



Roll No.

Answer Sheet No. \_\_\_\_\_

Sig. of Candidate. \_\_\_\_\_

Sig. of Invigilator. \_\_\_\_\_

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## PRINCIPLES OF ACCOUNTING HSSC-I

### SECTION – A (Marks 20)

Time allowed: 25 Minutes

NOTE:- Section-A is compulsory and comprises pages 1-2. All parts of this section are to be answered on the question paper itself. It 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 Circle the correct option i.e. A / B / C / D. Each part carries one mark.

- (i) To control the cost of production and distribution is the main field of \_\_\_\_\_
- A. Management Accounting                      B. Financial Accounting  
C. Cost Accounting                                D. Book Keeping
- (ii) The rights of outsiders in the properties of business are called \_\_\_\_\_
- A. Assets    B. Liabilities  
C. Equities    D. Income
- (iii) Assets, which have physical existence, are called \_\_\_\_\_
- A. Tangible Assets                                B. Intangible Assets  
C. Quick Assets                                  D. None of these
- (iv) Which of the following is **NOT** taken into account in adjusting the cash balance?
- A. Mistake in the Cash Book  
B. Mistake in the Pass Book  
C. Bank Charges debited in the Pass Book  
D. Interest and dividend credited in the Pass Book
- (v) According to this convention, 'anticipate no profit but provide for all possible losses'?
- A. Full disclosure                                B. Consistency  
C. Conservatism                                 D. Materiality
- (vi) If there is no change in total value of assets and liabilities of a business concern it will be considered as \_\_\_\_\_
- A. Quantitative change                        B. Qualitative change  
C. Monetary change                            D. Economic change
- (vii) If the goods costing Rs.18,000 are sold for Rs.22,000 then the profit of Rs.4000 will \_\_\_\_\_
- A. Increase asset                                B. Increase liability  
C. Decrease owner's equity                    D. Increase owner's equity
- (viii) Wrong allocation of expenses between capital and revenue is an error of \_\_\_\_\_
- A. Omission                                        B. Commission  
C. Principle                                        D. None of these
- (ix) To keep valuable things and papers in safe custody is an example of \_\_\_\_\_ of bank.
- A. Primary function                            B. General utility function  
C. Agency function                             D. Secondary function
- (x) Which of the following should be filled up when money is to be deposited in the bank?
- A. Bank draft                                      B. Cheque  
C. Pay in slip                                      D. Pay order

DO NOT WRITE ANYTHING HERE

- (xi) Events which are not related with money i.e which do not change the financial position of a person are known as \_\_\_\_\_
  - A. Monetary events
  - B. Non-monetary events
  - C. Social events
  - D. Political events
- (xii) The concession given by the supplier to the buyer on purchase of goods is known as \_\_\_\_\_
  - A. Sales discount
  - B. Trade discount
  - C. Purchase discount
  - D. Discount received
- (xiii) Why is the Bank Reconciliation statement prepared?
  - A. To check the cash at bank
  - B. To check the accuracy of difference in cash Book
  - C. To check the cash book balance
  - D. None of these
- (xiv) Debit signifies \_\_\_\_\_
  - A. Increase in asset account
  - B. Decrease in liability account
  - C. Decrease in capital account
  - D. All of these
- (xv) When noting charges are paid by the bank at the time of the dishonour of the bill the drawee credits \_\_\_\_\_
  - A. Bill payable
  - B. Discount account
  - C. Noting charges account
  - D. Drawer's account
- (xvi) What do we call a liability that will only arise if a certain event occurs?
  - A. Long term liability
  - B. Short term liability
  - C. Contingent liability
  - D. Current liability
- (xvii) The petty cash book is used for recording \_\_\_\_\_
  - A. Petty cash payment
  - B. Petty cash receipts from customers
  - C. All cash payments
  - D. All credit payments
- (xviii) The dues imposed on ships and cargoes when they are unloaded on the port are called \_\_\_\_\_
  - A. Clearing charges
  - B. Dock charges
  - C. Excise duty
  - D. Octroi duty
- (xix) The provision for bad debts account is made by crediting \_\_\_\_\_
  - A. Provision for bad debts account
  - B. Creditor's account
  - C. Profit and loss account
  - D. Debtors account
- (xx) Discount allowed on issue of shares is an example of \_\_\_\_\_
  - A. Capital expenditure
  - B. Revenue expenditure
  - C. Deferred revenue expenditure
  - D. Short term expenditure

For Examiner's use only:

Total Marks:

20

Marks Obtained:

— 1HA 1215 —



## 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)

- (i) Define Book keeping.
- (ii) What are the important branches of Accounting?
- (iii) What are the stages of Accounting cycle?
- (iv) What is meant by business entity concept?
- (v) Define Credit note.
- (vi) How is a Bank draft purchased?
- (vii) Define renewal of a Bill of exchange.
- (viii) What is meant by Bill of exchange?
- (ix) What do you understand by Sales Book?
- (x) Define Contingent liability? Give example.
- (xi) What are Adjusting entries?
- (xii) Give some examples of revenue expenditure becoming under certain circumstances, capital expenditure.

### SECTION – C (Marks 50)

#### (PART – I)

Note:- Attempt any ONE question.

(1 x 20 = 20)

Q. 3 From the following information prepare the trading, profit and loss accounts of M/S Rahim & Co for the year ended 31<sup>st</sup> December 2009:

| Particulars           | Debit Amount<br>(RS) | Credit Amount<br>(RS) |
|-----------------------|----------------------|-----------------------|
| Purchases /Sales      | 1,20,000             | 1,68,000              |
| Prepaid Insurance     | 1,000                |                       |
| Cash in hand          | 6,000                |                       |
| Cash at Bank          | 18,000               |                       |
| Returns               | 5,000                | 1,000                 |
| Salaries              | 18,000               |                       |
| Stock opening         | 21,000               |                       |
| General charges       | 6,000                |                       |
| Bad debts             | 4,500                |                       |
| Carriage on purchases | 1,000                |                       |
| Carriage on sales     | 500                  |                       |
| Drawings              | 6,000                |                       |
| Debtors/Creditors     | 21,000               | 9900                  |
| Building              | 40,000               |                       |
| Furniture             | 17,000               |                       |
| Capital               |                      | 1,00,000              |
| Commission            |                      | 61,00                 |
|                       | <b>2,85,000</b>      | <b>2,85,000</b>       |

#### Adjustments:

- (i) Stock on 31<sup>st</sup> December Rs.35,000.
- (ii) Depreciation on Building by 10% and Furniture by 5%.
- (iii) One third of the commission is in respect of work to be done next year.
- (iv) Write off Rs. 1,000 as further bad debts and create a provision at 2% on the sundry debtors.

**Q. 4** Enter the following particulars in a three Column Cash Book of Kamal and Co. for the month of April 2009:

|                  |            |   |
|------------------|------------|---|
| 1 <sup>st</sup>  | April 2009 | Opening balance of cash Rs.6,000 and balance overdrawn with bank Rs.8,000   |
| 2 <sup>nd</sup>  | "          | Purchase goods for cash Rs. 1,000.  |
| 4 <sup>th</sup>  | "          | Goods sold on cash Rs.4,000.  |
| 6 <sup>th</sup>  | "          | Paid salaries Rs. 1,000 and Rent by cheque of Rs. 500 on personal account of Kamal.                                       |
| 7 <sup>th</sup>  | "          | Cash paid into bank Rs.2,200.   |
| 10 <sup>th</sup> | "          | Cash purchases Rs. 2,000 Less 5% trade discount.  |
| 12 <sup>th</sup> | "          | Sold furniture having a face value of Rs.3,000 at Rs.4,000 and deposited the amount in bank.                              |
| 14 <sup>th</sup> | "          | Issued a bearer cheque in favour of Ahmad of Rs. 1,050 in full settlement of Rs. 1,150.                                   |
| 16 <sup>th</sup> | "          | An amount of Rs.375 due to Aslam for merchandise purchased on account issued a cheque after less 7-1/2 p.c cash discount. |
| 17 <sup>th</sup> | "          | Withdrew from bank for office use Rs.500 and for personal use Rs.300.   |
| 19 <sup>th</sup> | "          | Cheque received from Salman of Rs.550 discount allowed Rs.25.   |
| 21 <sup>st</sup> | "          | Paid insurance premium by cheque Rs. 450.   |
| 26 <sup>st</sup> | "          | Cheque received from Salman endorsed to Rahman in full settlement of Rs.600.  |
| 28 <sup>th</sup> | "          | Cheque issued to Rahman dishonoured.  |
| 30 <sup>th</sup> | "          | Deposited cash in excess of Rs.600 in the Bank Account.   |

(PART – II)

**Note:** Attempt any THREE questions.

(3 x 10 = 30)

**Q. 5** On 31<sup>st</sup> March 2007 the bank balance of Mr. Yusuf Khan appeared at Rs. 3,425 as per the Bank column of the cash book. On reconciling this with the pass book the following discrepancies were noted:

- That out of cheques of Rs. 1,200 issued by him on 25<sup>th</sup> March cheques worth Rs. 400 were presented to the banker before 31<sup>st</sup> March and those worth Rs. 600 were presented on 10<sup>th</sup> April. The other cheques were not so far cashed.
- That a Bill Receivable for Rs. 700 was realized by the banker on 27<sup>th</sup> March but no entry was passed in the cash book.
- That out of cheques for Rs. 1,800 paid in on the 28<sup>th</sup> March one cheque for Rs. 700 was not yet credited by the banker.
- That debits in respect of bank charges amounting to Rs. 32.5 and credits in respect of bank interest Rs. 140 and dividend realized Rs. 900 were not passed through the cash book.

**Required:** Ascertain bank balance as shown by the Bank Pass Book on 31<sup>st</sup> March 2007.

**Q. 6** State by giving reasons whether the following items are chargeable to Capital or Revenue:

- A billiard table was bought for Rs. 10,000 and Rs. 200 were paid for carrying to the club.
- The business premises was white washed at a cost of Rs. 10,000.
- Cost of pulling down an old building to build a new one.
- Intensive advertising undertaken by a company to popularize a new product.
- Rs. 20,000 paid to the government for excise duty.
- Premium paid for lease.

**Q. 7** Fraz sold goods for Rs. 6,000 to Rashid on 1<sup>st</sup> January 2009 and drew upon him a three months bill for the amount. Rashid accepted the bill and returned to Fraz. On the due date Rashid expressed his inability to meet the bill and offered to pay Fraz Rs. 2,000 in cash and accepted a fresh bill for 3 months to cover balance plus interest at 6% p.a. At the due date this new bill was duly met by Rashid. Pass journal entries in the books of both the parties.

**Q. 8** Pass journal entries to rectify the following errors:

- Goods sold for Rs. 350 to Hamza and correctly entered in the Sales-book had been debited to his account as Rs.50.
- A receipt of Rs.45 for goods sold to Mubashir had been posted twice, once to the personal account and once to cash sales.
- Rs. 3,000 salary paid to the cashier Salman stands debited to his personal account.
- Rs. 1,000 drawn by the proprietor was treated as trade expense.
- Repairs to plant and machinery of Rs. 300 debited to Machinery account.
- A portion of furniture was sold for Rs. 500. The amount was treated as regular sale of the firm.