

BOARD OF INTERMEDIATE EDUCATION, KARACHI

INTERMEDIATE EXAMINATION

MODEL PAPER 2026

ACCOUNTING PAPER – I

Max Marks:80

(Commerce Group – Regular & Private)

Time : 2 hours 40 minutes

SECTION ‘B’ (SHORT-ANSWER QUESTIONS) (40 Marks)

NOTE: Answer any **Four** questions from this Section. All questions carry equal marks. The use of calculator is allowed.

2. GENERAL JOURNAL:

The following transactions relate to Mr. M. Farhan, a sole trader during March 2025:

Mar 01: Started business with cash investment of Rs.500,000.

Mar 04: Opened a bank account with Rs.100,000.

Mar 07: Purchased goods on credit from Mr. Rehan for Rs.40,000.

Mar 10: Goods returned to Mr. Rehan for Rs.5,000

Mar 16: Sold goods on account to Mr. Salman for Rs.60,000.

Mar 22: Received cash Rs.35,000 from Mr. Salman.

Mar 25: Withdrew cash from bank Rs.20,000 for personal use.

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

3. GENERAL LEDGER:

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

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

4. CASH BOOK:

Saima, a trader, uses a three column cash book. On September 1, 2025 he had cash on hand Rs.78,000 and cash at bank Rs.109,000. During September, she completed the following transactions:

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

Sep 07: Received a cheque for Rs.17,500 from Seema in full settlement of her account of Rs.18,000.

Sep 11: Issued a cheque for Rs.14,700 to Tariq in full settlement of his account of Rs.15,000.

Sep 18: Deposited into bank the cheque received on Sep. 7.

Sep 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, 2025.

5. SPECIAL JOURNALS:

The following transactions were completed by Ms. Asma Trading Co. during October 2025:

Oct. 02: Purchased goods on account from Mr. Abbas Ali for Rs.24,000.

Oct. 06: Purchased merchandise on credit from Mr. Rizwan for Rs.16,000.

Oct. 10: Purchased Furniture on credit from Ms. Zoobia for Rs.12,000.

Oct. 14: Returned merchandise to Mr. Abbas Ali worth Rs.4,000.

Oct. 20: Defective Furniture returned to Ms. Zoobia worth Rs.1,000.

Oct. 24: Purchased goods from Mr. Muhammad for Rs.18,000.

Oct. 28: Goods returned to Mr. Rizwan worth Rs.3,000.

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

6. BANK RECONCILIATION STATEMENT:

A comparison of the cash book and bank statement of Shehzad Saleem Super Store for the month of April-2025 revealed the following:

i) Balance as per Cash Book Rs.10,850.

ii) Balance as per Bank Statement Rs.13,000

iii) Cheques deposited into bank for Rs.30,000, of which bank has collected Rs.16,000.

iv) Cheques issued for payment Rs.40,000, of which Rs.31,000 were paid by bank.

v) Interest credited by bank Rs.2,000 not recorded in the cash book

vi) Bank charges Rs.500 recorded in bank statement only.

vii) Direct deposit by a customer Rs.7,000 not recorded in the cash book.

viii) Issued a cheque for purchase of supplies of Rs.1,500 was recorded in the cash book as Rs.150.

Required: a) Prepare a bank reconciliation statement of Shehzad Saleem Super Store as on April 30, 2025.

b) Prepare necessary adjusting entries.

7. CORRECTION OF ERRORS:

Following errors were found before closing of books of Farooqui Sons. You are required to make journal entries to correct each of the following errors:

i) Return of defective goods by a customer amounting to Rs.10,000 was charged to sales.

ii) Purchase of office equipment costing Rs.50,000 was debited to purchases account.

iii) Accrued commission income of Rs.5,000 was overlooked.

iv) Purchase of supplies for Rs.3,950 cash was recorded and posted as Rs.3,590.

v) Purchase of furniture on account for Rs.5,000 was recorded and posted as Rs.50,000.

vi) Cash Rs.20,000 paid to Badar Alam & Co. was recorded as paid to Badar Alam & Brothers.

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SECTION ‘C’

(DETAILED-ANSWER QUESTIONS) (40 Marks)

Answer any **Two** questions from this section. All questions carry equal marks

8. **FINANCIAL STATEMENTS:**

The following balances taken from the pre-closing trial balance of Noman Traders as on December 31, 2025:

Cash Rs.45,000, Accounts Receivable Rs.48,000, Merchandise Inventory (01-01-25) Rs.18,000, Furniture Rs.130,000, Allowance for depreciation-furniture Rs.13,000, Accounts Payable Rs.17,000, Capital-Noman Rs.150,000, Sales Rs.210,000, Purchases Rs.106,000, Prepaid Insurance Rs.16,000, Salaries Expense 20,000, Sales returns Rs.10,000, Drawing – Noman Rs.12,000, Unearned Commission Rs.15,000.

Supplementary Data for Adjustments:

- i) Salaries outstanding Rs.4,000
- ii) Insurance unexpired Rs.10,000
- iii) 10% Depreciation was estimated on furniture
- iv) Provide bad debts @ 2% of net sales.
- v) Commission earned Rs.5,000.
- vi) Merchandise Inventory on Dec. 31 Rs.14,000

Required:

- a) Prepare an Income Statement for the year ended December 31, 2025.
- b) Prepare a classified balance sheet as on December 31, 2025.

9. **PERIODIC ADJUSTMENTS & ADJUSTED TRIAL BALANCE:**

Take the data contained in question no.8 of this paper and

Required: Prepare Adjusting Entries and Adjusted Trial Balance on December 31, 2025.

10. **CLOSING ENTRIES AND POST CLOSING TRIAL BALANCE:**

Take the data contained in question no.8 of this paper and

Required: Prepare Closing Entries and Post-Closing Trial Balance on December 31, 2025.

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Max. Marks: 20

Time: 20 minutes

SECTION ‘A’
(MULTIPLE CHOICE QUESTIONS – M.C.Qs.)

Marks : 20

NOTE:

- i) This section consists of 20 part questions and all are to be answered. Each part question carries 1 mark.
ii) Do not copy the part questions in your answerbook. Write only the answer in full against the proper number of the question and its part.
iii) The use of calculator is allowed.

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

- i) A business transaction affects:
* At least one account * Maximum three accounts
* At least three accounts * At least two accounts
- ii) The cash or goods taken away by the owner from the business for his personal use is/are called:
* Capital * Purchases * Drawings * Cash
- iii) The following statement is incorrect:
* Assets – Capital = Liabilities * Liabilities + Capital = Assets
* Liabilities + Assets = Capital * Assets – Liabilities = Capital
- iv) The following is not a current liability:
* Bank Overdraft * Mortgage payable
* Salaries Payable * Unearned Rent
- v) The following is a Revenue:
* Unearned commission * Commission receivable
* Commission payable * Commission earned
- vi) If assets of a firm are Rs.59,250 and liabilities are Rs.28,150 then the amount of Capital will be:
* 29,100 * 21,000 * 31,100 * 31,000
- vii) The act of recording transactions in the Journal is called:
* Journalizing * Posting * Balancing * Ledger
- viii) A short explanation of transaction is written under each entry is called:
* Narration * Indentation * Footing * Balancing
- ix) 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
- x) The transaction recorded on both sides of Cash Book is called:
* Receipt Entry * Payment Entry * Contra Entry * Compound Entry
- xi) The petty cash book is used for recording:
* Petty payments * Petty receipts
* All cash payments * All cash receipts
- xii) The span of time for which a business generally prepares its financial statements is termed as:
* Accounting period * Accounting cycle
* Accounting standards * Manufacturing period
- xiii) 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
- xiv) The purchases 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 * Sale of merchandise on credit
- xv) 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
- xvi) If there is a net loss of Rs.5,000 and Revenues are Rs.55,000 then the expenses are:
* 40000 * 50000 * 60000 * 70000
- xvii) The following is not a merchandise of a stationery shop:
* Note book * Stapler * Bicycle * Fountain Pen
- xviii) The capital account will not be affected by:
* Additional Investment * Drawing
* Purchase of furniture * Net loss
- xix) 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
- xx) This is a merchandising business:
* Beauty parlor * Medical store * Motor workshop * Estate agency

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