



**DO NOT WRITE ANYTHING HERE**

- (xii) What is used to record Cash, Bank and Discount on debit and credit?  
A. Double column cash book                      B. Treble column cash book  
C. Single column cash book                      D. Petty cash book
- (xiii) Assets which have physical existence, are called:  
A. Current assets                                      B. Wasting assets  
C. Tangible fixed assets                              D. Intangible fixed assets
- (xiv) Purchases journal records only:  
A. Cash sales    B. Cash purchases  
C. Cash and credit purchases                      D. Credit purchases
- (xv) Cash account is a:  
A. Personal account                                      B. Real account  
C. Nominal account                                      D. Personal and real account
- (xvi) Capitalized expenditures are shown in:  
A. Income statement                                      B. Trading account  
C. Profit and loss account                              D. Balance sheet
- (xvii) The body of work sheet contains:  
A. Two pairs of money column                      B. Three pairs of money column  
C. Four pairs of money column                      D. Five pairs of money column
- (xviii) Interest on drawings is:  
A. An asset    B. An expense  
C. A revenue    D. A liability
- (xix) The excess of credit column over debit column in income statement is called:  
A. Net loss    B. Net profit  
C. Gross profit    D. Gross loss
- (xx) Errors in casting of subsidiary books are called as:  
A. Error of principle                                      B. Error of commission  
C. Error of omission                                      D. Error of book keeper

**For Examiner's use only:**

**Total Marks:**

**20**

**Marks Obtained:**

----1HS 1715 ----



# PRINCIPLES OF ACCOUNTING HSSC-I

34

**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 theory of double entry book-keeping?
  - (ii) What is an accounting cycle? Give the different phases of accounting cycle.
  - (iii) Define Accounting Period Concept.
  - (iv) What is meant by accounting equation? State the two basic elements of accounting equation.
  - (v) Describe the convention of consistency.
  - (vi) Why bank reconciliation statement is prepared?
  - (vii) What is meant by term ledger?
  - (viii) Give any three examples of error of commission.
  - (ix) Describe quick liabilities.
  - (x) What is meant by tenor and maturity?
  - (xi) Write down the names of six subsidiary books.
  - (xii) What is meant by allowance for doubtful debts?

### SECTION – C (Marks 50)

#### (PART – I)

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

**Q. 3** Enter the following transactions in a three column cash book of M/S Nawaz Traders for the month of June 2016.

- |      |    |   |
|------|----|---|
| June | 1  | Cash in hand Rs. 35,000 bank balance Rs. 30,000.  |
| June | 2  | Purchased furniture of Karim Rs. 20,000 and Paid in cash Rs. 5,000 and Rs. 15,000 by cheque.    |
| June | 4  | Goods purchased from Hamid for Rs. 1600 issued cheque for payment                               |
| June | 5  | Received a cheque from Rashid Rs. 10,000 less 5% cash discount                                  |
| June | 6  | Sold goods on account to Salman Rs. 2000  |
| June | 8  | Received a cheque form Salman Rs. 1900 in full settlement of his account Rs. 2000               |
| June | 9  | Dividend collected by the bank Rs. 1000   |
| June | 10 | Salaman's cheque deposited into bank Rs. 1900   |
| June | 12 | Paid to Fraz by cheque Rs. 5000   |
| June | 14 | Withdrew from bank for business use Rs. 1000  |
| June | 15 | Our cheque to Mr. Fraz was dishonoured  |
| June | 18 | Received from Shoaib cash Rs. 5000 and a cheque Rs. 3000 and deposited the cheque into the bank |
| June | 20 | Bank debited bank charges Rs. 200   |
| June | 22 | Received commission Rs. 500   |
| June | 25 | Purchased goods from Shan Rs. 1500 and Paid cash Rs. 500  |
| June | 28 | Cheque issued to Shan of Rs. 900 in full settlement of Rs. 1000                                 |
| June | 30 | Salaries paid Rs. 2000 and Rent paid by cheque Rs. 1500   |

**Q. 4** The following balances were extracted from the books of a trader on 31st December 2016:

Particulars	(Rs.)	Particulars	(Rs.)
Purchases	4,49,000	Sales	7,48,000
Opening stock	92,000	Bills payable	1,700
Coal and gas	2,000	Provision for bad debts	2,400
Plant and machinery	1,00,000	Capital	1,48,400
Furniture	48,000	Interest	500
Selling expenses	20,000	Sundry creditors	30,000
Insurance	3,000		
Salaries	30,000		
Return inwards	500		
Factory rent	1,800		
Office rent	7,000		
Sundry Debtors	1,17,000		
Bad debts	3,000		
Drawings	3,000		
Cash in hand	5,4000		
Discount	700		
<b>Total</b>	<b>9,31,000</b>		<b>9,31,000</b>

Prepare the trading Profit and Loss account for the year ended 31st December 2016 and balance sheet as on that after taking the following information into consideration:

1. Stock on 31st December 2016 Rs. 70,000.
2. Create Provision on debtors at 5%
3. Depreciate plant and machinery at 5% and furniture at 10% p.a.

**(PART – II)**

**Note: Attempt any THREE questions.**

**(3 x 10 = 30)**

**Q. 5** On 1st July 2016 Fraz commence business with cash Rs. 80,000 and machinery Rs. 20,000.

- |      |    |  |
|------|----|--|
| July | 5  | Bought office furniture for cash Rs. 5000                            |
| July | 10 | Purchased goods from Saleem on cash Rs. 2000 less 10% trade discount |
| July | 15 | Sold goods to Rashid and sons Rs. 1000                               |
| July | 20 | Gave away a charity cash Rs. 50 and goods worth Rs. 100              |
| July | 31 | Drew cash for private expenses Rs. 500                               |

**Required:** Record above these transactions in the journal post them into ledger and extract a trial balance.

**Q. 6** Shan sold goods to Asim of Rs. 5,000 on April 1st 2016. On the same date Shan drew a bill on Asim for the same amount at two months, who accept it and return. On 5th April the bill sent to the bank for collection. On the due date the bill was honoured and the bank deducted Rs. 50 as bank charges.

**Required:** Give journal entries in the books of Shan, Asim and the bank.

**Q. 7** From the following particulars ascertain the bank balance as would appear in the bank statement of Mr. A. Karim as at 31st December.

- (i) The overdraft as per cash book on 31st December was Rs. 6000.
- (ii) Interest on overdraft for six months ending 31st December Rs. 200.
- (iii) Bank Charges for the above period debited in the bank statement to Rs. 50.
- (iv) Cheques issued but not cashed prior to 31st December Rs. 1500
- (v) Cheques paid into bank but not cleared and credited before 31st December were Rs. 2500.
- (vi) Interest on investment collected by bank and credited in the bank statement amounted Rs. 1800.

**Q. 8** State with reason whether the following items are capital or revenue:

- a. Repair of Furniture purchased second hand.
- b. Preliminary expenses incurred on the flotation of a company.
- c. Replacement cost of a worn out part of plant.
- d. Compensation paid to workers in termination of their services.
- e. A machinery standing in the books at Rs. 3,00,000 were sold for Rs. 2,40,000.