Rs.500
- Mar 16: Sold goods on account to Mr. Basit for Rs.6,000.
- Mar 22: Received cash Rs.3,000 from Mr. Basit.
- Mar 25: Withdrew cash from bank Rs.2,000 for personal use.

Required: Make journal entries in standard form giving narration below each entry.

3. Take the transactions contained in question no.2 of this paper and

Required: Setup necessary T-accounts in the general ledger and post the transactions there-in. Foot and Balance the accounts.

4. Majid, a trader, uses a three column cash book. On September 1, 2020 he had cash on hand Rs.78,000 and cash at bank Rs.109,000. During September, he completed the following transactions:

Sep 01: Sold goods for cash Rs.30,000 and on account Rs.20,000.

- 07: Received a cheque for Rs.17,500 from Jamal in full settlement of his account of Rs.18,000.
11: Issued a cheque for Rs.14,700 to Mubeen in full settlement of their account of Rs.15,000.
18: Deposited into bank the cheque received on Sep. 7.
27: Withdrew cash from bank Rs.7,000 for personal use and Rs.5,000 for office use.

Required:

- a) Prepare a three-column cash book and record the above transactions.
b) Balance the Cash Book on September 30. Bring down the balances on October 1, 2020.

5. The following transactions were completed by Mr. Fahim during October 2020:

- Oct. 02: Purchased goods on account from Mr. Salim for Rs.24,000.
Oct. 06: Purchased merchandise on credit from Mr. Rahim for Rs.16,000.
Oct. 10: Purchased Furniture on credit from Mr. Shah for Rs.12,000.
Oct. 14: Returned merchandise to Mr. Salim worth Rs.4,000.
Oct. 20: Defective Furniture returned to Mr. Shah worth Rs.1,000.
Oct. 24: Purchased goods from Mr. Akram for Rs.18,000.
Oct. 28: Goods returned to Mr. Rahim worth Rs.3,000.

Required: Record the above transactions in appropriate Special Journals. Ignore the irrelevant transactions.

6. The following data relate to Yasir & Co. on January 31, 2021:

- A. Balance as per Cash Book Rs.10,550.
B. Balance as per Bank Statement Rs.13,000
C. Cheques deposited into bank for Rs.30,000, of which bank has collected Rs.16,000.
D. Cheques issued for payment Rs.40,000, of which Rs.31,000 were paid by bank.
E. Profit credited by bank Rs.850 not recorded in the cash book
F. Bank charges Rs.400 recorded in bank statement only.
G. Online deposit by a customer Rs.7,000 not recorded in the cash book.

Required: Prepare a bank reconciliation statement as on Jan. 31, 2021.

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SECTION "C" (DETAILED-ANSWER QUESTION)

(20 Marks)

Note: Attempt the following questions which is compulsory.

7. The following balances taken from the pre-closing trial balance of Raza Traders as on December 31, 2020:

Cash Rs.42,000, Accounts Receivable Rs.48,000, Merchandise Inventory (01-01-20) Rs.18,000, Furniture Rs.130,000, Allowance for depreciation-furniture Rs.13,000, Accounts Payable Rs.17,000, Capital-Raza Rs.160,000, Sales Rs.210,000, Purchases Rs.106,000, Prepaid Insurance Rs.16,000, Salaries Expense 20,000, Sales returns Rs.10,000, Drawing – Raza Rs.10,000.

Supplementary data for adjustments:

1. Salaries outstanding Rs.4,000
2. Insurance unexpired Rs.10,000
3. 10% Depreciation was estimated on furniture
4. Provide bad debts @ 2% of net sales.
5. Merchandise Inventory on Dec. 31 Rs.14,000

Required: Prepare any **two** of the following:

- a) Adjusting Entries
- b) Income Statement
- c) Balance Sheet

