

**Model Paper “Financial Accounting-I”**  
**For D.Com-I Annual Examinations 2012 & Onward**

Roll No. \_\_\_\_\_

**OBJECTIVE**  
**Part-A**

Time: 30 Minutes

Marks: 20

**Note:** This part is compulsory. It should be attempted on the Question Paper and returned to the Supervisory Staff after the prescribed time. Cutting, overwriting and use of lead pencil is not allowed. Supervisory staff is requested to attach it with the answer book. (only English version)

**Q.1** Choose the correct answer and encircle it. (20 x 1) = 20

- (i) The art of correctly recording business dealing in set of books is called.
- |                    |                   |
|--------------------|-------------------|
| (a) Accounting     | (b) Book Keeping  |
| (c) Record Keeping | (d) None of these |
- (ii) Expenses paid by the Business decreases.
- |                      |                   |
|----------------------|-------------------|
| (a) Cash             | (b) Capital       |
| (c) Cash and Capital | (d) None of these |
- (iii) Each business transaction must contains at least.
- |                    |                   |
|--------------------|-------------------|
| (a) One Account    | (b) Two Accounts  |
| (c) Three Accounts | (d) Four Accounts |
- (iv) The entry that requires more than two accounts is called.
- |                  |                    |
|------------------|--------------------|
| (a) Single Entry | (b) Compound Entry |
| (c) Double Entry | (d) Credit Entry   |
- (v) A journal entry, which requires more than two accounts, is called.
- |               |                   |
|---------------|-------------------|
| (a) Ledger    | (b) Journal       |
| (c) Cash Book | (d) Trail Balance |
- (vi) Transactions are primarily recorded in.
- |                   |                   |
|-------------------|-------------------|
| (a) Journal       | (b) Ledger        |
| (c) Trial Balance | (d) Balance Sheet |
- (vii) The debit balance of cash column in cash book means.
- |                  |                   |
|------------------|-------------------|
| (a) Bank Loan    | (b) Cash in hand. |
| (c) Cash at Bank | (d) None of them  |
- (viii) Interest on over draft is entered on the credit side of.
- |                     |                   |
|---------------------|-------------------|
| (a) Bank Column     | (b) Cash Column   |
| (c) Discount Column | (d) None of these |
- (ix) Rent expenses are recorded in.
- |                          |                          |
|--------------------------|--------------------------|
| (a) Purchase Journal     | (b) Sales Journal        |
| (c) Cash Payment Journal | (d) Cash Receipt Journal |

- (x) Cash or Cheque is deposited in the bank with the help of a.
- |                    |                 |
|--------------------|-----------------|
| (a) Bank statement | (b) Pay in slip |
| (c) Pass book      | (d) Cash book   |
- (xi) Bank Account is a.
- |                      |                   |
|----------------------|-------------------|
| (a) Personal account | (b) Real account  |
| (c) Nominal account  | (d) None of these |
- (xii) Bank reconciliation is prepared to know.
- |                          |                 |
|--------------------------|-----------------|
| (a) Correct Bank Balance | (b) Net Income  |
| (c) Financial Position   | (d) Total Sales |
- (xiii) Intangible Assets are the properties such as.
- |              |                   |
|--------------|-------------------|
| (a) Plant    | (b) Furniture     |
| (c) Goodwill | (d) None of these |
- (xiv) Freight in is a.
- |                       |                      |
|-----------------------|----------------------|
| (a) Direct Expenses   | (b) Indirect Expense |
| (c) Operative Expense | (d) None of these    |
- (xv) The net amount at which an asset is shown in Balance Sheet.
- |                |                    |
|----------------|--------------------|
| (a) Cost Value | (b) Market Value   |
| (c) Book Value | (d) Residual Value |
- (xvi) A balance in unearned rent at the end of period represents.
- |                 |                |
|-----------------|----------------|
| (a) An asset    | (b) An expense |
| (c) A liability | (d) Net Income |
- (xvii) Interest accrued on notes payable is a .
- |                          |                         |
|--------------------------|-------------------------|
| (a) Short Term Liability | (b) Long term Liability |
| (c) Asset                | (d) None of these       |
- (xviii) If the expenses are more than revenue, it is called as.
- |              |                   |
|--------------|-------------------|
| (a) Profit   | (b) Loss          |
| (c) Drawings | (d) None of these |
- (xix) Amount invested in the business to produce income by the owner is.
- |             |             |
|-------------|-------------|
| (a) Capital | (b) Revenue |
| (c) Asset   | (d) Expense |
- (xx) Capital Loss may be shown in.
- |                      |                   |
|----------------------|-------------------|
| (a) Income Statement | (b) Balance Sheet |
| (c) Current Assets   | (d) Fixed Assets  |

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**SUBJECTIVE**

**Part-B**

Time: 02:30 Hours

Marks: 80

**SECTION-I**

**Q.2** Write the short answer to any **Twenty Five (25)** from the following questions.

(25 x 2) = 50

(Part-A)

- i. Transactions.
- ii. Trade Discount.
- iii. Turn Over.
- iv. State the formula of Accounting Equation.
- v. What is meant by “LIABILITIES”?
- vi. What is meant by the term “Account”? Explain the various parts of an Account?
- vii. What is meant by the Balance Sheet Accounts? Explain with examples?
- viii. What is Journal?
- ix. What is Capital Account?

(Part-B)

- x. What is Leader?
- xi. What are the kinds of Leader?
- xii. What is meaning of posting?
- xiii. What is meant by “Trade Discount”?
- xiv. What is simple cash book?
- xv. What is contra entry?
- xvi. Why contra entry is recorded on both sides of cash book?

(Part-C)

- xvii. Define petty cash book.
- xviii. What is cash payment journal?
- xix. What is Pass Book?
- xx. Define “Cheque”?
- xxi. Define “Pay-in-Slip”.
- xxii. Give three examples of direct payment by the bank.
- xxiii. Why the cash book balance is reconciled with pass book balance?

(Part-D)

- xxiv. What are different kinds of assets?
- xxv. What is Fixed Assets?
- xxvi. What are Direct Expenses?
- xxvii. What are Operative Expenses?
- xxviii. What is meant by Accrued Expenses?
- xxix. What is meant by Accrued Income?
- xxx. Define the term “Bad debts”

(Part-E)

- xxxi. What is meant by Work Sheet?
- xxxii. Define Adjusted Trail Balance.
- xxxiii. What is Post Closing Trail Balance?
- xxxiv. Define the term “Capital Expenditure”.
- xxxv. What is meant by “Capital Receipt”?
- xxxvi. Define “Capital Loss”
- xxxvii. What is “Deferred Revenue Expenditure”?

**SECTION-II**

Attempt any **three (3)** questions.

(10 x 3) = 30

- Q. 3**
1. Mr. Faisal started a General Store by investing cash Rs. 120,000.
  2. Purchased shop premises for Rs. 18,000.
  3. Purchased merchandise for Rs. 15,000.
  4. Bought office supplies from Mumtaz Stationers for Rs. 500
  5. Sold merchandise to Ahmad for Rs. 1,900 costing Rs. 1,600.
  6. Paid cash to Mumtaz Stationers Rs. 500
  7. Paid electricity expenses Rs. 100.

Required: Show the effect on Accounting Equation.

**Q. 4** Record the following transactions in appropriate journals. (10)

2011

Jan	01	Sold merchandise to Bashir Rs. 2,000.
"	07	Merchandise Purchased from Saleem Rs. 5,000.
"	12	Returned Merchandise from Bashir Rs. 300.
"	19	Purchased merchandise from Zahid Rs. 2,000.
"	25	Sold merchandise to Aslam Rs. 3,000.
"	27	Merchandise returned to Saleem Rs. 500
"	29	Purchased machinery from Zakir Rs. 9,000.
"	30	Returned merchandise to Zahid Rs. 400.
"	31	Sold furniture on credit to Hakim Rs. 5,000

**Q. 5** On 30<sup>th</sup> June 2011, the cash book of M/s Khalid & Co. showed an overdraft of Rs. 7,600 while Bank Statement showed a debit balance of Rs. 6,700. The reasons for difference were as under: (10)

- Interest on overdraft for the last quarter ending 30<sup>th</sup> June 2011 Rs. 265.
- Dividend collected on NIT units by the bank Rs. 2,450.
- Cheques paid in the bank but not cleared and credited before 30<sup>th</sup> June 2011 Rs. 2,050.
- A cheque for Rs. 1,400 was issued but not presented in bank before 30<sup>th</sup> June 2011.
- A cheque for Rs. 635 received from a customer was omitted to be paid into bank.

You are required to find the Adjusted Balance.

**Q. 6** Following is the Trial Balance of Messers Ijaz and Mushtaq as on 31<sup>st</sup> December 2010: (10)

	Rs.		Rs.
Machinery	12,000	Accounts Payable	12,408
Accounts receivable	10,690	Discount received	627
Bank accounts	3,150	Sales revenue	11,439
Building	7,928	Capital	18,390
Purchases	4,084		
Drawings	250		
Carriage in	600		
Wages	1,910		
Salaries expenses	1,300		
Insurance expenses	119		
Postal expenses	133		
Trade expenses	700		
	<u>42,864</u>		<u>42,864</u>

Required: Prepare Income Statement and Balance Sheet on that date.

**Q. 7** Show by giving reason, whether the following items are capital or revenue:- (10)

- Carriage paid on merchandise purchased.
- Repair of furniture purchased second hand.
- Carriage paid on the purchase of machinery.
- Annual repair of furniture.
- Wages of workmen employed for installation of new plant.
- Wages of the construction workers.
- Wages paid for the purchase of merchandise.
- Payment for the labour welfare expenses.
- Legal expenses paid for registration of land purchased.
- Legal expenses incurred to raise loan for the business.