27

Version No.			
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1	●	1	●
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ROLL NUMBER					
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PRINCIPLES OF ACCOUNTING HSSC–I

SECTION – A (Marks 20)

Time allowed: 25 Minutes

Section – A is compulsory. All parts of this section are to be answered on this page and handed over to the Centre Superintendent. Deleting/overwriting is not allowed.

Do not use lead pencil.

حصہ اول لازمی ہے۔ اس کے جوابات اسی صفحہ پر دے کر نظم مرکز کے حوالے کریں۔ کاٹ کر دوبارہ لکھنے کی اجازت نہیں ہے۔ لیڈ پنسل کا استعمال ممنوع ہے۔

Answer Sheet No. _____

ہر سوال کے سامنے دیے گئے، کریکولم کے مطابق درست دائرہ کو پر کریں۔ **Invigilator Sign.** _____

Fill the relevant bubble against each question according to curriculum: **Candidate Sign.** _____

	Question سوال	A	B	C	D	A	B	C	D
1.	A form of remuneration for services rendered by one person to another is called:	Discount allowed	Discount received	Commission	Interest	○	○	○	○
2.	Net income is equal to:	Assets – Liabilities	Revenue + Expenses	Revenue – Expenses	Revenue – Income	○	○	○	○
3.	According to which concept, business and owner both have separate identity?	Going concern concept	Business entity concept	Cost concept	Realization concept	○	○	○	○
4.	When cash is paid to creditors. It will decrease:	Cash	Capital	Debtors	Expense	○	○	○	○
5.	Debit the decrease in:	Assets, and expenses	Revenue, capital and liabilities	Assets, capital and liabilities	Expenses, capital and liabilities	○	○	○	○
6.	Discount received from Mr. Ali should be debited to:	Discount received account	Ali account	Cash discount account	Discount allowed account	○	○	○	○
7.	"T" account is the simplest form of a:	Journal	Ledger	Trial Balance	Final Account	○	○	○	○
8.	In case of term bill the extra three days are given to acceptor are called:	Grace days	Days of tenure	Trade days	Days of maturity	○	○	○	○
9.	When drawer discounts a bill, he debits:	Banks a/c	Interest a/c	Drawee's a/c	Bill receivable a/c	○	○	○	○
10.	When the bill is dishonoured acceptor's account is debited in the books of the:	Bank	Endorsee	Drawee	Drawer	○	○	○	○
11.	The document sent to customer when he returns the goods is called:	Promissory note	Debit note	Currency note	Credit note	○	○	○	○

	Question سوال	A	B	C	D	A	B	C	D
12.	Assets which have no market value are called:	Wasting assets	Fictitious assets	Intangible assets	Tangible assets	○	○	○	○
13.	Expenses related to sales of goods are shown in:	Trading a/c	Sales a/c	Profit or loss a/c	Balance sheet	○	○	○	○
14.	A gradual decrease in the value of fixed assets is called:	Reduction	Revaluation	Depreciation	Fluctuation	○	○	○	○
15.	All those expenses which have become due but not paid are called:	Accrued revenue	Prepaid expenses	Outstanding expenses	Advance expenses	○	○	○	○
16.	Expenditure which helps to maintain the business efficiency is called:	Revenue expenditure	Deferred expenditure	Capital expenditure	Capitalized expenditure	○	○	○	○
17.	Capitalized expenditures are shown in:	Trading a/c	Profit or loss a/c	Income and expenditure a/c	Balance sheet	○	○	○	○
18.	If any income omitted to be recorded, it will:	Overstate the profit	Understate the profit	Have effect on profit	Have effect on balance sheet	○	○	○	○
19.	The term imprest system is used in relation to:	Cheque book	Pay-in-slip book	Cash book	Petty cash book	○	○	○	○
20.	Ahmad's cheque endorsed to Akbar should be debited to:	Cash a/c	Bank a/c	Akbar a/c	Ahmad's a/c	○	○	○	○

ROLL NUMBER					

28

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. Answer any ten parts from Section 'B', any one question from Section 'C (Part-I)' and three questions from Section 'C (Part-II)' on the separately provided answer book. 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 is meant by Rebate?
(ii) Briefly explain promissory note.
(iii) Describe 'dishonour of bill'.
(iv) What are the rules of debit and credit for assets, capital and expenses?
(v) Differentiate between 'Simple entry' and 'Compound entry'.
(vi) What is full disclosure convention?
(vii) Differentiate between 'Quantitative changes' and 'Qualitative changes'.
(viii) What are the normal balances for assets, liabilities, capital, revenue and expenses?
(ix) What is understood by 'subsidiary books'?
(x) What is meant by 'wasting assets'?
(xi) Differentiate between 'outstanding expense' and 'prepaid expense'.
(xii) What is deferred revenue expenditure?

SECTION – C (Marks 50)

(PART – I)

Note: Attempt any ONE question. **(1 x 20 = 20)**

Q. 3 Following is the trail balance of Ahmad & Co on 31st December 2018. Prepare trading and profit and loss account of the business for the year ending 31st December 2018 and a balance sheet as at that date:

Particulars	Dr. Rs.	Cr. Rs.
Opening stock	10,000	
Purchases and sales	40,000	1,00,000
Sundry debtors and creditors	30,000	8,125
Plant and Machinery	35,000	
Freehold premises	24,000	
Salaries	5,000	
Wages	6,575	
Carriage outward	375	
Printing and stationary	400	
Bad debts	500	
Provision for bad debts		225
Trade expenses	750	
Cash in hand	5,250	
Capital		50,000
Insurance	500	
	158,350	**158,350**

Adjustments:

a. Wages payable Rs.500.
b. Bad debts provision to be adjusted to 2% on debtors.
c. Allow interest on capital at 5%.
d. Closing stock value at Rs.15,000.

Q. 4 From the under mentioned information write up a three column cash book at the end of the month:

March 2018
01 Cash in hand Rs.480,000 and bank overdraft Rs.12,000
05 Received two cheques (a) from Noman Rs.60,000 (b) from Ali Rs.80,000
06 Ali's cheque deposited into bank
08 Purchased goods for cash Rs.30,000 and from Sohail Rs.20,000 at 10% trade discount
12 Received form Nasir cash Rs.10,000 and a cheque Rs.25,000 and deposited the cheque into the bank
15 Withdrawn from the bank Rs.60,000 and paid rent Rs.25,000 and salary Rs.35000
18 Purchased a motor car for Rs.180,000
20 Paid Noman's cheque to Rameez in full settlement of his dues for Rs.62,000
22 Received a cross cheque form Pasha for Rs.21,500 and discount allowed Rs.500
25 Sold goods to hassan for Rs.60,000
26 Deposited into bank Rs.10,000
28 Bank charged for commission Rs.1500
31 Paid salary for Rs.18000

(PART – II)

Note: **Attempt any THREE questions.** **(3 x 10 = 30)**

Q. 5 On 30th June 2018, the cash book of Mr. Aslam showed as overdraft balance of Rs.16,000. This balance did not agree with the balance as per passbook. On comparing the two books, the following discrepancies were noted. Prepare a bank reconciliation statement.

Transactions during the month of June are as follows:

1. On 26th June, cheques were issued in favour of creditors for Rs.19,000 but out of them two cheques for Rs.14,000 were uncashed on 3rd July.
2. Rs.60,000 worth of cheques were sent for collection and only Rs.28,000 worth of cheques were collected upto 30th June.
3. An amount of Rs.800 for interest on overdraft was entered in passbook but was intimated to Mr. Aslam on 2nd July.
4. A cheque for Rs.5,000 entered in cash book (debit side) was not sent to the bank for collection.
5. Discount received for Rs.500 was entered in the cash column erroneously.
6. A cheque for Rs.2,000 entered in cash book (debit side) in bank column as Rs.20,000.

Q. 6 Prepare accounting equation on the basis of the following:

1. Mr.Ferooz Started business with cash Rs.250,000, goods Rs.80,000, machinery Rs.110,000 and building Rs.8,00,000.
2. He purchased goods worth Rs.50,000 for cash and goods worth Rs.30,000 on credit.
3. He sold goods to Kashif for Rs.40,000, costing Rs.32,000.
4. He purchased refrigerator for personal use. Rs.25,000.
5. He paid salary Rs.28,000 and salary outstanding Rs.12,000.
6. He made additional investment in cash Rs.80,000.
7. Rent received in advance Rs.12,000.
8. Goods returned by Kashif for Rs.6,000, costing Rs.5,600.
9. Paid telephone bill by cheque for Rs.8,000.
10. Cash paid to creditor Rs.20,000.

Q. 7 Pass entries for rectification of errors given below:

1. Legal expenses Rs.8,000 paid to lawyer have been wrongly debited to his personal account
2. Wages paid Rs.5,000 wrongly debited to custom duty.
3. Trade expenses of Rs.180 posted in the ledger as Rs.810.
4. A sale of Rs.14,000 to Ali was wrongly debited to the account of Zahid.
5. Sales return book was overcast by Rs.10,000.

Q. 8 Record the following transitions in the Journal, post in the ledger and prepare a trial balance:

March 2018	01.	Mr. Zaheer started business with Rs.680,000 cash, machinery worth Rs.210,000 and stock worth Rs.80,000.
	02.	Deposited into bank Rs.85,000.
	05.	Bought goods for cash Rs.35,000 and from Noor & Co. for Rs.24,000.
	09	Sold goods for cash Rs.120,000 and to Tahir & Co. for Rs.80,000.
	15.	Bank charges made by cheque Rs.350.
	20.	Issued a cheque to Noor & Co. of Rs.22,600 in full settlement of his account.
	25.	Received cash from Tahir & Co. in full settlement at 3% cash discount.