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PRINCIPLES OF ACCOUNTING HSSC-I

SECTION – A (Marks 20)

Time allowed: 25 Minutes

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Note: Section – A is compulsory. All parts of this section are to be answered on the separately provided OMR Answer Sheet which should be completed in the first 25 minutes and handed over to the Centre Superintendent. Deleting/overwriting is not allowed. Do not use lead pencil.

Q. 1 Choose the correct answer A / B / C / D by filling the relevant bubble for each question on the OMR Answer Sheet according to the instructions given there. Each part carries one mark.

- 1) Which of the following convention states "accounting practice should remain unchanged from one period to another"?
A. Conservatism B. Materiality C. Full disclosure D. Consistency
- 2) Sold goods costing Rs.1500 for Rs.1750 will increase the owner's equity by Rs:
A. 250 B. 1500 C. 1750 D. 3250
- 3) Accounts which keep records of expenses, gain and losses are called:
A. Personal Accounts B. Nominal Accounts
C. Real Accounts D. Partnership Accounts
- 4) The bills which become payable at any time when they are presented by the holder are called:
A. Trade Bills B. Accommodation Bills
C. Term Bills D. Demand Bills
- 5) Interest on renewal of a bill is an income to the:
A. Drawee B. Drawer C. Acceptor D. Debtor
- 6) The periodical total of the sales book is posted to the:
A. Debit of sales account B. Credit of sales account
C. Credit of cash account D. Credit of customer's account
- 7) When the goods are returned to the suppliers, an intimation is sent to them it is called:
A. Currency note B. Invoice C. Debit note D. Credit note
- 8) An entry which is recorded on the both sides of cash book it is called:
A. Simple entry B. Compound entry
C. Combined entry D. Contra entry
- 9) The term imprest system is used in relation to:
A. Cheque Book B. Petty Cash Book
C. Cash Book D. Pay-in-Sip Book
- 10) Profit or loss appropriation account is not prepared in the case of:
A. Partnership B. Joint Stock Company
C. Sole Tradership D. Partnership at will
- 11) Cheques received from debtors but not collected by the bank are called:
A. Dishonoured cheques B. Un-credited cheques
C. Un-presented cheques D. Bounced cheques
- 12) A cheque to Ali and Bros, returned dishonoured should be credited to:
A. Cheque Account B. Cash Account
C. Bank Account D. Ali and Bros. Account
- 13) Outstanding expense given in adjustment is called:
A. A liability B. A gain C. An expense D. An asset
- 14) If the closing stock appears in the trial balance, it is taken only to the:
A. Profit and Loss Account B. Trading Account
C. Balance Sheet D. Final Account
- 15) The body of work sheet contains:
A. Five pairs of money column B. Three pairs of money column
C. Four pairs of money column D. Two pairs of money column
- 16) Which one of the following is a direct expense?
A. Packing expense B. Manufacturing expense
C. Advertising expense D. Traveling expense
- 17) _____ is the price of goods sold or services provided by a business to its customers.
A. Asset B. Cost C. Capital D. Revenue
- 18) An expenditure, which is non-recurring and irregular is called:
A. Capital expenditure B. Revenue expenditure
C. Short-term expenditure D. Current expenditure
- 19) If sales return for Rs.3000 were incorrectly included in sales book. Gross Profit will be:
A. Overstated by Rs.3000 B. Understated by Rs.6000
C. Overstated by Rs.6000 D. Understated by Rs.3000
- 20) Errors which affect one account can be:
A. Errors of commission B. Errors of posting
C. Errors of Omission D. Compensating errors



PRINCIPLES OF ACCOUNTING HSSC-I

Time allowed: 2:35 Hours

Total Marks Sections B and C: 80

NOTE: Sections B and C comprise pages 1-2 and questions therein are to be answered on the separately provided answer book. Answer any ten parts from Section 'B', any one question from Section 'C (Part-I)' and three questions from Section 'C (Part-II)'. Use supplementary answer sheet i.e. Sheet-B if required. Write your answers neatly and legibly.

SECTION - B (Marks 30)

Q. 2 Attempt any TEN parts. The answer to each part should not exceed 3 to 4 lines. (10 x 3 = 30)

- Define the term 'drawings'.
- What are the three basic elements of accounting equation?
- State the 'Full Disclosure Convention'.
- Write any three causes of disagreement between the balances as per cash book and pass book.
- What are 'adjusting entries'?
- What are Revenue Loss? Give two examples.
- Define the term 'Deferred Revenue Expenditure'.
- Write any three advantages of 'worksheet'.
- Define the cash system of accounting.
- What does discounting of a bill mean?
- Why ledger is called 'king of all books of account'?
- Define the term 'Abnormal Loss'. Give two examples.

SECTION - C (Marks 50)

(PART - I)

Note: Attempt any ONE question.

(1 x 20 = 20)

Q. 3 From the following Trial Balance of Mr. Mumtaz, prepare a trading and profit and loss account and a balance Sheet for the year ended on 31st March 2016.

Particulars	Debit (Rs.)	Credit (Rs.)
Stock-Opening	9,600	
Wages	3,700	
Bills Receivable	500	
Purchases	12,000	
Loose Tools	100	
Rates and Taxes	220	
Plant and Machinery	2,000	
Repairs	660	
Cash	200	
Office expenses	600	
Sundry debtors	3,500	
Income Tax	50	
Drawings	500	
Capital		5,000
Bills Payable		900
Sales		24,900
Reserves for bad Debts		500
Sundry Creditor		2,330
Total	33,630	33,630

Adjustments:

- Stock on 31st March, 2016 was Rs.3,500.
- Loose Tools on 31st March, 2016 was valued at Rs.70.
- Write off Rs.400 out of Sundry Debtors on account of Bad Debts.
- Depreciate Plant and machinery at 10 per cent.

Q. 4 From the following particulars write up a 'Treble Column' cash book of Mr. Naseem.

2015	May 1	Cash in hand Rs.29,650
	May 1	Cash at bank Rs.15,000
	May 3	Goods sold for cash Rs.4,500
	May 5	Goods bought for cash Rs. 9,000
	May 8	Received a cheque from M. Farooq for Rs.9,650 in full settlement of his dues Rs.9,800.
	May 9	Cheque received from M. Farooq deposited into the bank.
	May 11	Paid to Zulfiqar cash Rs.5,000 and a cheque for Rs.4,700 in full settlement of his dues for Rs.10,000.
	May 15	Cash received from M. Kaleem Rs.4,900 in full settlement of his dues Rs.5,000.
	May 17	Paid cash to Adnan Rs.1,950 in full settlement of his dues Rs.2,000.
	May 20	Received a cheque from Asim Rs.3,900 in full settlement of his dues Rs.4,000.
	May 21	Cheque received from Mr. Asim deposited into the bank.
	May 25	Bank credited interest Rs.200
	May 26	Bank credited commission Rs.300
	May 29	Bank debited bank charges Rs.400
	May 30	Bank paid utility bill of Rs.300 on behalf of Mr. Naseem

(PART – II)

Note: Attempt any THREE questions.

(3 x 10 = 30)

Q. 5 Enter the following transactions in the relevant subsidiary books (Special Journals) of a trader and post them in the Ledger Account.

- (i) Purchased goods from Farid Bros. Rs.5000.
- (ii) Sold goods to X on credit Rs.3000
- (iii) Goods purchased from Farid and Bros. valued at Rs.500 now returned to them being not according to sample.
- (iv) Goods worth Rs.500 sold to X now received back from him as these were found unsuitable.
- (v) Purchased from Noor and Co 100 kg tea @ 30 per kg.
- (vi) Sold to Naeem and Sons 30 kg Tea @ Rs.40 per kg.
- (vii) Returned by Naeem and Sons 10 kg tea being not according to sample.
- (viii) Returned 10 kg tea to Noor and Co. being damaged.

Q. 6 On 1st November 2014, X drew and Y accepted a bill of Rs.1000 at two months. X sent the bill to his banker for collection. On the due date the bill was duly presented to the acceptor but he could not meet his acceptance. The bank paid Rs.25 as noting charges on behalf of X.

Required:

Pass the Journal entries in the books of X, Y and the Bank.

Q. 7 The following facts relate to the business of Mr. Shahid:

- 1. The bank overdraft as per cash book on 31st December 2015 was Rs.6000.
- 2. Interest on overdraft for six months ending 31st December 2015, Rs.200 is debited in the Bank Statement.
- 3. Bank charges for the above period also debited in the Bank statement amounted to Rs.50.
- 4. Cheques issued but not cashed, prior to 31st December 2015 amounted to Rs.1500.
- 5. Cheques paid into Bank, but not cleared and credited before 31st December 2015 were for Rs.2,500.
- 6. Interest on investments collected by the bankers and Credited in the Bank Statement amounted to Rs.1800.

Required:

Prepare a Bank Reconciliation Statement as on Dec 31, 2015 with the help of 'Revised Cash Book'.

Q. 8 A trader by preparing his Trial Balance found Rs.800 excess debit and transferred it to the suspense account. Later he found the following errors:

- (i) An item of sale for Rs.5,900 was posted to the sales account as Rs.9,500.
- (ii) The total of the Sales Returns Book had been added Rs.100 short.
- (iii) An amount of Rs.3,700 received from a customer had been credited to his account as Rs.7,300.
- (iv) Rs.1,50,000 paid for purchases of building had been charged to the ordinary purchase account.
- (v) A sum of Rs.9,500 written off from building account as depreciation had not been posted to depreciation account.
- (vi) An amount received from a debtor of Rs.9,700 had been debited to his account as Rs.7,900.

Required:

Give the rectifying entries and prepare the suspense account.