Sargodha Board 2023

Objective Type

Roll No. ☐☐☐☐☐☐ (To be filled in by the candidate)

Principles of Accounting
Paper : I

H.S.S.C (11ᵗʰ) 1st Annual-2023

| Paper Code | 2 | 7 | 0 | 1 |

Time : 30 Minutes

Marks : 20

Note: You have four choices for each objective types question as A, B, C and D. The choice which you think is correct; fill that circle in front of that question number in your answer book. Use marker or pen to fill the circles. Cutting or filling two or more circle will result in zero mark in that question. Write PAPER CODE, which is printed on this question paper, on the both sides of the Answer Sheet and fill bubbles accordingly, otherwise the student will be responsible for the situation. Use of ink remover or white correcting fluid is not allowed.

SECTION - A

Q1. 20

S.#	Questions	A	B	C	D
1	The financial information provided by an accounting system are needed by:	Owners	Creditors	Management	All of these
2	Any dealing between two persons or concerns is a:	Account	Business	Transaction	Loan
3	Expenses paid by a business decreases.	Cash	Capital	Cash and capital	Accounts payable and capital
4	Real account relates to:	Assets	Creditors	Debtors	Expenses and income
5	A business transaction affects:	At least 1 account	At least 2 accounts	At least 3 accounts	Maximum 2 accounts
6	No, separate entry is made for:	Cash purchases	Credit purchases	Cash discount	Trade discount
7	Journal means:	Yearly	Monthly	Weekly	Daily
8	The king of all the books of accounts is:	Journal	Ledger	Cash book	Pass book
9	The periodical return sent by the bank to customer is called:	Income statement	Bank statement	Bank reconciliation statement	Cash statement
10	Bank reconciliation statement is a part of:	Cash book	Pass book	Journal	Ledger
11	A bill of exchange is drawn by:	Creditor	Holder	Debtor	Buyer
12	Noting charges are the expense of:	Bank	Endorsee	Drawer	Drawee
13	Any expenditure which benefits only the current period is called:	Capital expenditure	Revenue expenditure	Deferred expenditure	Capital profit
14	Wages paid on instalation of plant is:	Capital expenditure	Revenue expenditure	Capital loss	Revenue loss
15	Error of posting affects:	One account	Two accounts	Three accounts	Many accounts
16	The errors which cancel themselves out are called:	Errors of omission	Errors of commission	Errors of principles	Compensa-ting errors
17	One of the direct expense is:	Salary	Rent	Carriage in	Carriage out
18	Operating expenses are recorded in:	Balance sheet	Trading account	Purchase account	Profit & loss account

| 19 | Interest on capital is a business: | Expense | Income | Liability | Asset |
| 20 | Unearned revenues are business: | Revenues | Liabilities | Assets | Expenses |

Answers:

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

Subjective Type

Roll No. ☐☐☐☐☐☐ (To be filled in by the candidate)

Principles of Accounting   H.S.S.C (11th) 1st Annual-2023   Time : 2:30 Hours

Paper : I   Subjective   Marks : 80 Minutes

PART ------- I

02. **Answer briefly any five parts from the followings:**   5 × 2 = 10

(i) Describe the systems of accounting.

Ans. Systems of Accounting: 1. Managerial Accounting   2. Finance Accounting

(ii) What is meant by proprietor?

Ans. A person, who invests capital, give his time and attention in a business is called proprietor. Proprietor is entitled to receive the profit or bear the loss arising out of business.

(iii) What is effect of increase in expenses on capital?

Ans. An increase in expenses typically has a negative impact on capital, specifically on a company's retained earnings, which is a component of its capital.

(iv) Sketch the format of the journal.

Ans.

			Dr.	Cr.
Date	Details	L/F	Amount Rs	Amount Rs

(v) What is meant by zero balance?

Ans. If the two sides of an account are equal, that account will show zero balance.

(vi) Give two examples of contra entry.

Ans: 1. Cash withdrawal for office expenses.   2. Owner's investment into business.

(vii) What are omitted cheques?

Ans. Cheaque that included in the cashbook but have been ommitted to be sent to the bank are called omitted cheaques.

(viii) Mention two reasons of dishonour of a cheque.

Ans. Reasons of dishonour of a cheque:

1. If the cheque is over written.
2. If the signature is absent or the signature in the cheque does not match with the specimen signature kept by the bank.

03. **Answer briefly any five parts from the followings:**   5 × 2 = 10

(i) What is meant by Payee.

Ans. A person who receives the amount of bill of exchange is called payee. He may or may not be drawer of the bill.

(ii) Define bills of exchange.

Ans. An unconditional order in writing addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand, or at fixed or determinable future time, a certain sum of money to or to the order of a specified person or to bearer.

(iii) What is meant by intangible assets give example.

Ans. Assets which have no physical existence and which cannot be seen, touched but felt are called intangible assets.

Example: Goodwill, trade mark.

(iv) Define balance sheet.

Ans. A balance sheet is a statement of assets and liabilities of a business that shows the financial position of the business at particular date.

(v) What is meant by fixed assets?

Ans. Assets which have long life and which are bought for a long period of time in business are called fixed assets.

(vi) What is meant by capital expenditure?

Ans: All those expenditures that increase the earning capacity of a business are called capital expenditures.

(vii) Explain the term revenue profit.

Ans. Profit from day to day activities of business is called revenue profit.
Example: profit on sale of goods.

(viii) What is meant by errors of commission?

Ans. An error in which a transaction instead of being recorded in the right account has been recorded in the wrong account of the same class is known as error of commission.

PART ------- II

Note: Attempt any Three questions.　　　　　　　　　　　　　　$3 \times 20 = 60$

Q4. Enter the following transactions in journal.

(i) On January 01,2016, started business with cash Rs.1,00,000/-.
(ii) On January 02, purchased office furniture for cash Rs. 5000/-.
(iii) On January 03, sold goods to ibrahim cash Rs. 3000/-.
(iv) On January 04, sold goods for cash Rs. 10,000/-.
(v) On January 05, goods returned by ibrahim Rs. 500/-.
(vi) On January 10, goods given as charity Rs. 2000/-.
(vii) On January 15, cash withdrew by owner for personal use Rs. 1000/-.
(viii) On January 20, received cash from ibrahim Rs. 3000/-.
(ix) On January 30, paid rent Rs. 5000/-.
(x) On January 31, commission received Rs. 2000/-.

Sol.

Date	Particulars	L/F	Dr	Cr
i	Cash Account		100,000	
	Capital Account			100,000
	(Started business with cash)			
ii	Furniture Account		5000	
	Cash Account			5000
	(Bought furniture)			
iii	Cash Account		3000	
	Sales Account			3000
	(Goods sold to Ibrahim on cash)			
iv	Cash Account		10000	
	Sales Account			10000
	(Goods sold on cash)			
v	Sales return Account		500	
	Ibrahim Account			500
	(Goods returned)			
vi	Charity Account		2000	
	Purchases Account			2000
	(Goods given as charity)			
vii	Drawings Account		1000	
	Cash Account			1000
	(Cash with drawn for personal use)			
viii	Cash Account		3000	
	Ibrahim Account			3000
	(Cash received)			
ix	Rent Account		5000	
	Cash Account			5000
	(Rent paid)			
x	Cash Account		2000	
	Commission Account			2000
	(Commission is received)			

Q5. From the following particulars of Shahzad Imran prepare bank reconciliation statement as on 30th June 2022.

(i) Balance as per cash book debit Rs. 60000/-.
(ii) Bank charges not recorded in cash book Rs. 200/-.
(iii) Cheques issued but not presented for payment Rs. 10000/-.
(iv) Interest on investment collected and credited by bank in pass book only Rs. 2000/-.
(v) A cheque of Rs. 3000/- received and deposited into bank but not recorded in cash book.
(vi) A cheque of Rs. 4000/- received from customer but omitted to be sent to the bank.

Sol. Bank reconciliation statement

Details		Rs.
Balance as per cash book	Dr.	60000
Less Bank charges		200
Add Unpresemted cheques		10000
Add Interest on investment not recorded		2000
Add Cheques received and deposited but not recorded		3000
Less Cheques omitted to sent to bank		4000
	Dr.	70400
Balance as per pass book	Cr.	70400

Q6. On 1st March 2021, Ali sold goods to Rizwan for Rs. 1,00,000 on credit and draw a bill of exchange on Rizwan for 3 months. It was accepted by Rizwan and return it to Ali. On due date Rizwan honoured his acceptance. Show entries in the books of Ali and Rizwan.

Sol. Ali's Journal

Date	Particulars	L/F	Dr.	Cr.
	Rizwan Account		100,000	
	Sales Account			100,000
	(Goods sold on credit)			
	Bill Receivable Account		100,000	
	Rizwan Account			100,000
	(Bill is accepted)			
	Cash Account		100,000	
	Bill Receivable Account			100,000
	(Bill is honoured)			

Rizwan's Journal

Date	Particulars	L/F	Dr.	Cr.
	Purchases Account		100,000	
	Ali Account			100,000
	(Goods bought on credit)			
	Ali Account		100,000	
	Bill payable Account			100,000
	(Acceptance is given)			
	Bill payable Account		100,000	
	Cash Account			100,000
	(Bill is honoured)			

Q7. From the following trial balance of farooq trader's for the period ended on 31-03-2017, prepare trading and profit & loss account and balance sheet.

Description	Debit (Rs)	Credit (Rs)
Opening stock	50000	
Purchases	80000	
Debtors	12000	
Furniture	20000	
Salaries	7000	
Insurance	1000	
Rent	3500	

	Rs.	Rs.
Advertisement	500	
Sales return	1000	
Cash	15500	
Wages	1200	
Drawings	500	
Capital		65200
Sales		110000
Purchase return		1500
Creditors		15000
Discount		500
	192200	192200

Adjustments:

(i) Closing stock Rs. 42000/-.

(ii) Prepaid rent Rs. 500/-.

(iii) Wages payable Rs. 1000/-.

(iv) Depreciation on furniture @ 10% per annum.

Sol. Farooq Traders

Trading & profit & loss account for the year ended 31st March 2017

		Rs.			Rs.
Opening Stock		50,000	Sales 110,000		
Purchases	80,000		– Return 1000		109000
Returns	1500	78,500	Closing Stock		42000
Wages	1200				
+ o/s Wages	1000	2200			
Gross Profit c/d		20300			
		151000			151000
Salaries		7000	Gross Profit b/d		20300
Insurance		1000	Discount		500
Rent	3500				
Prepaid	500	3000			
Advertisement		500			
Dep. on Furniture		2000			
Net profit		7300			
		20800			20800

Farooq Traders Balance Sheet as on 31st March 2017

Assets		Rs.	Liabilities		Rs.
Current Assets			**Current Liabilities**		
Debtors		12000	Creditors		15000
Cash		15500	o/s Wages		1000
Closing Stock		42000			
Prepaid Rent		500			
Fixed Assets			**Fixed Liabilities**		
Furniture	20000		Capital	65200	
– Depreciation	2000	18000	+ NP	7300	
			– Drawings	500	72000
		88000			88000

08. State with reasons whether the followings are capital or revenue expenditure.

(i) Paid for purchase of land.

(ii) Legal expense incurred to get a debenture.   (iii) Bought furniture for office use.

(iv) Purchase of patent rights.

(v) Amount spent on the uniform of the staff.   (vi) Purchase of goods/merchandise.

(vii) Carriage paid on the purchase of goods.

(viii) Paid legal charges for obtaining the loan.

(ix) Repair of furniture purchase second hand.   (x) Goods destroyed by fire.

Sr.No	Nature of Expenditure	Reasons
i	Capital Expenditure	It is a capital expenditure because expenses are incurred to purchase of fixed asset.
ii	Capital Expenditure	It is a capital expenditure because its benefit will be more than one year.
iii	Capital Expenditure	It is a capital expenditure because expenditure are incurred on purchase of asset.
iv	Capital Expenditure	It is a capital expenditure because expenses are incurred on purchase of intangible asset. Its benefit will be more than one year.
v	Revenue Expenditure	It is a revenue expenditure because its benefit will be less than one year.
vi	Revenue Expenditure	It is a revenue expenditure because it is a routine life expense of business.
vii	Revenue Expenditure	It is a revenue expenditure because it is a day to day expense of the business.
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 to put asset in working condition.
x	Capital Loss	It is a capital loss because such loss is not routine life of business.

Q9. Rectify the following errors.

(i) Payment of advertising expenses Rs. 5000 was omitted to record in the books.

(ii) Wages Rs. 15000/- on installation of plant was debited to wages account.

(iii) Sales returned Rs. 3000/- from Zain was credited to Hadi account.

(iv) Rs. 5000/- withdrawn by the owner of the business was debited to salary account.

(v) Repair of machinery Rs. 7000/- was wrongly debited to machinery account.

(vi) Rs. 7000/- paid salary to Mr. Usman was wrongly debited to personal account.

(vii) Purchase return Rs. 1000/- was wrongly credited to sales account.

(viii) Received Rs. 500/- interest on saving account was wrongly credited to commission account.

Sol. Journal

Date	Particulars	L/F	Dr.	Cr.
i	Advertisement expenses Account		5000	
	Cash Account			5000
	Entry was not recorded, now rectified			
ii	Plant Account		15000	
	Wages Account			15000
	Wages wrongly recorded, now rectified			
iii	Hadi Account		3000	
	Zain Account			3000
	Personal account wrongly recorded, now rectified			
iv	Drawings Account		5000	
	Salaries Account			5000
	Salaries account wrongly recorded, now rectified			
v	Repair Account		7000	
	Machinery Account			7000
	Machinery account wrongly recorded, now rectified			
vi	Salaries Account		7000	
	Mr. Usman Account			7000
	Personal account wrongly, now rectified			
vii	Sales Account		1000	
	Purchases return Account			1000
	Sales account wrongly recorded, now rectified			
viii	Commission Account		500	
	Interest Account			500
	Commission account wrongly recorded now rectified			