

CONTINUE

01:59:38



Name: DEMO_FOA_NAME

CRN: DEMO_FOA

Fundamentals of Accounting



Pre-Requisite Competencies

Fundamentals of Accounting

INSTRUCTIONS

Carefully read the following instructions before attempting the test:

- | | |
|----|---|
| 1. | The total duration of the test is 2 hours . No specific time is allocated to individual questions, and questions may be attempted in any sequence. |
| 2. | All questions are compulsory. Each question carries 02 marks unless stated otherwise. |
| 3. | There is no negative marking. |
| 4. | The requirement of each question should be read carefully before selecting your answer. |
| 5. | Your answers are saved automatically when you navigate between |

CONTINUE

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| 4. | The requirement of each question should be read carefully before selecting your answer. |
| 5. | Your answers are saved automatically when you navigate between questions. You may also click SAVE , NEXT , or BACK to ensure your answer is saved. |
| 6. | You are not allowed to open or use any other application or website during the exam. |
| 7. | A calculator is available within the exam software. You may use an external calculator only if it is included in the list of permissible calculators issued by ICAP. |
| 8. | A sheet will be provided for rough work. You must submit this rough work sheet to the invigilator after completing your exam. No additional sheets will be provided. A notepad is also present within the exam software for rough work. |

9. Any workings made on the rough work sheet or in the notepad will not

CONTINUE

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- stated otherwise.
3. There is no negative marking.
 4. The requirement of each question should be read carefully before selecting your answer.
 5. Your answers are saved automatically when you navigate between questions. You may also click **SAVE**, **NEXT**, or **BACK** to ensure your answer is saved.
 6. You are not allowed to open or use any other application or website during the exam.
 7. A calculator is available within the exam software. You may use an external calculator only if it is included in the list of permissible calculators issued by ICAP.
 8. A sheet will be provided for rough work. You must submit this rough work sheet to the invigilator after completing your exam. No additional sheets will be provided. A notepad is also present within the exam software for rough work.
 9. Any workings made on the rough work sheet or in the notepad will not be considered for marking.
 10. Discussion with any other student during the exam is strictly prohibited. If you have any confusion or queries, please contact the nearest invigilator or centre supervisor.

CONTINUE

Question: 1/40 **Marks: 02** **NEXT** **SAVE** **END** **Overview** **01:59:24** 
Name: DEMO_FOA_NAME **CRN: DEMO_FOA** **Fundamentals of Accounting**

Which **TWO** of the following is included in cost of inventory?

Selection	Option(s)
<input type="checkbox"/>	Fixed manufacturing overheads
<input type="checkbox"/>	Normal wastage of material
<input type="checkbox"/>	Selling cost
<input type="checkbox"/>	Recoverable taxes paid on purchase

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Question: 2/40
Marks: 02

Buttons: BACK, NEXT, SAVE, END

Overview: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10

Timer: 01:59:17

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

If a property, plant and equipment remains idle for whole year, the depreciation expense for the year will be **NIL** under:

- | Selection | Option(s) |
|-----------------------|----------------------------|
| <input type="radio"/> | all of these methods |
| <input type="radio"/> | units of production method |
| <input type="radio"/> | reducing balance method |
| <input type="radio"/> | straight line method |

System tray: USD/INR -0.75%, Search, Taskbar icons (HP, Mail, Chrome), System icons (Network, Volume, Battery), Time: 9:48 pm 19/12/2025

Question: 3/40 **Marks: 02** **BACK** **NEXT** **SAVE** **END** **Overview** **01:59:13** 
Name: DEMO_FOA_NAME **CRN: DEMO_FOA** **Fundamentals of Accounting**

Which of the following does not require journal entry in periodic inventory method?

Selection	Option(s)
<input type="radio"/>	Normal loss
<input type="radio"/>	Goods returned by a supplier
<input type="radio"/>	Abnormal loss
<input type="radio"/>	Closing inventory

An entity which makes up its accounts annually to 31 December provides for depreciation of its machinery at the rate of 10% per annum using the reducing balance method.

On 31 December 20X2, the machinery consisted of three items purchased as under:

On 1 January 20X0	Machine A	Cost Rs. 3,000,000
On 1 April 20X1	Machine B	Cost Rs. 2,000,000
On 1 July 20X2	Machine C	Cost Rs. 4,000,000

What would be depreciation charge for the year 20X2?

- | Selection | Option(s) |
|-----------------------|-------------|
| <input type="radio"/> | Rs. 700,000 |
| <input type="radio"/> | Rs. 600,000 |
| <input type="radio"/> | Rs. 900,000 |
| <input type="radio"/> | Rs. 628,000 |

Question: 5/40 **Marks: 02** **BACK** **NEXT** **SAVE** **END** **Overview** **01:59:01** 

Name: DEMO_FOA_NAME **CRN: DEMO_FOA** **Fundamentals of Accounting**

Which of the following cost models is not permitted under IAS 2?

Selection	Option(s)
<input type="radio"/>	Weighted Average
<input type="radio"/>	First in, First out
<input type="radio"/>	Last in, First out
<input type="radio"/>	Actual cost

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Question: 6/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11

Timer: 01:58:54

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

A company purchased an inventory item at purchase price at Rs. 1,800 and also incurred freight in cost of Rs. 155. The item will be sold at margin of 15% after incurring freight out and packing cost of Rs. 200 and Rs. 150 respectively. At which value the item should be carried in the books?

- | Selection | Option(s) |
|-----------------------|-----------|
| <input type="radio"/> | Rs. 2,300 |
| <input type="radio"/> | Rs. 1,950 |
| <input type="radio"/> | Rs. 1,800 |
| <input type="radio"/> | Rs. 1,955 |

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Question: 7/40
Marks: 02

Buttons: BACK, NEXT, SAVE, END

Overview: 3, 4, 5, 6, 7, 8, 9, 10, 11, 12

Timer: 01:58:48

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

A motor vehicle was purchased for Rs. 1,395,000 on 1 July 20X0. It has an estimated useful life of 5 years and a residual value of Rs. 255,000. If the sum of the digits method of depreciation is used, what will be the carrying amount of motor vehicle as at 30 June 20X2?

- | Selection | Option(s) |
|-----------------------|-------------|
| <input type="radio"/> | Rs. 711,000 |
| <input type="radio"/> | Rs. 558,000 |
| <input type="radio"/> | Rs. 456,000 |
| <input type="radio"/> | Rs. 303,000 |

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

Address bar: examadmin.icaponline.net.pk:8888/ords/r/liveapp/demo-prc-student-examination/paper-foa?session=12977312781334

Question: 8/40
Marks: 02

Buttons: BACK, NEXT, SAVE, END

Overview: 4, 5, 6, 7, 8, 9, 10, 11, 12, 13

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

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Fundamentals of Accounting

A building contractor decides to construct an office building to be occupied by his own staff.

Which **TWO** of the following costs incurred by the building contractor cannot be included as a part of the cost of the office building?

- | Selection | Option(s) |
|--------------------------|---|
| <input type="checkbox"/> | Hire of plant and machinery for use on the office building site |
| <input type="checkbox"/> | Additional design work caused by initial design errors |
| <input type="checkbox"/> | A proportion of the contractor's general administration costs |
| <input type="checkbox"/> | Cement, iron, sand and crushed stone bought for construction |

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Question: 9/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 5, 6, 7, 8, 9, 10, 11, 12, 13, 14

Timer: 01:58:38

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

During the year 20X0, an entity purchased a machine for Rs. 20 million to be used for 6 years. Which of the following would represent residual value of this machine in 20X0?

- | Selection | Option(s) |
|-----------------------|--|
| <input type="radio"/> | Rs. 7 million can be obtained in 20X6 from disposal of a 6 year old similar machine |
| <input type="radio"/> | Rs. 4 million can be currently obtained from disposal of a 6 year old similar machine |
| <input type="radio"/> | Rs. 18 million can be obtained in 20X6 from disposal of the machine in present condition |
| <input type="radio"/> | Rs. 15 million can be currently obtained from disposal of the machine in present condition |

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Question: 10/40 **Marks: 02** **BACK** **NEXT** **SAVE** **END** **Overview** **01:58:33** **Fundamentals of Accounting**

Name: DEMO_FOA_NAME CRN: DEMO_FOA

Ali has started a trading business. He deals in goods where prices are usually rising over the time. Which of the following statements is correct regarding selection of 'FIFO or Average method' in this case?

Selection	Option(s)
<input type="radio"/>	Average method will lead will higher cost of ending inventory
<input type="radio"/>	Average method will give more accurate profit
<input type="radio"/>	FIFO will result in lower reported profits
<input type="radio"/>	Profit will be unaffected by the selection of inventory method

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Question: 11/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 7, 8, 9, 10, 11, 12, 13, 14, 15, 16

Timer: 01:58:29

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

A customer's cheque (previously deposited in bank) was dishonored by bank. This dishonor should be recorded in:

- | Selection | Option(s) |
|-----------------------|-----------------|
| <input type="radio"/> | petty cash book |
| <input type="radio"/> | sales day book |
| <input type="radio"/> | general journal |
| <input type="radio"/> | cash book |

On 4 August 20X1, goods were sold on credit for Rs. 125,000 with credit terms of 3/10, n/20. On 8 August 20X1, goods of Rs. 25,000 were returned by the buyer. How much should the seller expect to receive if the buyer pays on 12 August 20X1?

- | Selection | Option(s) |
|-----------------------|-------------|
| <input type="radio"/> | Rs. 97,000 |
| <input type="radio"/> | Rs. 125,000 |
| <input type="radio"/> | Rs. 100,000 |
| <input type="radio"/> | Rs. 121,250 |

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Question: 13/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 9, 10, 11, 12, 13, 14, 15, 16, 17, 18

Timer: 01:58:17

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

Which **TWO** of the following would be recorded in General Journal?

Selection	Option(s)
-----------	-----------

- Increase in provision for doubtful debts
- Write-off of a trade receivable balance
- Receipt of a written off balance
- Advance received from a customer

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Question: 14/40
Marks: 02

Buttons: BACK, NEXT, SAVE, END

Overview: 10, 11, 12, 13, 14, 15, 16, 17, 18, 19

Timer: 01:58:12

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

Prudence concept prescribes:

Selection	Option(s)
<input type="radio"/>	overstating revenues to look good
<input type="radio"/>	maximizing assets' value in financial statements
<input type="radio"/>	ignoring potential expenses
<input type="radio"/>	recording potential expenses and not overestimating revenues

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Question: 15/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 11, 12, 13, 14, 15, 16, 17, 18, 19, 20

Timer: 01:58:07

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

Total assets of a business would change as a result of:

Selection	Option(s)
<input type="radio"/>	wages being paid in cash
<input type="radio"/>	a supplier's balance being paid by cheque
<input type="radio"/>	non-current assets being purchased on credit
<input type="radio"/>	non-current assets being purchased on cash

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Question: 16/40 **Marks: 02** **BACK** **NEXT** **SAVE** **END** **Overview** **01:58:00** 
Name: DEMO_FOA_NAME **CRN: DEMO_FOA** **Fundamentals of Accounting**

An entity maintains petty cash book under imprest system. The imprest amount is Rs. 5,000. During a month, payments totaling Rs. 3,000 were made. How much amount will be reimbursed at the end of the month?

- | Selection | Option(s) |
|-----------------------|-----------|
| <input type="radio"/> | Rs. 3,000 |
| <input type="radio"/> | Rs. 8,000 |
| <input type="radio"/> | Rs. 2,000 |
| <input type="radio"/> | Rs. 5,000 |

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

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Question: 17/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 13, 14, 15, 16, 17, 18, 19, 20, 21, 22

Timer: 01:57:55

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

A business commenced with capital in cash of Rs. 150,000. Inventory of Rs. 100,000 was purchased for cash and half of inventory was sold at markup of 20% on credit. Furniture of Rs. 40,000 was purchased on credit. What will be the accounting equation (Assets – liabilities = Capital) after these transactions?

Selection Option(s)

- Rs. 150,000 – Rs. 40,000 = Rs. 110,000
- Rs. 190,000 – Rs. 40,000 = Rs. 150,000
- Rs. 200,000 – Rs. 40,000 = Rs. 160,000
- Rs. 160,000 – Rs. 40,000 = Rs. 120,000

System tray: USD/INR -0.75%, Search, Taskbar icons (HP, Mail, etc.), System icons (Wi-Fi, Battery), Time: 9:49 pm 19/12/2025

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

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Question: 18/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 14, 15, 16, 17, 18, 19, 20, 21, 22, 23

Timer: 01:57:50

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

Which of the following statements is correct with reference to settlement discount received from suppliers?

Selection	Option(s)
<input type="radio"/>	It is recognized and presented as other income
<input type="radio"/>	It is recognized as reduction of revenue
<input type="radio"/>	It is recognized as operating expenses of the business
<input type="radio"/>	It is recognized as reduction in cost of purchases

System tray: USD/INR -0.75%, Search, Taskbar icons (HP, Mail, Chrome), System icons (Network, Volume, Battery), Time: 9:49 pm 19/12/2025

Question: 19/40 **Marks: 02** **BACK** **NEXT** **SAVE** **END** **Overview** **01:57:44** **Fundamentals of Accounting**

Name: DEMO_FOA_NAME CRN: DEMO_FOA

Income arises from increase in assets or decrease in a liability resulting in:

Selection	Option(s)
<input type="radio"/>	decrease in equity including contribution from owners
<input type="radio"/>	decrease in equity other than contribution from owners
<input type="radio"/>	increase in equity including contribution from owners
<input type="radio"/>	increase in equity other than contribution from owners

Question: 20/40 **Marks: 02** **BACK** **NEXT** **SAVE** **END** Overview 16 17 18 19 **20** 21 22 23 24 25 **01:57:40**  **Fundamentals of Accounting**

Name: DEMO_FOA_NAME CRN: DEMO_FOA

Which of the following documents would require a double entry?

Selection	Option(s)
<input type="radio"/>	Delivery note
<input type="radio"/>	Statement of account
<input type="radio"/>	Sales invoice
<input type="radio"/>	Sales orders

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Question: 21/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 17, 18, 19, 20, 21, 22, 23, 24, 25, 26

Timer: 01:57:35

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

Which **TWO** of the following statements are correct regarding trial balance?

Selection	Option(s)
-----------	-----------

- Opening stock as well as closing stock appear in a trial balance
- Trial balance is not a book of prime entry
- Return inward has debit balance
- Every credit balance represents income

System tray: 22°C Mostly cloudy, Search, Taskbar icons (HP, Mail, etc.), 9:50 pm 19/12/2025

Question: 22/40 **Marks: 02** **BACK** **NEXT** **SAVE** **END** **Overview** **01:57:30** 

Name: DEMO_FOA_NAME CRN: DEMO_FOA **Fundamentals of Accounting**

The purchases account is part of:

Selection	Option(s)
<input type="radio"/>	payables ledger
<input type="radio"/>	general ledger
<input type="radio"/>	sales ledger
<input type="radio"/>	purchases ledger

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

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Question: 23/40
Marks: 02

Buttons: BACK, NEXT, SAVE, END

Overview: 19, 20, 21, 22, 23, 24, 25, 26, 27, 28

Timer: 01:57:25

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

Which of the following statement is/are correct?

- (I) Book-keeping is the process of interpreting financial transactions in the accounting records.
- (II) Accounting is the process of recording, classifying, summarizing the information of financial nature and interpreting the results thereof.

Selection	Option(s)
<input type="radio"/>	Both are correct
<input type="radio"/>	Only (I) is correct
<input type="radio"/>	None is correct
<input type="radio"/>	Only (II) is correct

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Question: 24/40
Marks: 02

Buttons: BACK, NEXT, SAVE, END

Overview: 20, 21, 22, 23, 24, 25, 26, 27, 28, 29

Timer: 01:57:19

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

Which **TWO** of the following items would be appearing in analysis of expenses by nature?

- | Selection | Option(s) |
|--------------------------|-------------------------|
| <input type="checkbox"/> | Administrative expenses |
| <input type="checkbox"/> | Salaries expense |
| <input type="checkbox"/> | Distribution expense |
| <input type="checkbox"/> | Finance cost |

Question: 25/40 Marks: 20 BACK NEXT SAVE END Overview 21 22 23 24 25 26 27 28 29 30 01:56:30 Fundamentals of Accounting

Name: DEMO_FOA_NAME CRN: DEMO_FOA

Following is the summarized trial balance of Alpha Traders (AT) for the year ended 31 December 20X1:

	Debit	Credit
	Rs. in '000	
Property, plant and equipment	31,500	
Accumulated depreciation at 1 January 20X1	-	8,750
Inventory at 1 January 20X1	34,300	
Trade receivables	36,800	
Prepayments	780	
Advances	240	
Cash and bank balances	5,550	
Capital		60,395
Drawings	8,480	
14% Loan		17,500
Trade and other payables		28,740
Revenues		181,100
Purchases	149,800	
Selling expenses	12,450	
Distribution expenses	8,800	
Administrative expenses	7,460	
Rent income		1,125
Interest on bank overdraft	450	
	297,610	297,610

Additional information:

- (i) Cost of closing inventory in hand on 31 December 20X1 amounted to Rs. 46,300,000. Physical inventory count revealed that goods costing Rs. 950,000 were returned by a customer for which no entry has been made. These goods were sold for Rs. 1,300,000 on credit in last week of December 20X1. AT determined that these goods are out of fashion and can be sold at 40% of original selling price.
- (ii) Prepayments includes fire insurance premium Rs. 100,000 paid for owner's personal premises. The annual policy is valid upto 31 March 20X2.
- (iii) On 1 June 20X1, a machine was given as a quarterly rent of Rs. 375,000, receivable in advance.
- (iv) Advances represent three months advance salary taken by a salesman on 1 November 20X1.
- (v) The loan was acquired on 1 July 20X1 and the entire principal along with interest is repayable on 30 November 20X2.
- (vi) Depreciation of property, plant and equipment is charged at 10% on straight line method. Depreciation should be equally divided between distribution and administrative expenses.
- (vii) Cash and bank balances include bank overdraft of Rs. 1,490,000.

Required:

**Alpha Traders
Statement of profit or loss
For the year ended 31 December 20X1**

All amount in Rs. in '000

Revenue Mark(s):1
Select the correct option

Cost of goods sold Mark(s):2
Select the correct option

Gross profit
Enter rounded off number without comma

Selling expense Mark(s):1
Select the correct option

Distribution expense Mark(s):1
Select the correct option

Administration expense Mark(s):1
Select the correct option

Question: 25/40 Marks: 20

BACK NEXT SAVE END

Overview 21 22 23 24 25 26 27 28 29 30

01:56:20

Property, plant and equipment	32,500	
Accumulated depreciation at 1 January 20X1	-	8,750
Inventory at 1 January 20X1	34,300	-
Trade receivables	36,800	-
Prepayments	780	-
Advances	240	-
Cash and bank balances	5,550	-
Capital	-	60,395
Drawings	8,480	-
14% Loan	-	17,500
Trade and other payables	-	28,740
Revenues	-	181,100
Purchases	149,800	-
Selling expenses	12,450	-
Distribution expenses	8,800	-
Administrative expenses	7,460	-
Rent income	-	1,125
Interest on bank overdraft	450	-
	297,610	297,610

Additional information:

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- (ii) Prepayments includes fire insurance premium Rs. 300,000 paid for owner's personal premises. The annual policy is valid upto 31 March 20X2.
- (iii) On 1 June 20X1, a machine was given at a quarterly rent of Rs. 375,000, receivable in advance.
- (iv) Advances represent three months advance salary taken by a salesman on 1 November 20X1.
- (v) The loan was acquired on 1 July 20X1 and the entire principal along with interest is repayable on 30 November 20X2.
- (vi) Depreciation of property, plant and equipment is charged at 10% on straight line method. Depreciation should be equally divided between distribution and administrative expenses.
- (vii) Cash and bank balances include bank overdraft of Rs. 1,490,000.

Required:

- (a) Prepare statement of profit or loss for the year ended 31 December 20X1. (08)
- (b) Prepare statement of financial position as at 31 December 20X1. (12)

Revenue Mark(s):1

Select the correct option

Cost of goods sold Mark(s):2

Select the correct option

Gross profit

Enter rounded off number without comma

Selling expense Mark(s):1

Select the correct option

Distribution expense Mark(s):1

Select the correct option

Administration expense Mark(s):1

Select the correct option

Operating profit

Enter rounded off number without comma

Other income Mark(s):1

Select the correct option

Question: 26/40
 Marks: 04
 Name: DEMO_FOA_NAME
 Overview
 22 23 24 25 26 27 28 29 30 31
 01:55:59
 Fundamentals of Accounting

Alpha firm has three partners A, B, and C. The capital accounts at the beginning of the year and drawing accounts for the year are as follows:

Partners	Capitals (Rs.)	Drawings (Rs.)
A	200,000	40,000
B	400,000	50,000
C	320,000	80,000

Following is the profit/loss sharing agreement:

- A and C are entitled to receive salary of Rs. 34,000 and Rs. 30,000 annually respectively.
- Interest on capital is allowed @ 5% p.a.
- Interest is charged on drawings @ 7% p.a.
- Remaining profit or loss is shared in the ratio of 2:2:1.

Required:

Calculate the total amount of share of profits of each partner, if the profit for the year amounted to Rs. 196,000.

Selection	Option(s)
<input type="radio"/>	A: Rs. 80,360 B: Rs. 55,660 C: Rs. 59,880
<input type="radio"/>	A: Rs. 78,400 B: Rs. 54,400 C: Rs. 63,200
<input type="radio"/>	A: Rs. 78,400 B: Rs. 78,400 C: Rs. 39,200

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Question: 26/40
Marks: 04

BACK NEXT SAVE END

Overview

22 23 24 25 26 27 28 29 30 31

01:55:57

Partners	Capitals (Rs.)	Drawings (Rs.)
A	200,000	40,000
B	400,000	50,000
C	320,000	80,000

Following is the profit/loss sharing agreement:

- A and C are entitled to receive salary of Rs. 34,000 and Rs. 30,000 annually respectively.
- Interest on capital is allowed @ 5% p.a.
- Interest is charged on drawings @ 7% p.a.
- Remaining profit or loss is shared in the ratio of 2:2:1.

Required:

Calculate the total amount of share of profits of each partner, if the profit for the year amounted to Rs. 196,000.

Selection	Option(s)
<input type="radio"/>	A: Rs. 80,360 B: Rs. 55,660 C: Rs. 59,880
<input type="radio"/>	A: Rs. 78,400 B: Rs. 54,400 C: Rs. 63,200
<input type="radio"/>	A: Rs. 78,400 B: Rs. 78,400 C: Rs. 39,200
<input type="radio"/>	A: Rs. 86,800 B: Rs. 52,800 C: Rs. 56,400

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

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Question: 27/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 23, 24, 25, 26, 27, 28, 29, 30, 31, 32

Timer: 01:55:49

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

Ali determines at year end that salaries paid during the year include Rs. 10,000 in advance. What is the correct year end adjustment for advance salary to be made?

- | Selection | Option(s) |
|-----------------------|--|
| <input type="radio"/> | Debit salaries by Rs. 10,000 and credit accrued salaries by Rs. 10,000 |
| <input type="radio"/> | Debit prepaid salaries by Rs. 10,000 and credit salaries expense by Rs. 10,000 |
| <input type="radio"/> | Debit salaries by Rs. 10,000 and credit prepaid salaries by Rs. 10,000 |
| <input type="radio"/> | No entry is required |

System tray: 22°C Mostly cloudy, Search, Taskbar icons (HP, Mail, etc.), 9:51 pm 19/12/2025

Determine the balance as per bank statement using the following information:

Description	Rupees
Balance as per cash book	49,100
Cheques received and deposited into the bank, but not yet credited in the bank statement	4,600
Unpresented cheques	6,300
Credit transfers appearing in the bank statement but not entered in the cash book	3,400

- | Selection | Option(s) |
|-----------------------|------------|
| <input type="radio"/> | Rs. 50,800 |
| <input type="radio"/> | Rs. 54,200 |
| <input type="radio"/> | Rs. 58,800 |
| <input type="radio"/> | Rs. 52,500 |

Question: 29/40 **Marks: 02** **BACK** **NEXT** **SAVE** **END** **Overview** **01:55:36** **Fundamentals of Accounting**

Name: DEMO_FOA_NAME CRN: DEMO_FOA

A return inward of Rs. 180 has been wrongly recorded as carriage inwards and a repair expense of Rs. 250 was wrongly debited to salaries account. What is the impact on net profit of the correction of these errors?

- | Selection | Option(s) |
|-----------------------|------------------|
| <input type="radio"/> | Rs. 250 decrease |
| <input type="radio"/> | Rs. 70 decrease |
| <input type="radio"/> | Rs. Nil |
| <input type="radio"/> | Rs. 180 decrease |

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

Address bar: examadmin.icaponline.net.pk8888/ords/r/liveapp/demo-prc-student-examination/paper-foa?session=12977312781334

Question: 30/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 26, 27, 28, 29, 30, 31, 32, 33, 34, 35

Timer: 01:55:30

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

Interest expense of Rs. 100 has been wrongly debited to stationery expense. What entry is required to correct the error?

Selection Option(s)

- Debit Suspense Account Rs. 100, Debit Interest expense Rs. 100; Credit Stationery expense Rs. 200
- Debit Suspense Account Rs. 100; Credit Stationery expense Rs. 100
- Debit Interest expense Rs. 100; Credit Suspense Account Rs. 100
- Debit Interest expense Rs. 100; Credit Stationery expense Rs. 100

System tray: 22°C Mostly cloudy, Search, Taskbar icons (HP, Mail, etc.), 9:52 pm 19/12/2025

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

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Question: 31/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 27, 28, 29, 30, 31, 32, 33, 34, 35, 36

Timer: 01:55:24

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

For reconciling bank balances, unpresented cheques should be:

Selection	Option(s)
-----------	-----------

- deducted from balance of bank statement or added to balance of cash book
- deducted from balance of bank statement and added to balance of cash book
- added to balance of bank statement and deducted from balance of cash book
- added to balance of bank statement or deducted from balance of cash book

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

Address bar: examadmin.icaponline.net.pk8888/ords/r/liveapp/demo-prc-student-examination/paper-foa?session=12977312781334

Question: 32/40
Marks: 02

Buttons: BACK, NEXT, SAVE, END

Overview: 28, 29, 30, 31, 32, 33, 34, 35, 36, 37

Timer: 01:55:17

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

An entity received electricity bill for the month of June 20X0. The bill will be paid on 10 July 20X0. The entity's financial year ends on 30 June. How would the payment be recorded?

- | Selection | Option(s) |
|-----------------------|--|
| <input type="radio"/> | Debit electricity expense and credit cash |
| <input type="radio"/> | Debit electricity expense and credit utilities payable |
| <input type="radio"/> | Debit utilities payable and credit cash |
| <input type="radio"/> | Debit utilities payable and credit electricity expense |

System tray: 22°C Mostly cloudy, Search, Taskbar icons (HP, Mail, etc.), 9:52 pm 19/12/2025

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

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Question: 33/40
 Marks: 02
 Name: DEMO_FOA_NAME
 CRN: DEMO_FOA

Overview: 29, 30, 31, 32, 33, 34, 35, 36, 37, 38

Buttons: BACK, NEXT, SAVE, END

Timer: 01:55:05

Course: Fundamentals of Accounting

At 31 December 20X1, receivables totaled Rs. 785,000 before making following adjustments.

- It was decided to write off Rs. 20,000 of debts as irrecoverable and create specific allowance of 80% against balances of Rs. 75,000.
- General allowance for receivables is to be maintained at 5% of receivables.

Allowance for doubtful receivables as at 31 December 20X0 amounted to Rs. 31,000.

What should be the total allowance for doubtful receivables as at December 20X1?

Selection	Option(s)
<input type="radio"/>	Rs. 109,500
<input type="radio"/>	Rs. 110,500
<input type="radio"/>	Rs. 94,500
<input type="radio"/>	Rs. 95,500

System tray: 22°C Mostly cloudy, Search, Taskbar icons (HP, Mail, Chrome), 9:52 pm 19/12/2025

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

Address bar: examadmin.icaponline.net.pk:8888/ords/r/liveapp/demo-prc-student-examination/paper-foa?session=12977312781334

Question: 34/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 30, 31, 32, 33, 34, 35, 36, 37, 38, 39

Timer: 01:54:59

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

A suspense account was opened when a trial balance failed to agree. The following errors were discovered afterwards:

- (i) A payment of Rs. 5,000 to a supplier was credited to his account.
- (ii) A return outward of Rs. 400 was wrongly debited to return inwards account.
- (iii) Payment for establishment of petty cash fund by Rs. 1,000 was only credited to bank account.

At what amount the suspense account would have been created before correction of these errors?

Selection	Option(s)
<input type="radio"/>	Rs. 10,200 debit
<input type="radio"/>	Rs. 5,400 debit
<input type="radio"/>	Rs. 5,400 credit
<input type="radio"/>	Rs. 10,200 credit

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

Address bar: examadmin.icaponline.net.pk8888/ords/r/liveapp/demo-prc-student-examination/paper-foa?session=12977312781334

Question: 35/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 31, 32, 33, 34, 35, 36, 37, 38, 39, 40

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

01:54:54

Fundamentals of Accounting

Consider the following statement(s):

- (I) Higher closing prepaid balance than previous year means that payment for the year exceeds the expense for the year.
- (II) Higher closing accrued income balance than previous year means that receipt for the year exceeds the income for the year.

Which of the above statements is/are correct?

Selection	Option(s)
<input type="radio"/>	Both are correct
<input type="radio"/>	Only (I) is correct
<input type="radio"/>	Only (II) is correct
<input type="radio"/>	None is correct

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Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

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Question: 36/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 31, 32, 33, 34, 35, 36, 37, 38, 39, 40

Timer: 01:54:47

Name: DEMO_FOA_NAME
CRN: DEMO_FOA
Fundamentals of Accounting

At 31 December 20X0 an entity's allowance for doubtful receivables amounted to Rs. 48,000, which was five per cent of the receivables at that date. At 31 December 20X1, receivables totaled Rs. 1,085,000. It was decided to write off Rs. 53,000 of debts as irrecoverable and, based on past experience, to keep the allowance for doubtful receivables at 5% of receivables.

What should be the charge in the statement of profit or loss for the year ended 31 December 20X1 for Bad and doubtful receivables expense?

Selection	Option(s)
<input type="radio"/>	Rs. 56,600
<input type="radio"/>	Rs. 46,750
<input type="radio"/>	Rs. 59,250
<input type="radio"/>	Rs. 49,400

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

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Question: 37/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 31, 32, 33, 34, 35, 36, 37, 38, 39, 40

Timer: 01:54:41

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

The bank column of a cash book showed a credit balance of Rs. 8,000. There were unpresented cheques amounting to Rs. 2,500. The bank statement showed bank charges, Rs. 900, which were not recorded in the cash book. What is the balance on the bank statement?

- | Selection | Option(s) |
|-----------------------|---------------------|
| <input type="radio"/> | Rs. 8,900 overdraft |
| <input type="radio"/> | Rs. 6,400 overdraft |
| <input type="radio"/> | Rs. 8,900 normal |
| <input type="radio"/> | Rs. 6,400 normal |

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

Address bar: examadmin.icaponline.net.pk:8888/ords/r/liveapp/demo-prc-student-examination/paper-foa?session=12977312781334

Question: 38/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 31, 32, 33, 34, 35, 36, 37, 38, 39, 40

Timer: 01:54:32

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

Treating a revenue expense as a capital expenditure, is an example of:

- | Selection | Option(s) |
|-----------------------|---------------------|
| <input type="radio"/> | compensating error |
| <input type="radio"/> | error of principle |
| <input type="radio"/> | error of commission |
| <input type="radio"/> | error of omission |

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

Address bar: examadmin.icaponline.net.pk8888/ords/r/liveapp/demo-prc-student-examination/paper-foa?session=12977312781334

Question: 39/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 31, 32, 33, 34, 35, 36, 37, 38, 39, 40

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

01:54:23

Fundamentals of Accounting

On 1 February 20X9, a loan of Rs. 6,000,000 was taken from a bank for acquisition of an office building. A portion of the building was rented out on 1 August 20X9 at a monthly rent of Rs. 45,000. Interest is payable at 15% per annum on 31 January each year and rent is received half yearly in advance.

What amounts of interest payable and unearned rent should be shown in the statement of financial position as on 31 December 20X9?

Selection	Option(s)
<input type="radio"/>	Interest payable Rs. 900,000; Unearned rent Rs. 270,000
<input type="radio"/>	Interest payable Rs. 450,000; Unearned rent Rs. 45,000
<input type="radio"/>	Interest payable Rs. 825,000; Unearned rent Rs. 45,000
<input type="radio"/>	Interest payable Rs. 825,000; Unearned rent Rs. 250,000

Browser tabs: (2) WhatsApp, Demo Assessment FOA, New tab

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Question: 40/40
Marks: 02

Navigation: BACK, NEXT, SAVE, END

Overview: 31, 32, 33, 34, 35, 36, 37, 38, 39, 40

Timer: 01:54:13

Name: DEMO_FOA_NAME
CRN: DEMO_FOA

Fundamentals of Accounting

What is the purpose of maintaining an allowance for doubtful debts account?

Selection	Option(s)
<input type="radio"/>	Records irrecoverable debts without taking them out of the books of an entity
<input type="radio"/>	Estimate future irrecoverable debts
<input type="radio"/>	Matches the estimated cost of future irrecoverable debts against the revenue earned in giving rise to the potential irrecoverable debts
<input type="radio"/>	Records the expense of irrecoverable debts