



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) According to _____ concept, business and owner both have separate identity.
- | | |
|------------------|--------------------|
| A. Going concern | B. Business entity |
| C. Cost | D. Realization |
- (ii) Goods taken away for personal use should be credited to:
- | | |
|----------------------|---------------------|
| A. Sales account | B. Drawings account |
| C. Purchases account | D. Cash account |
- (iii) All those things which are purchased for resale purpose are called:
- | | |
|----------------|-----------|
| A. Goods | B. Assets |
| C. Liabilities | D. Sales |
- (iv) How many parties are involved in case of discounting of bill of exchange?
- | | |
|---------|------------------|
| A. Two | B. Three |
| C. Four | D. None of these |
- (v) Interest on renewal of a bill is income to the:
- | | |
|-------------|-------------|
| A. Acceptor | B. Drawer |
| C. Endorsee | D. Endorser |
- (vi) The term imprest system is used in relation to:
- | | |
|---------------------|--------------------|
| A. Cheque book | B. Cash book |
| C. Pay-in-slip book | D. Petty cash book |
- (vii) Ahmad's cheque endorsed to Akbar should be debited to:
- | | |
|--------------------|--------------------|
| A. Cash account | B. Cheque account |
| C. Akbar's account | D. Ahmad's account |
- (viii) A statement which is used to reconcile the bank balance as per cash book with the balance as per pass book is called:
- | | |
|----------------------------------|------------------------|
| A. Bank statement | B. Income statement |
| C. Bank reconciliation statement | D. Financial statement |
- (ix) Assets, which have no physical existence are called:
- | | |
|--------------------|----------------------|
| A. Tangible assets | B. Current assets |
| C. Liquid assets | D. Intangible assets |
- (x) A prepaid expense is:
- | | |
|---------------|----------------|
| A. An asset | B. A liability |
| C. An expense | D. An income |
- (xi) Stock in trade is a:
- | | |
|------------------|----------------------|
| A. Current asset | B. Non-Current asset |
| C. Quick asset | D. Intangible asset |

DO NOT WRITE ANYTHING HERE

- (xii) Wages paid for installing machinery should be debited to:
A. Wages account
B. Cash account
C. Machinery account
D. None of these
- (xiii) A profit, which is earned on the sale of a fixed asset, is called:
A. Revenue profit
B. Capital profit
C. Gross profit
D. None of these
- (xiv) If a transaction has been completely omitted from the journal it will be considered:
A. Error of Commission
B. Error of Principle
C. Compensating Error
D. Error of Omission
- (xv) Any difference in trial balance is transferred to:
A. Sales account
B. Suspense account
C. Purchases account
D. Nominal account
- (xvi) An expenditure, which is non-recurring and irregular, is called:
A. Capital expenditure
B. Revenue expenditure
C. Current expenditure
D. Short-run expenditure
- (xvii) Net profit is equal to:
A. Gross profit – expenses
B. Sales – Cost of goods sold
C. Sales – expenses
D. Capital – expenses
- (xviii) Cash book is a:
A. Subsidiary journal
B. Ledger
C. Subsidiary journal and ledger
D. Trial balance
- (xix) Which of the following statement is true?
A. $Assets - Liabilities + Capital$
B. $Capital = Assets + Liabilities$
C. $Assets = Liabilities + Capital$
D. None of these
- (xx) The Loss on Sale of machinery is debited to:
A. Machinery account
B. Depreciation account
C. Accumulated depreciation
D. Profit & Loss account

For Examiner's use only:

Total Marks:

20

Marks Obtained:

— 1HS 1615 —



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 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 is meant by return outwards?
- (ii) Differentiate between cash discount and trade discount.
- (iii) Define bill of exchange.
- (iv) How a bill of exchange is endorsed?
- (v) What is a contra entry?
- (vi) Write an adjusting journal entry for prepaid expenses.
- (vii) What is deferred revenue expenditure?
- (viii) Define revenue receipts.
- (ix) What is Capital Loss?
- (x) Define Error of Omission.
- (xi) What is Suspense account?
- (xii) Differentiate between direct and indirect expenses.

SECTION – C (Marks 50)

(PART – I)

Note: Attempt any ONE question.

(1 x 20 = 20)

Q. 3 The following is the trial balance of a trader on 31st December, 2014. You are required to prepare Trading and Profit and Loss account and a Balance Sheet.

Trial Balance

Particulars	Debit (Rs.)	Particulars	Credit (Rs.)
Opening Stock	30,000	Capital	40,000
Advertisement	7,000	Bad debts reserve	500
Wages	1,500	Discount	800
Factory Rent	1,000	Bills payable	4,200
Carriage inward	500	Sales	159,100
Return inward	550	Return outwards	350
Salaries	3,300	Creditors	4,600
Office rent	700		
Plant	10,000		
Purchases	135,000		
Bills receivable	1,500		
Cash	3,500		
Furniture	2,000		
Debtors	9,000		
General expenses	800		
Drawings	3,000		
Insurance	200		
	209,550		209,550

Adjustments:

- i. Closing stock was valued at Rs.42,000.
- ii. Salaries outstanding Rs.300 and wages outstanding Rs.500.
- iii. Unexpired insurance Rs.50.
- iv. Depreciate plant by 10% and furniture by 15%.
- v. Write off Rs.1000 as bad debts and create reserve for debts @5%.

Q. 4 On March 1, 2015 Noorani Stores Cash Book showed debit balance of Cash Rs. 1,550 and Bank Rs. 13,575. During the month of March, following business was transacted:

2015

March 1	Purchased office typewriter for cash Rs. 750, cash sales Rs. 1,315
March 3	Deposited cash Rs. 500
March 4	Received from A. Hasan Rs. 2,550
March 6	Paid by Cheque for merchandise purchased for Rs. 1,005
March 8	Received from Hayat Khan a cheque of Rs. 775 in full settlement of his account and allowed him a discount of Rs. 15
March 12	Cash sales Rs. 1,500
March 16	Paid Salman Rs. 915 by cheque
March 27	Paid to Gulzar Ahmad Rs. 650 by Cheque and got discount Rs. 50
March 30	Paid salaries by cheque Rs. 1750
March 31	Deposited the cheque of Hayat Khan
March 31	Drew from bank for office use Rs. 250

Required: Prepare a Treble Column Cash Book.

(PART – II)

Note: Attempt any **THREE** questions.

(3 x 10 = 30)

Q. 5 Mr. Ahmad draws a bill for Rs. 2,000 on Mr. Qasim who accepts and returns it to Mr. Ahmad. When the bill was about to mature, Mr. Qasim expressed his inability to meet it and requests to Mr. Ahmad to renew it. Mr. Ahmad agrees but adds Rs. 10 to the bill for interest.

Requirement: Give necessary journal entries in the books of Mr. Ahmad and Mr. Qasim, when the bill is renewed.

Q. 6 From the following particulars, ascertain the Balance as per Pass Book on December 31, 2014.

- (i) The bank overdraft as per Cash Book was Rs. 6,000
- (ii) Interest on overdraft for six months Rs. 200 is debited in the Bank Statement.
- (iii) Bank charges amounted to Rs. 50
- (iv) Cheques issued, but not cashed, prior to December 31, 2014, amounted to Rs. 1500
- (v) Cheques paid into the bank, but not cleared and credited before December 31, 2014, were of Rs. 2,500
- (vi) Interest on investment collected by bank amounted to Rs. 1800

Q. 7 The following errors were detected in the books of accounts entries at the close of a period:

- (i) An amount of Rs. 500 received from Shah & Co. was credited to the account of Shaw & Co.
- (ii) Goods returned worth Rs. 150 to Mr. B. Rahman but the return was entered in the sales book.
- (iii) A purchase of goods from Smith & Co of Rs. 500 has been wrongly debited to Furniture Account.
- (iv) The total of the credit side of Rahim's Account was overcast by Rs. 100.
- (v) The sales book was undercast by Rs. 100.
- (vi) Goods worth Rs. 150 taken by the proprietor for his personal use were credited in Sales Account.

Requirement: Give journal entries necessary to correct the errors.

Q. 8 On January 1, 2015, Mr. Salam started business with a capital of Rs. 20,000 and his transactions of the month were as follows:

Jan 2, 2015	Purchased building for cash Rs. 8,000
Jan 8, 2015	Purchased goods from Mr. C Rs. 1,000
Jan 15, 2015	Sold goods for cash Rs. 500
Jan 20, 2015	Goods returned to C for Rs. 100
Jan 22, 2015	Sold goods to Abdul Rahman Rs. 400
Jan 25, 2015	Abdul Rahman returned goods for Rs. 25
Jan 31, 2015	Salaries paid for the month Rs. 200
Jan 31, 2015	Rent paid for the month Rs. 150

Required: Record these transactions in the Journal.