

Objective Type

Paper Code

Number: 2703

2023 (A)

Intermediate Part-I (11th Class)

Roll No: _____

Time Allowed: 30 Minutes

Principles of Accounting

PAPER - I

Maximum Marks: 20

Note: You have four choices for each objective type question as A,B,C and D. The choice which you think is correct, fill that bubble in front of that question number, on bubble sheet. Use marker or pen to fill the bubbles. Cutting or filling two or more bubbles will result in zero mark in that question.

Q1.

20

S.#	Questions	A	B	C	D
1	When a bill is dishonoured acceptor's account is debited in the books of:	Drawer	Drawee	Bank	Endorse
2	Bill payable account is a:	Real account	Nominal account	Personal account	None of these
3	Cash account is:	Real account	Nominal account	Personal account	Both A and B
4	Bank reconcillation statement is prepared by:	Auditor	Banker	Manager	Customer's accountant
5	All the direct expenses charged to the:	Balance sheet	Cash flow statement	Trading account	Profit and loss account
6	Stock in trade is called:	Quick asset	Current asset	Fixed asset	Intangible asset
7	The uncertain debts are called:	Provision for doubtful debts	Loan	Doubtful debts	Bad debts
8	The amount become due from the customer is known as:	Loan	Debts	Allowances	Doubtful debts
9	All revenue expenditures are taken to:	Profit or loss account	Balance sheet	Trading profit and loss account	Trading account
10	Repairs of machinery is:	Capital expenditures	Capital loss	Revenue loss	Revenue expenditures
11	The most common errors are called:	Errors of principles	Errors of omission	Errors of commission	Compensating errors
12	Wages paid for the purpose of erection of a machine, wages account is debited:	Errors of principles	Errors of commission	Errors of omission	All of these
13	According to concept an Asset is recorded at a price at which it is acquired?	Money measurement concept	Realization concept	Cost concept	Dual aspect concept
14	Owner of the business is called:	Agent	Proprietorship	Manager	Employee
15	Asset sold on credit should be debited to:	Debtors account	Asset account	Debtors for asset account	Capital account
16	Nominal account related to ____.	Expense, losses and income	Assets and liabilities	Customers, creditors	Debts and receipts

17	Furniture and machinery represents:	Current asset	Fixed asset	Fictitious asset	Intangible asset
18	Journal is also called ____.	Day book	First book of entry	Both A and B	Subsidiary book
19	In a journal there are ____.	Six columns	Five columns	Four columns	Three columns
20	Ledger is called a set of ____.	Accounts	Vouchers	Balances	None of these

Answers:

1- A	2- C	3- A	4- D	5- C	6- B	7- C	8- B	9- A	10- D
11- D	12- A	13- C	14- B	15- A	16- A	17- B	18- C	19- B	20- A

Subjective Type

2023 (A)

Roll No: _____

Intermediate Part-I (11th Class)

Time Allowed: 2:30 Hours

Principles of Accounting

PAPER - I

Maximum Marks: 80

Note: Write same question number and its part number on answer book, as given in the question paper.

SECTION - I

Q2. Attempt any five parts.

5 × 2 = 10

(i) Define capital.

Ans. The amount of cash or value of goods with which the proprietor starts or expands his business is known as capital.

(ii) Define business transaction.

Ans. A business transaction is an economic event involving the movement of money goods, or services, usually between two or more parties.

(iii) What is called an accounting equation?

Ans. The accounting equation tells us that the assets of business are derived from owner's capital and external liabilities.

Assets = Liabilities + owner's equity

(iv) Write two advantages of journal.

Ans. 1. A transaction is recorded in journal as it takes place so there is less possibility of omission.
2. Journal is the helping hand to post the transaction in ledgers with debit and credit aspects.

(v) What is called balance?

Ans. The difference between the two sides of an account (ledger) is called Balance.

(vi) Define cash book.

Ans. Cash book is a book in which posting of only cash transactions on date are made from journal.

(vii) Define un-presented cheque.

Ans. All those cheques which are issued by the customer for payment, but not present for payment in the bank are called unpresented cheques.

(viii) Define bank draft.

Ans. Bank draft is one of the means of transferring money from one place to another. It is an order drawn by a bank on one of its branches requesting the later to pay a specified sum of money to the person named in the draft.

Q3. Attempt any five parts.

5 × 2 = 10

(i) Explain bank reconciliation statement.

Ans. A bank statement is a statement that is prepared at the end of every month. It is prepared to find out the reasons for the difference between the balances of the cash book and the pass book and to remove those reasons so that the balances of the two books become equal.

(ii) What is meant by capital expenditures with example.

Ans. All those expenditures that are incurred to acquire the fixed assets are called capital expenditures.

Example: Furniture purchased for Rs. 5,000.

(iii) What is meant by revenue profit?

Ans. Revenue profit is a profit made by the business in routine business activity.

Example: profit on sale of goods.

(iv) **Explain errors of principle.**

Ans. An error of principle is one where a transaction is entered without due regard to the fundamental principles of double entry.

(v) **Define tangible assets.**

Ans. Tangible assets are physical things. Examples include land, buildings, vehicles, furniture and equipment. On the balance sheet, assets are recorded as current and long-term assets.

(vi) **Explain contingent liabilities.**

Ans. Contingent liability is not a liability at present but may or may not become a liability in future. It depends upon certain future event.

(vii) **What are direct expenses?**

Ans. All those expenses, which are concerned with the purchases of goods or incurred to convert raw materials into finished goods.

(viii) **What is meant by accumulated depreciation?**

Ans. Accumulated depreciation is the total amount of depreciation expense allocated to a specific asset since the asset was put into use.

SECTION - II

NOTE: Attempt any three questions.

3 × 20 = 60

Q4. Journalize the following transactions of Umair traders.

(i) Umair started his business with cash Rs. 120,000/-.

(ii) Purchased furniture for cash Rs. 25,000/-.

(iii) Purchased goods for cash Rs. 35,000/-.

(iv) Paid carriage for goods purchased Rs. 500/-.

(v) Sold goods for cash Rs. 12,000/- which cost Rs. 9,000/-.

(vi) Purchased goods from Hadi Rs. 10,000/- at 5% trade discount.

(vii) Sold goods to Junaid Rs. 20,000/- which cost Rs. 17,500/-.

(viii) Goods of Rs. 2,000/- returned to Hadi.

(ix) Goods costing Rs. 1,000/- were distributed as free samples.

(x) Paid salary Rs. 6,000/- and rent Rs. 5,000/-.

Sol.

Date	Particulars	L/F	Dr	Cr
i	Cash Account Capital Account (Started business cash)		120,000	120,000
ii	Furniture Account Cash Account (Bought furniture)		25,000	25,000
iii	Purchases Account Cash Account (Goods bought on credit)		35,000	35,000
iv	Carriage Account Cash Account (Carriage is paid)		500	500
v	Cash Account Sales Account (Goods sold on cash)		12,000	12,000
vi	Purchases Account Hadi Account (Goods bought on credit)		9,500	9,500
vii	Junaid Account Sales Account (Goods sold on credit)		20,000	20,000
viii	Hadi Account Purchases return Account (Goods return to Hadi)		200	2,000
ix	Free sample Account Purchases Account (Goods distributed as free sample)		1,000	1,000

x	Salaries Account	6000	
	Rent Account	5000	
	Cash Account		11000
	(Expenses are paid)		

05. Prepare bank reconciliation statement.

- Balance as per bank statement Rs. 1125/-.
- Cheque issued but not presented into bank of Rs. 150/-.
- Bank charges debited in the pass book Rs. 40/-.
- Cheque deposited but not credited by bank Rs. 700/-.
- Directly deposited by a customer Rs. 300/- into bank.
- Interest collected by bank Rs. 200/-.

Sol. Bank reconciliation statement

Details	Rs.
Balance as per cash book Cr	1125
Less Unpresented cheques	150
Add Bank charges	40
Add Uncredited cheques	700
Less Directly deposit by customer	300
Less Interest collected by bank	200
Cr	1215
Balance as per pass book Dr	1215

06. Pass the journal entries in the books of drawer and drawee.

On 1st January 2021, Yasir sold goods to Faisal for Rs. 5,000 on credit and drew a bill of exchange on Faisal for 3 months it was accepted by Faisal and return it to Yasir on due date. Faisal honored his acceptance. Show entries in the books of Yasir and Faisal.

Sol. Yasir's Journal

Date	Particulars	L/F	Dr	Cr
1st Jan 2021	Faisal Account Sales Account (Goods sold on credit)		5000	5000
	Bill Receivable Account Faisal Account (Bill is accepted)		5000	5000
	Cash Account Bill Receivable Account (Bill is honoured)		5000	5000

Faisal's Journal

Date	Particulars	L/F	Dr	Cr
	Purchases Account Yasir Account (Good purchases on credit)		5000	5000
	Yasir Account Bill payable Account (Bill is accepted)		5000	5000
	Bill payable Account Cash Account (Bill is honoured)		5000	5000

07. Following informations have been taken from the books of Qaunain & Brothers. Prepare trading and profit and loss account and balance sheet on december 31, 2022.

Trail Balance			
15000	Creditors	10,000	Cash
28000	Capital	5000	Debtors
50000	Sales	20,000	Furniture

6000	Interest	30,000	Purchases
		20,000	Opening stock
		10,000	Wages
		4000	Rent
99000		99000	

Adjustments:

- (i) Closing stock Rs. 20000/-.
- (ii) Wages prepaid Rs. 1000/-.
- (iii) Depreciation on furniture 10%.
- (iv) Outstanding rent Rs. 2000/-.

Sol. Qaunain & bros.

Trading & profit & loss account for the year ended 31st Dec.2022

	Rs.		Rs.
Opening Stock	20,000	Sales	50,000
Purchases	30,000	Closing Stock	20,000
Wages 10,000			
- Prepaid Wages 1000	9000		
Gross Profit c/d	11000		
	<u>70,000</u>		<u>70,000</u>
Rent 4000	6000	Gross Profit b/d	11000
+ o/s Rent 2000		Interest	6000
Dep. on Furniture	2000		
Net profit	9000		
	<u>17000</u>		<u>17000</u>

Qaunain & Bros

Balance Sheet as on 31st Dec.2022

Assets	Rs.	Liabilities	Rs.
Current Assets		Current Liabilities	
Cash	10,000	Creditors	15000
Debtors	5000	o/s Rent	2000
Closing Stock	20,000	Fixed Liabilities	
Prepaid Wages	1000	Capital 28000	
Fixed Assets		+NP 9000	37000
Furniture 20,000			
Less Depreciation 2000	18000		
	<u>54000</u>		<u>54000</u>

Q8. State with reasons whether followings items are capital expenditure or revenue expenditure.

- Purchase of patent rights.
- Purchase of raw material.
- Legal expenses paid on the issuance of shares.
- Repair and maintenance expenses on plant.
- Freight paid on purchase of goods.
- Payment of salaries of staff.
- Commission paid to property dealer for purchase of land.
- Purchase of trade mark.
- Custom duty paid on import of plant and machinery.
- Payment of damages for violation of trade mark.

Sol.

Sr.No	Nature of Expenditure	Reasons
i	Capital Expenditure	It is a capital expenditure because its benefit will be more than one year.
ii	Revenue Expenditure	It is a revenue expenditure because it is a routine life expense of business.
iii	Capital Expenditure	It is a capital expenditure because its benefit will be more than one year.

iv	Revenue Expenditure	It is a revenue expenditure because expense are incurred on maintenance of asset.
v	Revenue Expenditure	It is a revenue expenditure of a business because it is a day to day expense of business.
vi	Revenue Expenditure	It is a revenue expenditure because it is a routine life expense of business.
vii	Capital Expenditure	It is a capital expenditure because expenses are incurred on purchase of fixed asset.
viii	Capital Expenditure	It is a capital expenditure because its benefit will be more than one year.
ix	Capital Expenditure	It is a capital expenditure because expenses are incurred on purchase of fixed asset.
x	Revenue Expenditure	It is a revenue expenditure because it is a day to day expense of business.

Q9. Rectify the following errors.

- (i) Payment of rent expense Rs. 4500/- wrongly debited to repair account.
- (ii) Stationery purchased for Rs. 800/- wrongly debited to drawings account.
- (iii) Collection of cash Rs. 1000/- from Rashid was omitted to be recorded.
- (iv) Wages Rs. 10,000/- paid for installation of plant wrongly debited to wages account.
- (v) Sales book has been under-cast by Rs. 1200/-.
- (vi) Purchase book has been under-cast by Rs. 2000/-.
- (vii) Repair to building Rs. 7000/- charged to building account.
- (viii) Debtors account was under-cast by Rs. 5000/-.

Sol. Journal

Date	Particulars	L/F	Dr	Cr
i	Rent Account Repair Account Repair wrongly recorded now rectified		4500	4500
ii	Stationery Account Drawings Account Drawings wrongly recorded now rectified		800	800
iii	Cash Account Rashid Account Cash collection omitted to record		1000	1000
iv	Plant Account Wages Account Wages wrongly recorded, now rectified		10,000	10,000
v	Suspense Account Sales Account Sales under cast now rectified		1200	1200
vi	Purchases Account Suspense Account Purchases undercast, now rectified		2000	2000
vii	Repair Account Building Account Building account wrongly recorded now rectified		7000	7000
viii	Debtors Account Suspense Account Debtors account undercast now rectified		5000	5000