Sahiwal Board 2024

Objective Type

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

Principles of Accounting | H.S.S.C (11th) 1st Annual-2024 | Time : 30 Minutes

Paper : I | Paper Code | 6 | 7 | 0 | 1 | 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 no mark.

SECTION - A

01. 20

S.#	Questions	A	B	C	D
1.	All things purchased for resale purposes are called:	Expenses	Assets	Liabilities	Purchases
2.	Any cash or goods taken by the proprietor for his personal use is known as:	Capital	Drawing	Income	Expenses
3.	Generally accounting equation is the base of:	Cash account	Trial balance	Balance sheet	Trading account
4.	If the list price of a product is Rs.5000 and trade discount is @ 15%, what is the discounted price?	Rs. 250	Rs. 2500	Rs. 25	Rs. 4750
5.	King of all the books of accounts is called:	Journal	Ledger	Trial balance	Balance sheet
6.	Loss of goods by fire is debited to:	Sales account	Purchase account	Insurance account	Loss by fire account
7.	Passbook is prepared by a:	Customer	Bank	Creditor	Debtor
8.	Most safe cheque for payment is:	Bearer cheque	Cross cheque	Order cheque	Blank Cheque
9.	Interest on capital is @ 7.5% and capital is Rs. 100,000, then interest on capital will be:	Rs. 7,500	Rs. 750	Rs. 10,000	Rs. 15,000
10.	The capital of business is Rs.50,000 and liabilities are Rs. 20,000, then assets will be:	Rs. 30,000	Rs. 50,000	Rs. 70,000	Rs. 40,000
11.	Bill of exchange is accepted by:	Seller	Drawer	Creditor	Buyer
12.	The maximum period of bill exchange is:	120 days	90 days	60 days	30 days
13.	A portion of income which has been received in advance is called:	Unearned income	Accrued income	Earned income	Expired income
14.	The other name of outstanding expenses is:	Expired expenses	Unexpired expenses	Accrued expenses	Prepaid expenses
15.	Depreciation on fixed assets is an example of:	Revenue expenditure	Capital expenditure	Capital profit	Revenue profit
16.	Revenue expenditure are presented in:	Trading account	Profit & loss account	Balance sheet	Trading, profit and loss account
17.	Income received in advance is shown in balance sheet as:	Asset	Expense	Income	Liability
18.	One of these is an intangible asset.	Plant	Furniture	Cash	Franchise and license

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19.	Transaction which is omitted from record is called:	Error of commission	Error of omission	Error of principle	Compensating error
20.	Carriage paid on machinery and debited to carriage account, is a:	Compensating error	Error of principle	Error of omission	Error of commission

Answers:

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

Subjective Type

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

Principles of Accounting **H.S.S.C (11th) 1st Annual-2024** **Time : 2:30 Hours**

Paper :-I **Subjective** **Marks : 80 Minutes**

Note: Section B is compulsory. Attempt any three (3) questions from section C.

SECTION - B

Q2. Write short answers to any FIVE parts. **(5 × 2 = 10)**

(i) Describe the term "Accounting".

Ans. Accounting is the art of recording, classifying and summarizing in terms of money, transactions, events and interpreting the results there of.

(ii) What is meant by Going Concern concept?

Ans. According to this concept, it is assumed that the business will continue to operate for an indefinite time period, there is no intention to liquidate the business in the foreseeable future.

(iii) How would you explain the term capital/owner's equity?

Ans. The total amount of debts payable by a business to its owner/owners is called owner equity.

(iv) Write down the formula of accounting equation.

Ans. Assets = Liabilities + owner's equity

(v) What is meant by Current Account?

Ans. **Current Account:**

An account at a bank or building society from which money maybe with drawls. Current account is an economic term that helps indicate how well a country is able to trade with foreign markets.

(vi) What will be the amount of liabilities if assets are Rs.45,000 and capital Rs.20,000?

Ans. Assets = Rs. 45,000
Capital = Rs. 20,000
Amount of liabilities (Rs) = ?

Sol: By using accounting equation

Assets = Liabilities + Capital
Assets – Capital = Liabilities
45,000 – 20,000 = Liabilities
Liabilities = Rs. 25,000

(vii) Differentiate between Pay-in-slip and Cheque book.

Ans. Cheque book is used to withdraw the money from the bank. It means a slip to deposit the amount in the bank. A bank cheque book is booklet issued to savings account holder pay in slip include information such as date, account holder name, account no. and account deposit.

(viii) Define the term "contra entry".

Ans. An entry in which cash account and bank account both are involved and is recorded on the both sides of cashbook is called contra entry.

Q3. Write short answers to any FIVE parts. **(5 × 2 = 10)**

(i) Why is a bill endorsed to third party by the drawer?

Ans. Bill endorsed to a third party by the drawer because the drawer or holder of the bill may endorse the bill in favour of his creditor for the clearance of his own debits.

(ii) Who is a Drawee?

Ans. A person on whom a bill of exchange is drawn is called drawee.

Example: "x" draws a bill on "y" for Rs. 2,000 for "3" months. In this "y" is a drawee.

(iii) What are Uncredited cheques?

Ans. **Uncredited Cheques:**

All those cheques, which are deposited in the bank by the customer but the bank has not credited the amount of these cheques to the customer's bank account are called uncredited cheques.

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(iv) Explain defferred revenue expenditure.

Ans. A revenue expenditure which benefit is to be spread over a certain number of years is called deferred revenue expenditure. **Example:** advertisement to introduced a new product.

(v) Give two examples of capital expenditures.

Ans. **1.** Furniture purchased **2.** Construction of one new room in the building.

(vi) What is profit and loss account?

Ans. Profit and loss account shows the net result (net profit or net loss) of the business.

(vii) Make adjusting entry for outstanding salaries.

Ans. Adjusting entry for outstanding salaries are:

Salary Expense Account (Dr)

Salary payable Account (Cr)

(viii) Describe error of compensation.

Ans. It means that some errors in amount have occured on the opposite sides of two or more accounts and have cancelled themselves in the net result are called compensating errors.

SECTION - C

Note: Attempt any THREE questions. Each question carries TWENTY marks.

Q4. Journalize the following transactions of Nawaz Traders.

(i) **Started business by investing cash of Rs.100,000 and building of Rs.50,000.**

(ii) **Purchased merchandise for cash of Rs.25,000.**

(iii) **Sold merchandise for cash of Rs.20,000.**

(iv) **Paid cash of Rs.24,500 to Faisal Traders in full settlement of their debt.**

(v) **Purchased merchandise for cash of Rs. 10,000 at discount @ 10%.**

(vi) **Sold goods on account to Yasir for Rs.20,000.**

(vii) **Received cash of Rs. 11,880 from Yasir in full settlement of debt.**

(viii) **Withdrew cash of Rs.1500 and goods Rs.1000 for personal use.**

(ix) **Paid salary Rs.7500 and utility expense Rs.2500.**

(x) **Paid carriage for goods purchased Rs.500.**

Sol. **"Journal"**

Date	Details	L/F	Dr	Cr
i	Cash Account Building Account Capital Account (Started Business with cash & Building)		100,000 50,000	 150,000
ii	Merchandizes Account Faisal Account (Purchase Merchandise)		25000	 25000
iii	Cash Account Sales Account (Sold Merchandise)		20,000	 20,000
iv	Cash Account Discount allowed Account Faisal Account (Paid cash in full settlement)		24,500 500	 25000
v	Purchases Account Cash Account (Purchase merchandise 10% discount)		9000	 9000
vi	Yasir Account Sales Account (Sold goods on account)		12000	 12000
vii	Cash Account Discount Account Yasir Account (Received cash from yasir)		11880 120	 12000
viii	Drawings Account Cash Account Purchases Account (Withdrew cash & Goods)		2500	 1500 1000

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ix	Salary Account Utility Expense Account Cash Account (Paid salary & utility expense)		7500 2500	 10,000
x	Carriage Account Cash Account (Paid carriage for goods)		500	 500

Q5. Prepare bank reconciliation statement.

(i) Balance as per cashbook Rs.30,000.
(ii) Cheques for Rs.2000 deposited but not collected.
(iii) Cheques for Rs.3000 issued but not presented.
(iv) Bank credited a dividend of Rs.4000.
(v) Bank debited commission of Rs.200.
(vi) Interest of Rs.300 collected on investment by bank.

Sol. Mr. A Bank Reconciliation statement as on.....

Sr.No	Details	Dr/Cr	Amount (Rs)
i	Balance as per cashbook	Dr.	30,000
ii	Uncollected Cheques	Cr.	2000
iii	Unpresented Cheques	Dr.	3000
iv	Bank divident	Dr.	4000
v	Bank Commission	Cr.	200
vi	Collected Interest on investment	Dr.	300
	Debit Balance		37,300
	Credit Balance		(2200)
	Balance as per passbook	Cr	35,100

Q6. State with reasons whether the following are capital or revenue.

(i) Purchase of land. **(ii) Payment of wages.**
(iii) Interest on loan borrowed from bank. **(iv) Material cost for construction of building.**
(v) Cost incurred to acquire copy right. **(vi) Expense on change of engine oil of truck.**
(vii) Purchase of furniture for resale purpose. **(viii) Cost the acquire good will of business.**
(ix) Payment of utility bills. **(x) Cost of franchise.**

Sol.

Sr.No	Nature of Expenditure	Reasons
i	Capital Expenditure	Purchase of land is capital in nature because these expenses incurred more than one year and are non-recurring.
ii	Revenue Expenditure	Payment of wages is revenue in nature because these expenses incurred day to day and are recurring.
iii	Revenue Expenditure	Interest on loan from bank is revenue in nature because these expenses incurred in every month and are recurring.
iv	Capital Expenditure	Material cost for construction of building is capital in nature because these expenses incurred once in two to three years and are non-recurring.
v	Capital Expenditure	Cost incurred to acquire copy right is capital in nature because these expenses incurred for long term and are non-recurring in nature.
vi	Revenue Expenditure	Change of engine oil truck expenses are revenue in nature because these expenses are incurred repeatedly day to day or month to month conduct.
vii	Capital Expenditure	Purchase of furniture for resale purpose is capital in nature because these expenses incurred for business use and are non-recurring.
viii	Capital Expenditure	Cost to acquire good will of business is capital in nature because good will is a fixed intangible assets used for ware than one year.
ix	Revenue Expenditure	Payment of utility bills is revenue in nature because payment is made every month and are recurring in nature.

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x	**Capital Expenditure**	Cost of franchise is always capital in nature because these expenses incurred after more than one year and are non-recurring.

Q7. Give journal entries to rectify the following errors:

(i) **Furniture sold for Rs.1000 has been posted to sales account.**
(ii) **Sales book was under cost by Rs.200.**
(iii) **Wages paid Rs.1000 on the construction of building charged to wages account.**
(iv) **Purchased goods of Rs.4600 from B but credited Rs.460 to his account.**
(v) **A sum of Rs.600 received from Ali but credited to Ahmed.**
(vi) **Discount received from Khadam was not entered in the cash book.**
(vii) **Wages paid Rs.200 but posted twice in wages account.**
(viii) **Purchase return book was over cost Rs.500.**
(ix) **A sale of Rs.9000 to Kabir was credited to his account.**
(x) **Salary paid Rs.10,000 to clerk debited to his personal account.**

Sol. **Rectifying Journal's**

Date	Details	L/F	Dr	Cr
i	Sales Account Furniture Account (Wrongly posted to sales account, now rectified)		1000	1000
ii	Suspense Account Sales Account (Undercost sales book, now rectifed)		200	200
iii	Building Account Wages Account (Charged to wages account, now rectified)		1000	1000
iv	Suspense Account B's Account (Credited Rs.460 is now rectified)		4140	4140
v	Ahmad Account Ali Account (Wrongly credited to Ahmed, now rectified)		600	600
vi	Khadam's Account Discount received Account (Discount received not entered in cashbook, now rectified)		200	200
vii	Suspense Account Wages Account (Posted twicely, now rectified)		200	200
viii	Purchases return Account Suspense Account (Purchase return book rectified)		500	500
ix	Kabir's Account Suspense Account (Sale credited to his account, now rectified)		18000	18000
x	Salary Account Personal Account (Debited to personal account, now rectified)		10,000	10,000

Q8. On 1st June 2022 Mr. Ali sold goods to Shahid on account for Rs.20,000. Mr. Ali drew a bill on Shahid for two months. Shahid accepted the bill and returned it to Ali. Bill is dishonoured on due date.
Required: pass necessary journal entries in the books of Ali in the following cases:

(i) **If Ali retained the bill with himself till the due date.**
(ii) **If Ali discounted the bill from his bank for Rs.18800.**
(iii) **If Ali endorsed the bill to Asif.**
(iv) **If Ali sent the bill to his bank for collection.**

Sol. Bill of Exchange Ali's Journal for.....

Date	Particulars	L/F	Dr	Cr
	Shahid Account Sales Account goods sold on credit		20,000	20,000

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	Bill Receivable Account · Shahid Account Bill is accepted		20,000	20,000
i	Shahid Account Bill Receivable Account bill is dishonoured		20,000	20,000
ii	Bank Account Discount Account Bill Receivable Account bill is discounted		18,800 200	20,000
iii	Asif Account Bill Receivable Account Bill is endorsed		20,000	20,000
iv	Bank for Collection Account Bill Receivable Account Bill is sent for collection		20,000	20,000

Q9. From the trial balance of Mr. Sabir, prepare trading and profit & loss account and balance sheet as on June 30, 2010.

Debit Balance	Amount	Credit Balance	Amount
Opening stock	12,500	Capital	46600
Furniture	10,000	Sales	50200
Purchases	42,100	Creditors	5500
Cash	4500	Interest	1500
Rent	5200		
Carriage	1000		
Salaries	18000		
Advertising	2000		
Sundry debtors	8500		
	103800		103800

Adjustments:

(i) Closing stock Rs.7200 **(ii) Unexpired rent Rs.800**

(iii) Charge 5% depreciation on Furniture. **(iv) Salaries Rs.1000 were payable.**

Sol. Mr. Sabir Trading & Profit or loss Account for year ended 30 june, 2010

Dr. **Cr.**

Details	Rs.	Details	Rs.
Opening Stock	12,500	Sales	50,200
Purchases	42,100	Closing Stock	7200
Carriage	1000		
Gross Profit c/d	1800		
	57,400		**57,400**
Rent 5200		Gross Profit b/d	1800
Less: Unexpired (800)	4400	Interest	1500
Salaries 18000		**Net loss**	22,600
Add: Outstanding 1000	19000		
Dep. on furniture $\left(10,000 \times \frac{5}{100}\right)$	500		
Advertising	2000		
	25,900		**25,900**

Mr. Sabir Balance Sheet as on 30.06.10

Assets	Rs.	Liabilities	Rs.
Furniture 10,000			
Less: Dep (500)	9500	Outstanding salary	1000
Debtors	8500	Creditors	5500
Cash	4500		
Rent Unexpired	800	Capital 46,600	
Closing Stock	7200	Less: Net loss (22,600)	24000
	30,500		**30,500**

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