Version No.				
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ROLL NUMBER					

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 اوّل لازمی ہے۔ اس کے جوابات اسی صفحہ پر دے کر ناظم 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 پُر 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.	The Prime function of Accounting is to:	Record economic data	Maintain balance transaction	Record, classify and summarize business transaction	Provide the informational basis for action	○	○	○	○
2.	A person who owes money to a business is known as a/an:	Creditor	Debtor	Investor	Solvent	○	○	○	○
3.	Discount received is a/an:	Revenue	Asset	Expense	Liability	○	○	○	○
4.	Sales of goods to X for cash should be debited to:	Sales Account	Goods Account	X account	Cash account	○	○	○	○
5.	Which one of the following has debit balance?	Capital A/c	Creditor's A/c	Motor vehicle A/c	Loan A/c	○	○	○	○
6.	In case of retirement of bill, the rebate or discount is a revenue for the:	Holder	Drawer	Payee	Acceptor	○	○	○	○
7.	The term imprest system is used in relation to:	Cheque book	Cash book	Petty cash book	Pay-in-Slip book	○	○	○	○
8.	Cheques issued to a creditor but not presented for payment are called:	Uncredited cheques	Uncollected cheques	Dishonored cheques	Unpresented cheques	○	○	○	○
9.	Position statement is similar to:	Trial balance	Balance sheet	Financial statement	Bank reconciliation	○	○	○	○
10.	All those expenses which have not become due but paid in advance are called:	Accrued expenses	Outstanding expenses	Prepaid expenses	Payable expenses	○	○	○	○
11.	A worksheet contains:	Eight pairs of money columns	Seven pairs of money columns	Six pairs of money columns	Five pairs of money columns	○	○	○	○

	Question سوال	A	B	C	D	A	B	C	D
12.	Cost incurred to generate revenue is called:	Prepaid expense	Expense	Revenue	Asset	○	○	○	○
13.	Depreciation on fixed assets used in the business is an example of:	Revenue expenditure	Capital expenditure	Deferred expenditure	Non-recurring expenditure	○	○	○	○
14.	A sale of Rs.1000 to Farid, was credited to his account, it will affect:	Sales A/c	Farid A/c	Sales return A/o	Sales A/c and Farid A/c	○	○	○	○
15.	Errors in casting of subsidiary books are called as:	Error of omission	Compensating error	Error of posting	Clerical errors	○	○	○	○
16.	According to this concept, an asset is recorded at a price at which it is acquired:	Money measurement	Dual aspect concept	Cost concept	Realization concept	○	○	○	○
17.	A trader whose assets exceeds from his liabilities is called:	Debtor	Creditor	Solvent	Insolvent	○	○	○	○
18.	T account is the simplest form of a:	Ledger	Journal	Trial Balance	Final Accounts	○	○	○	○
19.	Sales return book periodical total is posted to:	Debit of return inwards account	Credit of return inwards account	Debit of return outwards account	Credit of return outwards account	○	○	○	○
20.	Net sales – cost of goods sold – operating expenses =	Net profit	Operating profit	Profit before tax	Gross profit	○	○	○	○

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ROLL NUMBER					

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 briefly. **(10 x 3 = 30)**

(i) Write purposes of Trial Balance.
(ii) State the concept of separate business entity.
(iii) Compare Journal with Ledger.
(iv) What is meant by Accounting Equation?
(v) Distinguish between Pass book and Cash book.
(vi) Briefly discuss the term 'capital expenditure'.
(vii) Describe error of Omission.
(viii) What are outstanding expenses? Give two examples.
(ix) Briefly explain Bank Reconciliation statement.
(x) How many parties are involved in bill of exchange? Give their names.
(xi) Briefly explain the terms Debit note and Credit note.
(xii) Give three examples of administrative expenses.

SECTION – C (Marks 50)

(PART – I)

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

Q. 3 Enter the following tractions in a three column cash book of M/S Khayam Traders:

April 1 Cash in hand Rs.4,000
April 1 Balance overdraft with bank Rs.6,000
April 2 Paid salaries and wages Rs.1,200 and rent by cheque of Rs.400 on personal account of Khayam
April 5 Cash sales amounted to Rs.5,000
April 6 Paid into bank Rs.2,000
April 8 Sold investments having a face value of Rs.2,000 at Rs.4,000 and deposited the amount in bank.
April 12 Received a cheque from Kamal on account Rs.290 and allowed him discount Rs.40
April 13 Withdrew from Bank of office use Rs.500
April 15 Purchased goods for Cash Rs.1,000
April 17 Issued a bearer cheque in favour of Amir of Rs.1080 in full settlement of Rs.1,200
April 18 Received cheque from Saleem Rs.480 in full settlement of Rs. 500
April 20 Paid insurance premium in cash Rs.100
April 25 Cheque received from Saleem endorsed to Karim in full settlement of Rs.520
April 29 Cheque issued to Karim dishonoured
April 30 Deposited cash in excess of Rs.490 in the bank account

Q. 4 From the following Trial Balance of Mr. Arif prepare a trading and Profit and Loss account and a Balance sheet for the year ended 31st December 2019

Particulars	Rs.	Particulars	Rs.
Sales return	600	Capital	20,000
Plant and Machinery	8,000	Creditors	3,400
Sundry debtors	4,800	Purchase return	1,000
Drawings	2,000	Sales	32,800
Purchases	21,000		
Bank	10,000		
Repairs	100		
Stock (01-01-2019)	4,000		
Rent	800		
Manufacturing expense	3,600		
Trade expense	1,400		
Bad debts	400		
Fuel and Power	500		
	57,200		**57,200**

Adjustments:

a. Stock on 31st December 2019 was Rs.2900
b. Depreciate plant and machinery by Rs.800
c. Repairs Rs.80 is outstanding
d. Make a provision of 10% on Debtors for bad and doubtful debts.

(PART – II)

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

Q. 5 On 1st January 2019, Hassan sells goods to Taimoor for Rs.5,000. Hassan draws a bill on Taimoor for Rs.5000 for two months.

The bill is discounted at bank on 4th January for Rs.4850. The bill is dishonoured and the bank pays Rs.20 for noting charges. On Taimoor's request, Hassan draws a second bill on Taimoor for Rs.5050 including Rs.30 as interest at two months. On maturity the second bill is honoured.

Required: Show the entries in the books of Hassan.

Q. 6 From the following particulars, prepare a bank reconciliation statement of Mr. Khubaib as on 31st December 2020:

a) Balance as per Pass book Rs.5434.
b) Cheque issued but not presented Rs.1060.
c) Cheque deposited but not credited by bank Rs.690.
d) Interest charged by bank Rs.36.
e) Interest on government securities Rs.70.

Q. 7 State with reasons whether the following expenditures should be capital or revenue.

(i) Cost of plant and machinery.
(ii) A heavy advertising expenditure was made to introduce a new product.
(iii) Wages paid to workers for manufacturing goods.
(iv) Purchase of lease hold land.
(v) Discount on issue of debentures.

Q. 8 The following errors were found in the books of a firm. Pass the necessary entries to rectify them:

a) Rs.8000 paid for wages to workmen for making show cases had been charged to the Wages A/c.
b) A sale of Rs.18000 has been passed through the Purchase book. The customer's account has however been correctly debited.
c) A sale of Rs.4500 to Kabir Bros. was credited to their account.
d) Rs.30,000 paid for the purchase of a Motorcycle for a partner had been charged to the miscellaneous expense account.
e) A purchase of Rs.696 had been debited to Supplier's account as Rs.632. The supplier was Sarwar.