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Roll No. 

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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) Person who owes money to a business is known as a:
  - A. Creditor
  - B. Debtor
  - C. Investor
  - D. Solvent
- (ii) Received cash from Bilawal will affect:
  - A. Cash and creditors
  - B. Cash and stock
  - C. Cash and owner's equity
  - D. Cash and debtors
- (iii) Discount allowed is:
  - A. An expense
  - B. A liability
  - C. A revenue
  - D. An asset
- (iv) A claim of the supplier in the business is called:
  - A. Asset
  - B. Liability
  - C. Expense
  - D. Revenue
- (v) Discount allowed to Pirbhat will be credited to:
  - A. Pirbhat's account
  - B. Cash account
  - C. Discount allowed account
  - D. None of these
- (vi) The process of recording transactions in ledger is called:
  - A. Recording
  - B. Journalizing
  - C. Transferring
  - D. Posting
- (vii) Ledger is a book in which:
  - A. Only personal and cash accounts are opened
  - B. Only real accounts are opened
  - C. Only nominal accounts are opened
  - D. All, real, nominal and personal accounts are opened
- (viii) Cash sales to Ahmed Raza will be posted to debit side of:
  - A. Ahmed Raza's account
  - B. Sales account
  - C. Cash account
  - D. None of these
- (ix) Bill of exchange is used as a method of payment on:
  - A. Cash basis
  - B. Credit basis
  - C. Accommodation basis
  - D. Reserve basis
- (x) How many parties are involved in case of discounting of bill:
  - A. Four
  - B. Two
  - C. Three
  - D. Six
- (xi) Drawer transfer a bill of exchange to his creditor for settlement of his own debts is called:
  - A. Retirement of bill
  - B. Discounting of bill
  - C. Endorsement of bill
  - D. Dishonour of bill

- (xii) An entry which is recorded on both sides of cash book is called:
- A. Single entry
  - B. Compound entry
  - C. Combined entry
  - D. Contra entry
- (xiii) All those expenses which are due but not yet paid are called:
- A. Advance expenses
  - B. Outstanding expenses
  - C. Accrued revenue
  - D. Prepaid revenue
- (xiv) Withdrawal of goods by the owner for his personal use must be credited to:
- A. Supplier's A/C
  - B. Goods A/C
  - C. Purchaser's A/C
  - D. Drawings A/C
- (xv) Provisions for bad debts should appear in the balance sheet as:
- A. A fictitious asset
  - B. A deduction from the debtors
  - C. An addition to the goodwill
  - D. Part of the share capital
- (xvi) Pass book is prepared by:
- A. Debtor
  - B. Creditor
  - C. Banker
  - D. Customer
- (xvii) Drawings are deducted from:
- A. Sales
  - B. Income
  - C. Capital
  - D. Expense
- (xviii) Goodwill, patent, copyrights and trade mark are:
- A. Wasting assets
  - B. Intangible assets
  - C. Fictitious assets
  - D. Liquid assets
- (xix) Which one of the following is direct expense?
- A. Customs duty
  - B. Wages
  - C. Carriage
  - D. All of these
- (xx) If there is any error in Bank account it will affect:
- A. Trading and profit and loss account
  - B. Profit and loss account
  - C. Trading account
  - D. Balance sheet

For Examiner's use only:

Total Marks:

20

Marks Obtained:



# PRINCIPLES OF ACCOUNTING HSSC-I

50

**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) Define Trade Discount.
- (ii) Define Cash Discount.
- (iii) What do you mean by Capital Account?
- (iv) What is Bill of Exchange?
- (v) Define Opening Entries.
- (vi) What is Trading Account?
- (vii) What do you mean by Prepaid Expenses?
- (viii) Define Accrued Revenue.
- (ix) What do you mean by Depreciation of an Asset?
- (x) Define Capital Receipt.
- (xi) What is Capital Profit?
- (xii) Define Errors of Omission.

## SECTION – C (Marks 50)

### (PART – I)

**Note: Attempt any ONE question.**

**(1 x 20 = 20)**

**Q. 3** Show the effect of following transaction of Pirbhat & Co: upon Accounting equation:

1. Began business by depositing Rs.180,000 in a company bank account.
2. Purchased land for Rs.141,000 cash.
5. Purchased building for Rs.36,000, paying Rs.15,000 cash and incurring a liability of Rs.21,000.
10. Sold part of the land at a price equal to cost of Rs.11,000, collectible within three months.
14. Purchased office equipment on credit for Rs.5,400.
20. Received Rs.1,500 Cash as partial collection of the Rs.11,000 accounts receivable.
30. paid Rs.3,000 on accounts payable.

**Q. 4** After getting the degree of Master of Business (MBA) Bilawal started a new business of automobiles in the month of November 2014. Name of business was decided as Bilawal Automobile. Following are the transactions during the month of November:

- |          |   |
|----------|---|
| Nov: 1st | Bilawal invested Rs. 140,000 cash in the business by making a deposit in a bank account in the name of the new company  |
| 2nd      | the new business purchased land and a building at a cost of Rs. 120,000, of which Rs.72,000 was for land while Rs.48,000 was for the building. The transaction involved a cash payment of Rs.41,500 and the remaining balance Rs.78,500 was regarded as accounts payable. |
| 4th      | purchased 20 new automobiles at Rs.172,000 from Sobhia Sales company. Paid Rs.40,000 cash while remaining amount will be paid later to the Sobhia and Company.  |
| 6th      | Sold an automobile at cost price Rs.8,600, to a friend Sanghar who paid Rs.2,400 in cash and agreed to pay the balance later.   |
| 12th     | One of the automobiles was found to be defective and therefore, Bilawal returned to Sobhia Sales Company. The amount payable to this creditor was reduced by Rs.8,600.  |
| 22nd     | Purchased office equipment at a cost of Rs.4,000 cash.  |
| 27th     | Paid cheque of Rs.32,000 in partial payment of the liability to Sobhia Sales Company.   |

- |              |                              |      |
|--------------|------------------------------|------|
| Requirement: | (1) Prepare general journal. | (07) |
|              | (2) Prepare ledger           | (09) |
|              | (3) Prepare trial balance.   | (04) |

(PART – II)

**Note:** Attempt any THREE questions.

(3 x 10 = 30)

**Q. 5** From the following particulars write the purchases Returns Book and show the posting to the ledger:  
**2014**

Nov 5th	Returned goods to Pirbhat & Co: being of inferior quality valued at Rs.500.
10th	Returned goods to Bilawal & Co: being not according to sample valued at Rs.1,000.
16th	Returned goods to Sobhia & Co: being damaged in transit valued at Rs.800
27th	Returned goods to Sanghar & Co: being not according to specification, valued at Rs.400.

**Q. 6** Give general entries to rectify the following errors:

- (1) A purchase of Rs.10,000 from Ahmed was wrongly passed through the Sales Book.
- (2) A purchase of Rs.7,000 from Salique was wrongly passed through the Purchase Returns Book.
- (3) A purchase of Rs.4,800 from Mudasir was wrongly passed through the Sales Returns Book.
- (4) A sale of Rs.8,000 to Iqbal was wrongly passed through the Sales Returns Book.
- (5) A sale of Rs.6,400 to Abid was wrongly passed through the Purchases Returns Book.

**Q. 7** From the following particulars ascertain the bank balance as per the cash book of Ahmed Raza & Co: as on 31st December 2014:

- (I) bank balance as per the pass book on 31st December 2014 was Rs.80,000.
- (II) Cheques paid into bank on 24th December 2014 but not collected prior to 31st December 2014 amount to Rs.20,000.
- (III) Interest on deposit of Rs.2,000 was credited in the pass book but not recorded in the Cash Book till 31st December 2014.
- (IV) A customer paid into the bank Rs.15,000, this amount appeared in the pass book but was not found in the Cash Book.
- (V) Dividend money of Rs.8,000 on the shares held by Ahmed Raza & Co: was received directly by the bank on 26th December 2014 but the intimation was sent to them on 7th January 2015.

**Q. 8** For mutual accommodation, Aftab draws a bill on Bunty for Rs.5,000 at two months which is accepted by Bunty. On the same date Bunty draws a bill on Aftab for similar amount at two months. Both the parties get their bills discounted by their respective banks at 12% p.a. On the due date, both the bills are honoured.

Requirements: Give journal entries in books of Aftab and Bunty.

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