

## COMMERCE GROUP

### PART – I

Principles of Accounting Paper – I	---	---	100
Principles of Economics	---	---	75
Principles of Commerce	---	---	75
Business Mathematics	---	---	50

### PRINCIPLES OF ACCOUNTING – I

Marks: 100

PART – I (CLASS-XI)

Time: 3:00 Hours

1. **Introduction.**—Definition, Basic concepts, Double Entry System of Book Keeping, its objectives and advantages.
2. **Accounting Cycle.**—Accounting equation Journal, Ledger and Trial balance.
3. **Subsidiary Books Journals.**—Cash Book, Petty Cash Book. Purchases, Sales: purchases>Returns: Sales Returns; Bills-Receiveable and Bill payable books.
4. **Banking Transactions.**—Kind of bank accounts and procedure of recording of banking transactions: cheques ; Cheque Register; Bank Reconciliation Statement, its objectives and preparation.
5. **Accounting for Bills of Exchange.**—Definition and procedure.
6. **Capital and Revenue.**—Meaning—Distinction between Capital and Revenue items: Receipts and Payments, Profits and Losses, Income and Expenses.
7. **Rectification of Errors.** – Kinds of errors – correction of errors after and before closing the books of accounts, suspense account.
8. **Financial Statement.** – Trading and profit and loss Account Income Statement and Balance Sheet-form and its preparation.
9. **Adjustments and Closing Process.** Prepaid and Outstanding expenses Accrued and unearned income; provision for Bad and Doubtful Debt; Provisions for Discount; Depreciation interest on capital and drawing, work Sheet.

Principles of Accounting by Gul Zaman Qazi.

Asool-e-Mahasbi by Mobeen A. Khan.

Intermediate Accounting by Rauf Baig.

Introduction to Accounting by Nisaruddin.

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# MODEL PAPER "PRINCIPLES OF ACCOUNTING"

Intermediate (Part – I) Examination 2015

## OBJECTIVE

Time: 30 Minutes

Marks: 20

**Q.No.1:** Write answers to the questions on the objective answer sheet provided. You have four choices for each objective type questions A, B, C & D. The choice which you think is correct, fill the circle in front of that question number. Use Marker or Pen to fill the circles. Cutting or filling two or more circles will result in Zero mark in that question. Attempt as many questions as given in objective type question Paper and leave others blank.

- (i) **Accounting is the language of:**  
(a) Business (b) School  
(c) America (d) Proprietor
- (ii) **A person to whom the goods or services are sold on credit basis is known as:**  
(a) Creditor (b) Proprietor  
(c) Debtor (d) Investor
- (iii) **According to which Concept, an asset is recorded at a price at which it is acquired:**  
(a) Money Measurement Concept (b) Dual Aspect Concept  
(c) Going Concern Concept (d) Realization Concept
- (iv) **All debts which are payable by a business to its investors and others are known as:**  
(a) Capital (b) Equities  
(c) Expenses (d) Liabilities
- (v) **The best system of accounting in the modern world is:**  
(a) Single entry system (b) Double entry system  
(c) Multiple entry system (d) No entry system
- (vi) **Credit signifies:**  
(a) Increase in liability (b) Increase in revenue  
(c) Increase in capital (d) All of these
- (vii) **It is also called "King" of all books of accounts:**  
(a) Journal (b) Ledger  
(c) Trial balance (d) Final account
- (viii) **Ledger records transaction in an:**  
(a) Chronological order (b) Daily order  
(c) Arithmetical order (d) Analytical order
- (ix) **A bill of exchange is an:**  
(a) Unconditional order (b) A promise  
(c) A request (d) Conditional order
- (x) **Interest on renewal of a bill is an expense to the:**  
(a) Acceptor (b) Drawer  
(c) Endorsee (d) Endorser

- 3) An outstation cheque amount to Rs. 575 entered in cash book as paid into bank but has not been collected by bank.
- 4) Bank charges Rs. 25 have not been entered in cash book.
- 5) Interest on Govt. securities Rs. 300 collected and credited in bank statement.
- 6) Interest charged by bank Rs.100

**Required: Prepare a Bank Reconciliation Statement as on 31<sup>st</sup> January, 2015.**

**Q.No.6:** Following is the Trial Balance of Mukhtar Trading Co. as on 31<sup>st</sup> December 2014.

Particulars	Rs.	Rs.
Opening stock	10,000	
Purchases and sales	40,000	100,000
Sundry Debtors & Creditors	30,000	8,125
Plant & Machinery	35,000	
Freehold Premises	24,000	
Salaries	5,000	
Wages	6,575	
Carriage Outward	375	
Printing & Stationary	400	
Bad Debts	500	
Provision for Bad debts		225
Trade Expenses	750	
Cash in Hand	5,250	
Capital		50,000
Insurance	500	
	158,350	158,350

**Adjustments:**

- (a) Wages payable Rs. 500
- (b) Bad debts provision to be adjusted to 2% on debtors.
- (c) Allow interest on capital at 5%
- (d) Closing stock valued at Rs. 15,000.

**Required: Prepare the Trading and profit and loss account of the business for the year ending 31<sup>st</sup> December 2014 and a balance sheet as at that date.**



- (xi) **All the transactions related to credit sales are recorded in:**  
 (a) Sales return book (b) Sales book  
 (c) Cash book (d) Credit note book
- (xii) **The money can be deposited into bank by means of:**  
 (a) Cash book (b) Cheque book  
 (c) Pay-in-slip book (d) Pass book
- (xiii) **Bank Reconciliation Statement is prepared by:**  
 (a) Banker (b) Customer's accountant  
 (c) Auditor (d) Manager
- (xiv) **It is prepared to determine the gross profit or gross loss:**  
 (a) Trading account (b) Profit or loss account  
 (c) Balance Sheet (d) None of these
- (xv) **Interest due but not received is an:**  
 (a) Outstanding expense (b) Accrued income  
 (c) Prepaid expense (d) Unearned income
- (xvi) **Adjusting entries are made:**  
 (a) During the accounting period (b) At the end of accounting period  
 (c) In the beginning of the year (d) At any time
- (xvii) **Which one of the following is not considered the permanent part of the accounting records?**  
 (a) Journal (b) Trial balance  
 (c) Ledger (d) Work sheet
- (xviii) **A statement which is prepared to ascertain the net income or net loss for a specific accounting period is called:**  
 (a) Position statement (b) Statement of condition  
 (c) Financial statement (d) Bank reconciliation statement
- (xix) **Which one of the following is appeared in the balance sheet?**  
 (a) Revenue expenditure (b) Capital expenditure  
 (c) Deferred expenditure (d) Both b & c
- (xx) **If a liability is recorded as income, it will be considered as:**  
 (a) Error of commission (b) Error of omission  
 (c) Error of principle (d) None of these

*f*



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# MODEL PAPER "PRINCIPLES OF ACCOUNTING"

Intermediate (Part – I) Examination 2015

SUBJECTIVE

Time: 2:30 Hours

Marks: 80

## PART – I

**Q.No.2: Write short answer to any five (5) questions.**

**(2 x 5 = 10)**

- (i) Define Accounting.
- (ii) Define "Money Measurement Concept".
- (iii) What are the three basic elements of accounting equation?
- (iv) Define "Double Entry System".
- (v) Define the term Journal.
- (vi) What is "Trial Balance".
- (vii) What is meant by dishonor of bill of exchange?
- (viii) Write the names of four subsidiary books.

**Q.No.3: Write short answer to any five (5) questions.**

**(2 x 5 = 10)**

- (i) What is contra entry?
- (ii) Define "Bank Reconciliation Statement".
- (iii) Differentiate between "Gross profit" and "Net profit".
- (iv) Pass the adjusting entry for depreciation.
- (v) What do you mean by work sheet?
- (vi) Define income statement.
- (vii) Give two examples of capital expenditures.
- (viii) What is a suspense account?

## PART – II

**NOTE: Attempt any THREE (3) Questions.**

**(20 x 3 = 60)**

**Q.No.4:**

An Owes B a sum of Rs. 1,500, on 1<sup>st</sup> January, 2015, he accepts a bill for the amount for 3 months drawn on him by B.B gets it discounted with his banker for Rs. 1,450. On the due date the bill is dishonored and the bank pays Rs. 20 as nothing charges. A pays Rs.400 in cash and accepts another bill for the balance together with interest of Rs. 30 for two months. On the due date the bill is honored by the acceptor A.

**Required: Pass the Journal entries in the books of B and A.**

**Q.No.5:** The balance as per cash book of Aslam Traders on 31<sup>st</sup> January 2015 was Rs. 19,370.

- 1) Cheques amounting to Rs. 2,820 issued to a creditor and entered in cash book were not presented for payment.
- 2) A cheque for Rs.1,750 received from universal Ltd and paid into bank was dishonored.

**Q.NO.7**

- (a) Cost of a new machinery.
- (b) Legal expenses incurred in an income tax appeal.
- (c) Cost of air conditioning the office of the general manager.
- (d) Cost of acquiring the goodwill of an old firm.
- (e) Cost of redecorating the cinema hall.
- (f) Carriage paid on goods purchased.
- (g) Repair to furniture purchased second hand.
- (h) Amount spent on uniform to the staff.

**Required: State with reasons whether the above expenditures are capital expenditures or revenue expenditures.**

**Q.No.8**

- (i) Legal expenses Rs. 3,000 paid to lawyer have been wrongly debited to his personal account.
- (ii) Wages paid Rs.2000 wrongly debited to custom duty.
- (iii) Trade expenses Rs 180 posted in ledger as Rs. 810.
- (iv) A sale of Rs. 3,000 to A was wrongly debited to account of B.
- (v) sales book was over cast by Rs.3000
- (vi) Sales returns of Rs.500 were taken into stock but no entry was passed in the books.

**Required: Pass journal entries to rectify the above mentioned errors.**

**Q.No.9: (a)**

- (i) Mr. Farooq started business with cash RS. 84, 000
- (ii) He purchased goods for cash RS. 13, 000
- (iii) He purchased furniture costing RS. 2, 000
- (iv) He sold goods for cash Rs.3000 costing RS. 1, 800
- (v) He paid salaries RS. 1, 200

**Required: Show the effects of above transactions on accounting equation.**

**Q.No.9: (b)**

**2015**

	<b>RS.</b>
May 01: Commenced Business with Cash.	250,000
May 03: Goods purchased from Tanveer on credit.	10,000
May 08: Purchased type writer from Muzammal.	10,000
May 15: Cash sales to Rahim.	6,000
May 20: Paid salary to clerk.	3,000

**Required: Record the above transactions in journal and prepare cash account.**

*(Handwritten signatures and notes in blue ink)*

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