Sargodha Board

2023

Marks: 20

0	pjective	Type	
Roll No.			(To be filled in by the candidate)
		nnual-2023	Time: 30 Minutes

Principles of Accounting
Paper: I

Paper Code 2 7 0 1

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.

	remover or white correcting fluid is not allowed. SECTION - A								
01.	<u>SEUTI</u>	ON - A			20				
S.#	Questions	A	В	С	D				
1	The financial information provided by an	Owners	Creditors	Management	All of these				
	accounting system are needed by:								
2	Any dealing between two persons or	Account	Business	Transaction	Loan				
	concerns is a:								
3	Expenses paid by a business decreases.	Cash	Capital	Cash and	Accounts				
				capital	payable and				
_			Conditions	Debters	capital				
4	Real account relates to:	Assets	Creditors	Debtors	Expenses and income				
5	A business transaction affects:	At least 1	At least 2	At least 3	Maximum				
3	A business transaction affects.	account	accounts	accounts	2 accounts				
6	No, separate entry is made for:	Cash	Credit	Cash	Trade				
"	110, soparate onery is much to the	purchases	purchases	discount	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	Income	Bank	Bank	Cash				
-	customer is called:	statement	statement	reconciliation	statement				
				statement					
10	Bank reconciliation statement is a part	Cash book	Pass book	Journal	Ledger				
	of:								
	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	Capital	Revenue	Deferred	Capital				
11	current period is called:	Capital	expenditure Revenue	Capital loss	profit Revenue				
14	Wages paid on instalation of plant is:		expenditure	Capital loss	loss				
15	P	One	Two	Three	Many				
13	Error of posting affects:	account	accounts	accounts	accounts				
16	The errors which cancel themselves out		Errors of	Errors of	Compensa-				
1	are called:	omission	commission	principles	-ting errors				
	One of the direct expense is:	Salary	Rent	Carriage in	Carriage				
*	and an one or parise			× .	out				
18	Operating expenses are recorded in:	Balance	Trading	Purchase	Profit &				
		sheet	account	account	loss account				
	· · · · · · · · · · · · · · · · · · ·				account				

	Interest on capital is a business:			Expense	_		-			Asset				
40	Unearned revenues are business:			Revenue	Lia	bilities	A	sset	S	Expenses				
	vers:										-			
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11-	A	12- D	13- B	14-	- A	15- A	16- D	17- C	18-	D	19-	· A	20-	B
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What is meant by capital expenditure? (vi)

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 ----- 11

Note: Attempt any Three questions.

 $3 \times 20 = 60$

Enter the following transactions in journal.

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

:	ù	L
-		_

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	a" . "		5000
	(Bought furniture)		* ¥	
iii	Cash Account		3000	
	Sales Account	v sac = 2		3000
	(Goods sold to Ibrahim on cash)		4	
iv	Cash Account	12	10000	
	Sales Account	· ·		10000
	(Goods sold on cash)			
v	Sales return Account		500	
	Ibrahim Account			500
	(Goods returned)		2 ₂	
vi	Charity Account	11, 1	2000	. N
	Purchases Account		 8	2000
	(Goods given as charity)	31.	1	80
vii	Drawings Account		1000	
/ ·	Cash Account			1000
	(Cash with drawn for personal use)			
viii	Cash Account		3000	
V 111	Ibrahim Account			. 3000
97	(Cash received)	l e ta	-	
ix	Rent Account		5000	
1X	Cash Account	,		5000
,				
	(Rent paid)		2000	
X	Cash Account Commission Account	,		2000
1	(Commission is received)	7	*	*
	(Commission is received)			

- From the following particulars of shallzad 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	4	Rs.
	Balance as per cash book	Dr	60000
Less	Bank charges	,	200
Add	Unpresented cheques		10000
	Interest on investment not record	ied	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

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)			140,000

Rizwan's Journal

Date	Particulars		L/F	Dr.	Cr.	
	Purchases Account			100,000		
	Ali Account			,	100,000	
	(Goods bought on credit)				100,000	
	Ali Account			100,000		
	Bill payable Account			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	100,000	
	(Acceptance is given)		0.2		100,000	
,	Bill payable Account			100,000		
	Cash Account	,		100,000	100,000	
	(Bill is honoured)			8	100,000	
41	a fallowing trial balance of forces to					

From the following trial balance of faroog 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	(2.6)
Purchases	80000	
Debtors	12000	
Furniture	20000	
Salaries	7000	
Insurance	1000	,
Rent	3500	

Advertisement	500	
Sales return	1000	:
Cash	15500	,
Wages	1200	1
Drawings	500	
Capital		65200
Sales	4	110000
Purchase return		1500
Creditors	*	15000
Discount		500
1	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 & protit & 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			- Tel
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.	Liabili	Rs.	
Current Assets				Current Llabilit		
Debtors			12000	Creditors		15000
Cash			15500	o/s Wages		1000
Closing Stock			42000			8
Prepaid Rent		1	500	,	• •	5
Fixed Assets				Fixed Liabilities		
Furniture	20000	-	. ,	Capital	65200	
- Depreciation	2000	- 1	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.

Sol.	Sr.No	Nature of Expenditure	Keasons		
	And the second	Capital Expenditure	It is a capital expenditure because expenses are incurred		

DL'IJO	Mature of Expenditure					
í	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 ar 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 morn than one year.				
V	Revenue Expenditure	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 da expense of the business.				
viii	Capital Expenditure	It is a capital expenditure because its benefit will be mor 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.

- Payment of advertising expenses Rs. 5000 was omitted to record in the books.
- Wages Rs. 15000/- on installation of plant was debited to wages account. (ii)
- Sales returned Rs. 3000/- from Zain was credited to Hadi account. (iii)
- Rs. 5000/- withdrawn by the owner of the business was debited to salary account. (iv)
- Repair of machinery Rs. 7000/- was wrongly debited to machinery account. (v)
- Rs. 7000/- paid salary to Mr. Usman was wrongly debited to personal account. (vi)
 - (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	1	
	Machinery Account			7000	
	Machinery account wrongly recorded, now rectified		a co		
vi	Salaries Account		7000		
	Mr. Usman Account		7000	7000	
	Personal account wrongly, now rectified				
vii	Sales Account		1000		
	Purchases return Account		1000	1000	
	Sales account wrongly recorded, now rectified			1.0	
viii	Commission Account		500		
	Interest Account		500	500	
	Commission account wrongly recorded now	1.75	1	50,	
	rectified		. ".		