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 نگرانِ مرکز کے حوالے کریں۔ کاٹ کر دوبارہ لکھنے کی اجازت نہیں ہے۔ لیڈ پنسل کا استعمال منوع 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 prepaid expense is:	An asset	A liability	An expense	An income	○	○	○	○
2.	A gradual decrease in the value of fixed asset is called:	Reduction	Revaluation	Depreciation	Bad debts	○	○	○	○
3.	Claims against assets, owned by business are called:	Assets	Liabilities	Capital	Equities	○	○	○	○
4.	Cash paid to Nadeem will affect:	Cash and owner's equity	Cash and Creditor	Cash and Debtor	Cash and Goods	○	○	○	○
5.	Any legal activity which is done for the purpose of earning profit is called:	Trust	Society	Non-profit organization	Business	○	○	○	○
6.	A person from whom credit purchases are made is called:	Debtor	Creditor	Banker	Owner	○	○	○	○
7.	The best system of accounting in the modern world is:	Single entry system	Double entry system	Multiple entry system	No entry system	○	○	○	○
8.	The art of recording transactions in a journal is called:	Posting	Journalizing	Ledger entry	Compound entry	○	○	○	○
9.	Excess of credit over debit is called:	Debit balance	Credit balance	Zero balance	Opening balance	○	○	○	○
10.	A person who writes out the order to pay is called:	Drawee	Acceptor	Drawer	Payee	○	○	○	○
11.	A person to whom the bill is transferred will become:	Endorser	Creditor	Debtor	Endorsee	○	○	○	○

	Question سوال	A	B	C	D	A	B	C	D
12.	Subsidiary books are called books of:	Basic entry	Original entry	Secondary entry	Final entry	○	○	○	○
13.	A book which is used to record small expenses is called:	Expenses book	Cash book	Purchase book	Petty cash book	○	○	○	○
14.	A cash account always shows:	Debit balance	Credit balance	Zero balance	Overdraft balance	○	○	○	○
15.	Unfavorable balance means:	Credit balance in passbook	Debit balance in cashbook	Debit balance in passbook	Credit balance in bank statement	○	○	○	○
16.	Transactions having short term effects are known as:	Revenue transactions	Capital transactions	Non-monetary transactions	Paper transactions	○	○	○	○
17.	Sales is a revenue receipt because:	The amount is small	It relates to routine activity of the business	It is received in the many accounting years	No recurring receipt	○	○	○	○
18.	The amount invested by the owner in the business to produce revenue is known as:	Income	Asset	Capital	Liability	○	○	○	○
19.	If a transaction has been completely omitted from the journal, it will be considered as:	Error of commission	Error of principles	Compensating error	Error of omission	○	○	○	○
20.	If any expense omitted to be recorded it will:	Overstate the profit	Understate the profit	Not affect the profit	Not affect the loss	○	○	○	○

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PRINCIPLES OF ACCOUNTING HSSC–I

Time allowed: 2:35 Hours **Total Marks Sections B and C: 80**

SECTION – B (Marks 30)

Q. 2 **Write brief answers of any TEN parts.** **(10 x 3 = 30)**

(i) What is meant by "Errors of principle"?
(ii) Briefly explain "deferred revenue expenditure".
(iii) What is depreciation?
(iv) What is meant by "outstanding expenses"?
(v) Briefly explain "voucher".
(vi) What is meant by "subsidiary books"? Write names of three subsidiary books.
(vii) What is meant by "discounting of bill"?
(viii) Briefly discuss the term "Days of Grace".
(ix) What is the meaning of term "posting"?
(x) What is the meaning of term "journal"?
(xi) Discuss the rules of debit and credit for asset, liability and expense.
(xii) What is meant by "Trade discount"?

SECTION – C (Marks 50)

(PART – I)

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

Q. 3 Record the following transactions into the Cash Book of **Fazal Corporation** and find out the balances at the end of month:

2023

Sep 01 Cash in hand Rs.6,00,000
Cash at bank Rs.8,00,000
Sep 02 Received a cheque from Rameez Rs. 19,800
Discount allowed Rs. 200.
Sep 05 Deposited into bank Rs. 80,000
Sep 06 Purchased goods for Rs. 50,000 and paid by cheque
Sep 08 Rameez's cheque deposited into bank
Sep 10 Sold goods to Ali on credit for Rs. 14,000
Sep 11 Cash purchases Rs. 16,000 less trade discount @ 5%
Sep 13 Cash sales Rs. 40,000 and banked
Sep 15 Received from Shoaib cash Rs. 10,000 and cheque Rs. 6,000 and deposited cheque into bank
Sep 18 Withdraw from bank for Rs. 60,000 for office use
Sep 20 Received cash as commission Rs. 5,000
Sep 22 Withdraw cash from bank for personal use for Rs. 20,000
Sep 25 Paid rent by cheque Rs. 15,000
Sep 30 Salary paid for Rs. 40,000

Q. 4 The trial balance of Star Trader as on 31-12-2022 is given below. Prepare Trading, Profit and Loss account and balance sheet as on that date after taking into consideration the following adjustments:

Particulars	DR	Particulars	CR
Opening stock	60,000	Bills payable	10,000
Debtors	80,000	Capital	2,22,400
Furniture	20,000	Commission	1,000
Plant & Machinery	1,00,000	Sales	4,62,000
Purchases	3,40,000	Interest	400
Bill receivable	22,000		
Carriage outward	1800		
Salaries	20,000		
Rent	5400		
Wages	22,600		
Cash at bank	18,000		
Cash in hand	6,000		
	695800		**695800**

Adjustments:

a. Closing stock valued at Rs. 1, 00,000
b. Salary outstanding Rs. 6000
c. Interest receivable for the year 2022 is Rs. 200

(PART – II)

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

Q. 5 Prepare a Bank Reconciliation Statement with the help of following information as on 31st December 2023.

(a) Bank balance as per cash book Rs. 60,000

(b) Interest on investment credited by bank Rs. 3,000

(c) Bank paid trade subscription Rs. 1,000 on behalf of account holder.

(d) Cheque paid into bank but not collected by bank Rs. 8,000

(e) Cheque issued but not presented for payment Rs. 6,000

(f) Bank charges Rs. 200 appeared in the pass book only

Q. 6 Show the effect of the following transactions upon the Accounting Equation.

2022

June 01 Salman started his business with cash Rs. 1,00,000

June 05 Purchased furniture for cash Rs. 4,000

June 06 Purchased goods for cash Rs. 25,000

June 10 Paid transportation on goods purchased Rs. 1,000

June 12 Sold goods for cash Rs. 15,000 costing Rs. 11,000

June 15 Purchased goods on credit basis for Rs. 15,000

June 18 Cash paid to creditor Rs. 9,000

June 22 Paid rent for month Rs. 4,000

Q. 7 Pass entries for Rectification of Errors given below:

(a) Sales returen book has been undercost by Rs. 1,000.

(b) A payment of Rs. 8,000 on account of rent has been posted twice to rent account.

(c) A sum of Rs. 4,000 received from Nasir has not been posted to his account.

(d) A sum of Rs. 15,000 debited to Imran a/c as Rs. 1,500.

(e) A sale of Rs. 6,000 has been credited to customer's a/c but sales was correct recorded.

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

2022

March 01 Mr. Usman started business with cash Rs. 280,000 machinery Rs. 160,000 and stock Rs. 80,000.

March 04 Brought goods on credit from Noor Sons Rs. 40,000

March 06 Sold goods to Imran for Rs. 120,000

March 09 Issue a cheque to Noor Sons of Rs. 39,500 in full settlement of his account

March 10 Paid salary to clerk for Rs. 20,000