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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) Assets having physical existence are called \_\_\_\_\_  
A. Intangible Assets                                      B. Tangible Assets  
C. Quick Assets    D. Current Assets
- (ii) When cash is paid to the creditors, it will decrease \_\_\_\_\_  
A. Cash    B. Capital  
C. Debtor    D. None of these
- (iii) Goods purchased for cash from Babar should be debited to \_\_\_\_\_  
A. Babar Account    B. Purchases Account  
C. Goods Account    D. Cash Account
- (iv) The entry in which more than one account is debited or credited is called \_\_\_\_\_  
A. Simple entry    B. Compound entry  
C. Single entry    D. Prime entry
- (v) A business transaction affects \_\_\_\_\_  
A. At least one account                                      B. At least two accounts  
C. Maximum two accounts                                      D. Maximum three accounts
- (vi) When a drawer transfers a bill to his creditor for settlement of his own debts it is called \_\_\_\_\_  
A. Retirement of bill    B. Endorsement of bill  
C. Discounting of bill    D. Settlement of bill
- (vii) Bank for collection account is a \_\_\_\_\_  
A. Permanent Account                                      B. Fixed Account  
C. Temporary Account    D. Current Account
- (viii) Interest on renewal of a bill is an income to the \_\_\_\_\_  
A. Drawee    B. Debtor  
C. Acceptor    D. Drawer
- (ix) The book in which all cash transactions are primarily recorded is called \_\_\_\_\_  
A. Pass book    B. Cheque book  
C. Finance book    D. Cash book
- (x) Unfavourable balance means \_\_\_\_\_  
A. Debit balance in the bank statement              B. Credit balance in the cash book  
C. Both A and B    D. None of these
- (xi) Balance as per cash book overdraft Rs. 15,000, interest on overdraft in pass book was Rs. 200 and interest on investment collected by bank Rs. 300 remained unrecorded in cash book, revised balance as per cash book will be \_\_\_\_\_  
A. Rs. 15,200    B. Rs. 15,300  
C. Rs. 14,500    D. Rs. 14,900

**DO NOT WRITE ANYTHING HERE**

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- (xii) The valuation of closing stock is at \_\_\_\_\_  
A. Cost price  
B. Market price  
C. Cost or market price whichever is less  
D. Cost or market price whichever is higher
- (xiii) Wages paid for installing a machine, should be debited to \_\_\_\_\_  
A. Wages Account  
B. Cash Account  
C. Machinery Account  
D. Wages and Machinery Account
- (xiv) Expenditure which helps to maintain the business efficiency is called \_\_\_\_\_  
A. Revenue expenditure  
B. Future expenditure  
C. Deferred expenditure  
D. Capital expenditure
- (xv) Errors which affect one account can be \_\_\_\_\_  
A. Errors of principle  
B. Errors of posting  
C. Errors of omission  
D. Errors of commission
- (xvi) If a liability is recorded as income, it will be considered as \_\_\_\_\_  
A. Error of commission  
B. Error of omission  
C. Error of principle  
D. None of these
- (xvii) A sale of Rs.1000 to Farid was credited to his account. It will affect \_\_\_\_\_  
A. Sales account  
B. Farid's account  
C. Cash account  
D. Sales and Farid's account
- (xviii) Any difference in trial balance is transferred to \_\_\_\_\_  
A. Sales account  
B. Purchase account  
C. Nominal account  
D. Suspense account
- (xix) The error committed in the capital account will affect \_\_\_\_\_  
A. Trading account  
B. Profit and loss account  
C. Trading and profit and loss account  
D. Balance sheet
- (xx) Closing stock is recorded in \_\_\_\_\_  
A. Income statement only  
B. Trading account only  
C. Profit and loss account only  
D. Trading account and balance sheet

**For Examiner's use only:**

**Total Marks:**

20

**Marks Obtained:**

----1HA 1315 ----



# PRINCIPLES OF ACCOUNTING HSSC-I

40

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)
- What is the difference between Trade discount and Cash discount?
  - Define Accounting.
  - What is Going Concern Concept?
  - What is Accounting Equation?
  - What is Trial balance?
  - What is Endorsement of bill? Also pass journal entry.
  - Define Bank Reconciliation statement.
  - Explain Outstanding expenses. Pass journal entry for outstanding expenses.
  - What is Balance sheet?
  - Differentiate between Capital and Revenue expenditures.
  - What are Compensating errors?
  - Explain Journal.

## SECTION – C (Marks 50)

### (PART – I)

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

**Q. 3** The following balances are taken from the books of a trader:

Particulars	(Rs)	Particulars	(Rs)
Capital	1,20,000	Drawings	21,000
Stock	45,000	Plant and Machine	24,000
Furniture	1,500	Purchases	2,95,000
Sales	4,35,000	Insurance	1,500
Purchases returns	4,000	Sales returns	7,000
Rent	5,000	Trade expenses	2,000
Salaries	24,000	Wages	40,000
Bad debts	1,000	Investments @ 6%(1-4-2000)	50,000
Sundry debtors	40,000	Sundry creditors	19,000
Bad debts reserve	800	Cash	12,200
Establishment	6,000	Misc. receipts	1,200
Patents	4,800		

After making the following adjustments, prepare Trading and Profit and Loss Account for the year ended on 31<sup>st</sup> December 2000 and a balance sheet on that date:

### Adjustments:

- Stock on December 31<sup>st</sup>, 2000 was Rs. 75,000.
- Depreciate machine by 10% and furniture by 20%.
- Wages Rs.5,000 and salaries Rs. 1,200 are outstanding.
- Write off Rs. 500 as bad debts and create a reserve on bad and doubtful debts at 5% and reserve for discount on debtors at 2%.
- Investment is made on 01-04-2000 and no interest has been received so far.

**Q. 4** From the following particulars, prepare a Treble Column Cash book:

1 <sup>st</sup> Dec 2005	Cash in hand Rs.1500 and at bank Rs.70,000
2 <sup>nd</sup> "	Received from Rameez Rs.9,900, Discount allowed Rs.100.
3 <sup>rd</sup> "	Deposited into the bank Rs.5000.
4 <sup>th</sup> "	Purchased goods for Rs.25000 and paid by cheque.
5 <sup>th</sup> "	Sold goods to Amir on credit Rs.7000.
7 <sup>th</sup> "	Received from Amir a cheque for Rs. 7000.
8 <sup>th</sup> "	Sold goods for cash Rs. 7,000.
9 <sup>th</sup> "	Paid Saleem Rs. 9,800 by cheque, discount received Rs.200.
10 <sup>th</sup> "	Received a cheque from Saleem for Rs. 2,100.
11 <sup>th</sup> "	Paid telephone charges Rs. 600.
13 <sup>th</sup> "	Purchased goods for cash Rs. 4,000.
15 <sup>th</sup> "	Paid Saleem's cheque into the bank.
19 <sup>th</sup> "	Withdrew from bank for business use Rs. 10,000.
25 <sup>th</sup> "	Paid rent by cheque Rs. 700.
31 <sup>st</sup> "	Stationery purchased for cash Rs. 150.

**(PART – II)**

**Note:** Attempt any **THREE** questions.

**(3 x 10 = 30)**

**Q. 5** B & Co. sells goods to Raja for Rs. 6000 and draws a bill for four months. Raja accepts the bill and returns it to B & Co. Show what entries would be passed in the books of B & Co.

- If they retained the bill till the due date and then realized on maturity.
- If they discounted the bill with their banker for Rs. 5,880.
- If they endorsed the bill to their creditor M & Co. in settlement of debt.
- If they sent the bill to the bank for collection.

**Q. 6** A book-keeper failed to balance his trial balance, the credit side exceeding the debit side by Rs. 175. This amount was entered in a suspense account. Later, the following errors were discovered:

- Total of the credit side of Rahim's account was overcast by Rs.100.
- The Sales book was undercast by Rs. 100.
- Goods worth of Rs.100 purchased from Chand were wrongly entered in the Sales book. The account of Chand was correctly credited.
- The total of Returns Outward Book amounting to Rs. 200 was not posted to the ledger.
- Rs.1500 paid for furniture purchased has been charged to ordinary purchases account.
- A credit balance of Rs. 755 of Rent Receivable Account was shown as Rs. 570.
- Goods worth of Rs. 620 sold to Rehman were correctly entered in Sales book, but posted to Rehman's account as Rs. 260.

**Required:** Give the journal entries to rectify the above errors and prepare Suspense Account.

**Q. 7** From the following particulars, ascertain Bank Balance as would appear in the Bank statement of a trader as on December 31<sup>st</sup>, 2009:

- The Bank overdraft as per Cash Book on December 31<sup>st</sup>, 2009 was Rs. 6000.
- Interest on overdraft for six months ending December 31<sup>st</sup>, 2009 Rs. 200 is debited in the Bank Statement.
- Bank charges for the above period also debited in the bank statement amounted to Rs. 50.
- Cheques issued, but not cashed, prior to December 31<sup>st</sup>, 2009 amounted to Rs. 1500.
- Cheques paid into the bank, but not cleared and credited before December 31<sup>st</sup>, 2009 were for Rs. 2500.
- Interest on investment collected by the Banker and credited in the Bank statement amounted to Rs. 1800.

**Q. 8** On Jan 1<sup>st</sup>, 2000 Saleem started business with a capital of Rs. 20,000 and his transactions of the month were as follows:

2 <sup>nd</sup> January	Purchased building for cash Rs. 8,000.
8 <sup>th</sup> "	Purchased goods from C Rs. 1,000.
15 <sup>th</sup> "	Sold goods for cash Rs. 500.
20 <sup>th</sup> "	Goods returned to C for Rs. 100.
22 <sup>nd</sup> "	Sold goods to Rehman Rs. 400.
25 <sup>th</sup> "	Rehman returned goods Rs.25.
31 <sup>st</sup> "	Salaries paid for the month Rs.200.
31 <sup>st</sup> "	Rent paid for the month of Rs. 150.

**Required:** Record the transactions in the Journal, post into the ledger and prepare a trial balance.