



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) \_\_\_\_\_ are the persons from whom the goods are purchased on credit.
 

A. Debtors	B. Creditors
C. Owners	D. Investors
- (ii) An asset is ordinarily entered on the accounting record at the price paid to acquire it. This accounting concept is called:
 

A. Matching concept	B. Realization concept
C. Cost concept	D. Going concern concept
- (iii) If the owner takes goods from the business for personal use, the account to be credited is:
 

A. Owner Account	B. Bank Account
C. Purchases Account	D. Cash Account
- (iv) Assets, which have physical existence, are called:
 

A. Intangible assets	B. Tangible assets
C. Quick assets	D. Current assets
- (v) All revenue expenditures are taken to:
 

A. Trading and profit and loss account	B. Balance sheet
C. Expenditure account	D. Capital account
- (vi) An expenditure which is incurred to increase the profit earning capacity of a business is called:
 

A. Deferred expenditure	B. Current expenditure
C. Capital expenditure	D. Revenue expenditure
- (vii) Receipts which are non-recurring by nature are called:
 

A. Revenue receipts	B. Current receipts
C. Capital receipts	D. Capital profit
- (viii) In sole proprietorship business income tax is treated as:
 

A. Expense	B. Drawings
C. Cost	D. Revenue
- (ix) Outstanding expense given in adjustments is a/an:
 

A. Asset	B. Expense
C. Liability	D. Drawing
- (x) Interest on drawings is a/an:
 

A. Asset	B. Expense
C. Revenue	D. Liability
- (xi) Interest due but not received is a/an:
 

A. Outstanding expense	B. Accrued income
C. Prepaid expense	D. Unearned income

DO NOT WRITE ANYTHING HERE

- (xii) Adjusting entries are made:
- A. During the accounting period      B. At the end of accounting period  
C. At the beginning of accounting period      D. At any time
- (xiii) Which of the following normally has a debit balance?
- A. Capital account      B. Creditor account  
C. Motor vehicle account      D. Loan account
- (xiv) Excess of credit over debit is called:
- A. Credit balance      B. Debit balance  
C. Closing balance      D. Opening balance
- (xv) Pass book is prepared by:
- A. Debtor      B. Creditor  
C. Banker      D. Customer
- (xvi) Salary paid to Wasim should be debited to:
- A. Wasim account      B. Cash account  
C. Salary account      D. Bank account
- (xvii) Wages paid for the erection of a machine debited to wages account is an example of:
- A. Error of Omission      B. Error of Commission  
C. Error of Principle      D. Arithmetical error
- (xviii) Error of omission affects:
- A. One account      B. Two accounts  
C. Three accounts      D. None of these
- (xix) When a bill of exchange is dishonoured, the holder goes to an official called:
- A. Inspector      B. Banker  
C. Notary public      D. Drawer
- (xx) A bill of exchange is a/an:
- A. Conditional order      B. Unconditional order  
C. Promise      D. Request

For Examiner's use only:

Total Marks:

20

Marks Obtained:

—1HA 1715—



# PRINCIPLES OF ACCOUNTING HSSC-I

50

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) What do you understand by separate entity concept?
- (ii) Give three examples of each:
  - a. Capital expenditure
  - b. Revenue expenditure
- (iii) What do you mean by capital loss?
- (iv) What do you understand by the term prepaid expenses?
- (v) Differentiate between Normal loss and Abnormal loss.
- (vi) Distinguish between pay-in-slip and cheque book.
- (vii) What is meant by retiring a bill under rebate?
- (viii) What is Trial balance?
- (ix) Differentiate between simple entry and compound entry.
- (x) Define the term account.
- (xi) Mr. Aslam invested Rs. 2,40,000 in his business. His assets are valued at Rs. 3,00,000. Calculate his liabilities.
- (xii) Calculate the value of stock in the beginning: Sales Rs. 2,40,000; percentage of gross profit to sales is 20%, purchases Rs. 1,75,000, closing stock Rs. 30,000.

## SECTION – C (Marks 50)

### (PART – I)

Note: Attempt any ONE question.

(1 x 20 = 20)

- Q. 3
- December 1 cash in hand Rs. 1500 and at bank Rs. 70000
  - December 2 Received from Rameez Rs. 9900, discount allowed Rs. 100
  - December 3 Deposited into bank Rs. 5500.
  - December 4 Purchased goods for Rs. 25000 and paid by cheque.
  - December 5 Sold goods to Amir on credit for Rs. 7000
  - December 7 Received from Amir a cheque for Rs. 7000.
  - December 8 Sold good for cash Rs. 7000.
  - December 9 Paid Saleem Rs. 9800 by cheque, discount received Rs. 200.
  - December 11 Paid telephone charges Rs. 600.
  - December 13 Purchased goods for cash Rs. 4000.
  - December 19 Withdrew from the bank for business use Rs. 10000.
  - December 25 Paid rent by cheque Rs. 700.
  - December 31 Stationery purchased for cash Rs. 150.
  - December 31 Paid Salaries by cheque Rs. 10000.
  - December 31 Paid wages in cash Rs. 5000.

### Required:

Prepare three column cash book.

- Q. 4 The following is the Trial balance of Karim corp. on 31st December, 2016. From this you are required to prepare trading and profit and loss account for the year ended 31st December, 2016 and balance sheet as at that date:

	Debit (Rs.)		Cr. (Rs.)
Plant and Machinery	1,50,000	Sales	7,49,900
Purchases	4,50,000	Sundry creditors	30,000
Stock (1-1-2016)	90,000	Provision for Doubtful Debts	2,400
Trade Expenses	23,000		
Discount	700		
Factory Rent	3,000	Capital	1,48,400
Debtors	1,17,000		
Office Rent	6,000		
Bad debts	3,000		
Salaries	30,000		
Coal and Gas	2,000		
Cash in Hand	56,000		
	9,30,700		9,30,700

### Adjustments:

1. Closing stock is Rs. 70,000.
2. Depreciate plant and machinery @10%.
3. Create provision on debtors at 5%.

(PART – II)

**Note:** Attempt any THREE questions.

(3 x 10 = 30)

**Q. 5** On 1st November, 2016 Wasim accepted a bill for Rs. 500 for four months drawn by Ahsan. On 4th November, 2016 Ahsan discounted the bill at 6% p.a. with his banker. At maturity, the bill was dishonoured and the bank charged Rs. 15 as noting charges.

**Required:**

Show journal entries in the books of Ahsan and Wasim.

**Q. 6** Record the following in the journal, post them in the ledger and prepare a trial balance:

1st March, 2016 Mr . Nabil started business with Rs. 80,000 cash, machinery worth Rs. 10,000 and stock worth Rs. 40,000.  
4th March, 2016 Deposited into bank Rs. 45,000.  
9th March, 2016 Bought goods on credit from Noor sons Rs. 20,000  
14th March, 2016 Sold goods to Imran for Rs. 12,000 on credit.  
25th March, 2016 Issued a cheque to Noor sons of Rs. 19,800 in full settlement.  
30th March, 2016 Received cash Rs. 11,750 from Imran in full settlement.

**Q. 7** Give journal entries to rectify the following errors:

- (i) The sales book has been under-cast by Rs. 400.
- (ii) A cheque drawn for wages of Rs. 1,020 was wrongly posted to wages account as Rs. 1,002.
- (iii) Furniture purchased for Rs. 1,040 has been debited to purchases account as Rs. 1,640.
- (iv) Rs. 550 received from Rahim debited to his account.
- (v) Discount received Rs. 100 was posted to the wrong side of discount account.

**Q. 8** Prepare a bank reconciliation statement of Mr. Ali as on 31st March, 2016 from the particulars given below:

- a. Balance as per the pass book Cr. Rs. 30,200.
- b. Insurance premium of Rs. 1,000 was directly paid by the bank for which there is no record in the cash book.
- c. Interest of Rs. 700 is credited by the bank in the pass book but not recorded in cash book.
- d. Cheques for a total amount of Rs. 20,000 were deposited into the bank in March but a cheque for Rs. 2,500 out of them was credited in April.
- e. A cheque for Rs. 6,500 was deposited into the bank in March but in April the cheque was returned by the bank as dishonoured.

---1HA 1715 ---