



Roll No.

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

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

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

## 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) The rate of allowance given by a creditor to a debtor, if he pays his debts before the due date of payment is normally:
 

|         |         |
|---------|---------|
| A. 2 %  | B. 5 %  |
| C. 10 % | D. 15 % |
- (ii) Which of the following concepts, it is assumed that business will exist for an indefinite time period:
 

|                            |                          |
|----------------------------|--------------------------|
| A. Realisation concept     | B. Going concern concept |
| C. Business entity concept | D. None of these         |
- (iii) Cash paid to Nadeem will affect:
 

|                            |                      |
|----------------------------|----------------------|
| A. Cash and Owner's Equity | B. Cash and Creditor |
| C. Cash and Debtor         | D. Cash and Goods    |
- (iv) "T" account is the simplest form of a:
 

|                  |                  |
|------------------|------------------|
| A. Journal       | B. Ledger        |
| C. Trial balance | D. Final account |
- (v) Credit the increase in:
 

|                                     |                                      |
|-------------------------------------|--------------------------------------|
| A. Assets, Expenses                 | B. Assets, Capital and Liabilities   |
| C. Revenue, Capital and Liabilities | D. Expenses, Capital and Liabilities |
- (vi) A business transaction affects:
 

|                         |                           |
|-------------------------|---------------------------|
| A. At least one account | B. At least two accounts  |
| C. Maximum two accounts | D. Maximum three accounts |
- (vii) If the two sides of an account are equal then account will show:
 

|                   |                          |
|-------------------|--------------------------|
| A. Debit balance  | B. Zero balance          |
| C. Credit balance | D. Debit, Credit balance |
- (viii) Left hand side of an account is called:
 

|                 |                  |
|-----------------|------------------|
| A. Debit side   | B. Credit side   |
| C. Both A and B | D. None of these |
- (ix) \_\_\_\_\_ is / are a period of time after which a bill becomes payable.
 

|               |             |
|---------------|-------------|
| A. Grace days | B. Tenor    |
| C. Usance     | D. Maturity |
- (x) A book which is used to record small expenses is called:
 

|                    |                   |
|--------------------|-------------------|
| A. Expense book    | B. Cash book      |
| C. Petty cash book | D. Purchases book |
- (xi) A cash account always shows:
 

|                  |                   |
|------------------|-------------------|
| A. Debit balance | B. Credit balance |
| C. Both A and B  | D. Nil balance    |

- (xii) Bank Reconciliation Statement is prepared by:
- A. Banker  
B. Customer's accountant  
C. Auditors  
D. Manager
- (xiii) Drawings are deducted from:
- A. Sales  
B. Income  
C. Capital  
D. Expenses
- (xiv) A prepaid expense is:
- A. An asset  
B. A liability  
C. An expense  
D. An income
- (xv) Adjusting entries are made:
- A. During the accounting period  
B. At the end of accounting year  
C. In the beginning of the year  
D. At any time
- (xvi) Wages paid for the construction of building is an example of:
- A. Revenue expenditure  
B. Capital expenditure  
C. Recurring expenditure  
D. Short-term expenditure
- (xvii) All revenue expenditures are taken to:
- A. Trading Account  
B. Trading and Profit or Loss Account  
C. Profit or Loss Account  
D. Balance Sheet
- (xviii) Heavy expenditure on advertisement for a new product is a:
- A. Revenue expenditure  
B. Deferred revenue expenditure  
C. Capital loss  
D. Non-recurring expenditure
- (xix) Errors which affect one account can be:
- A. Errors of Principles  
B. Errors of Posting  
C. Error of Omission  
D. None of these
- (xx) If any income is omitted to be recorded it will:
- A. Overstate the profit  
B. Understate the profit  
C. Both A and B  
D. Have no affect on profit

For Examiner's use only:

Total Marks:

20

Marks Obtained:



# PRINCIPLES OF ACCOUNTING HSSC-I

44

**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 Realisation concept.
- (ii) Define the term Allowances.
- (iii) What are the stages of Accounting cycle?
- (iv) Define Noting charges.
- (v) Define Contingent liability.
- (vi) Define the term Equity.
- (vii) What are the rules of Debit and Credit for Assets, Liabilities, Expense and Revenue.
- (viii) Differentiate between Simple entry and Compound entry.
- (ix) What is meant by Debit Note?
- (x) What is Suspense Account?
- (xi) Differentiate between Pay-in-slip and Cheque book.
- (xii) Describe Revenue expenditure with example.

## SECTION – C (Marks 50)

### (PART – I)

**Note:** Attempt any ONE question.

(1 x 20 = 20)

**Q. 3** From the following Trial balance of Mr. Noman, prepare a Trading and Profit or Loss account and a Balance Sheet for the year ended on 31<sup>st</sup> December, 2013:

| Particulars            | Dr (Rs) | Cr (Rs) |
|------------------------|---------|---------|
| Capital                |         | 36000   |
| Creditors              |         | 4400    |
| Returns                | 1800    | 1000    |
| Purchases and Sales    | 28000   | 32800   |
| Plant and Machinery    | 14000   |         |
| Sundry Debtors         | 5800    |         |
| Drawings               | 3000    |         |
| Bank                   | 12000   |         |
| Repairs                | 500     |         |
| Stock on 01-01-2013    | 2000    |         |
| Rent                   | 800     |         |
| Manufacturing expenses | 3600    |         |
| Trade expenses         | 1400    |         |
| Bad debts              | 800     |         |
| Fuel and Power         | 500     |         |
|                        | 74200   | 74200   |

### Adjustments:

- a. Stock on 31<sup>st</sup> December, 2013 was Rs. 3600.
- b. Depreciate plant and Machinery @ 10%.
- c. Repairs Rs. 80 is outstanding.
- d. Make a provision of 10% on debtors for bad and doubtful debts.

- Q. 4** Enter the following transactions of M. Rauf in a Three Column Cash book:
- |                          |   |
|--------------------------|---|
| 1 <sup>st</sup> Jan 2013 | Cash in hand Rs. 50,000   |
| 1 <sup>st</sup> "        | Cash at Bank Rs. 30,000   |
| 3 <sup>rd</sup> "        | Cash sales Rs 20,000  |
| 8 <sup>th</sup> "        | Received a cheque from Asim Tufail Rs. 3,900 in full settlement of his dues Rs. 4,000     |
| 12 <sup>th</sup> "       | Asim Tufail's cheque endorsed to Umar and Co. in full settlement of his account Rs. 4,200 |
| 14 <sup>th</sup> "       | Received a cheque from Babar Rs. 6,000  |
| 16 <sup>th</sup> "       | Cash deposited into bank Rs. 9,500  |
| 18 <sup>th</sup> "       | Babar's cheque deposited into bank  |
| 21 <sup>th</sup> "       | Drew from bank for office use Rs. 7,500   |
| 23 <sup>th</sup> "       | Cash purchases Rs. 28,500   |
| 24 <sup>th</sup> "       | Paid Saleem Khan by a cheque Rs. 18,000   |
| 26 <sup>th</sup> "       | Our cheque to Saleem Khan was dishonoured   |
| 31 <sup>st</sup> "       | Incidental charges debited by bank Rs. 350  |

(PART – II)

**Note:** Attempt any THREE questions.

(3 x 10 = 30)

- Q. 5** On 1<sup>st</sup> March, 2013 Karim sold goods to Rahim worth Rs. 10,000. He drew a bill for three months on the same date. Rahim accepted and returned it to Karim. On 3<sup>rd</sup> March, Karim discounted the bill from his banker @ 5% p.a.

At maturity, bill is dishonoured and bank paid noting charges Rs. 120.

Pass the necessary journal entries in books of Karim and Rahim.

- Q. 6** Prepare a Bank Reconciliation Statement as on 31<sup>st</sup> December, 2013 from the following particulars:

- Bank balance as per the cash book on 31<sup>st</sup> December, 2013 Rs. 23510
- Cheque for Rs. 3,000 deposited for collection but not credited by the bank prior to 31<sup>st</sup> December, 2013.
- Cheque amounting to Rs. 4,000 issued on 28<sup>th</sup> December was not cashed upto 31<sup>st</sup> December, 2013.
- A cheque for Rs. 1,650 received from Universal Ltd and paid into bank was dishonoured.
- A wrong debit of Rs. 800 appeared in pass book.
- Interest on Govt. Securities Rs. 300 collected by bank.

- Q. 7** The following Errors were found from the Books of a firm. Pass the necessary entries to rectify them.

- Rs. 8,000 paid for wages to workmen for making show-cases had been charged to the wages account.
- Sales book was under cast by Rs. 1,000
- A purchases of Rs. 4,500 from Kabir Bros. was debited to their account.
- Rs. 30,000 paid for the purchase of Motorcycle for a partner, had been charged to the miscellaneous expenses account.
- Bad debts recovered Rs. 500 from Arshad were credited to his account.

- Q. 8** Record the following transactions in Journal and prepare Cash and Capital Ledger Accounts:

- |                            |  |
|----------------------------|--|
| 1 <sup>st</sup> March 2014 | Mr. Ajmal started business with cash Rs. 2,00,000, Building Rs. 75,000 and Furniture Rs. 25,000. |
| 4 <sup>th</sup> "          | Purchased goods for cash Rs. 40,000 subject to trade discount @ 5%                               |
| 7 <sup>th</sup> "          | Purchased goods from Ali and Sons for Rs. 6,000.   |
| 12 <sup>th</sup> "         | Sold goods on account to Zain for Rs. 8,000.   |
| 15 <sup>th</sup> "         | Received cash from Zain Rs. 7,800 in full settlement of his dues.                                |
| 16 <sup>th</sup> "         | Paid to Ali and Sons against their account Rs. 5,750 and discount received Rs. 250               |
| 18 <sup>th</sup> "         | Goods taken away by the owner Rs. 350  |
| 20 <sup>th</sup> "         | Goods destroyed in accident Rs. 6,200  |
| 22 <sup>nd</sup> "         | Paid salaries Rs. 1,000, Rent Rs. 700 and repairing charges Rs. 500                              |
| 24 <sup>th</sup> "         | Received commission Rs. 1200   |
| 31 <sup>st</sup> "         | Charged depreciation on building @ 10%   |