

MODEL PAPER“PRINCIPLES OF ACCOUNTING”
Intermediate Part-I Examination

OBJECTIVE

Time: 30Minutes

Marks: 20

Note:Write answers to the questions on the objective answer sheet provided. You have four choices for each objective type question as A, B, C, and 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 to 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) The valuation of closing stock is at:
(a) cost (b) market price (c) both (d) none of these
- (ii) purchase book is maintained to record:
(a) cash purchase (b) purchase to furniture
(c) credit purchase (d) none of these
- (iii) Sales book is maintained to record:
(a) credit sales (b) cash sales
(c) all cash and credit sales (d) none of these
- (iv) Unfavourable bank balance means:
(a) credit balance in cash book (b) credit balance of pass book
(c) debit balance of cash book (d) none of these
- (v) Bank reconciliation statement is prepaid by:
(a) accountant (b) banker (c) auditor (d) none of these
- (vi) A bill of exchange is drawn by a:
(a) debtor (b) creditor (c) holder (d) none of these
- (vii) Real accounts are related to:
(a) customers (b) assets (c) expenses (d) none of these
- (viii) Cash sales are recorded in:
(a) cash book (b) sales book
(c) customer's book (d) none of these
- (ix) The amount of rent paid to Anis should be debited to:
(a) Anis A/e (b) Rent A/e (c) Cash A/e (d) Sales A/e
- (x) Prepaid expense is:
(a) liability (b) asset (c) expense (d) none of these
- (xi) The amount of cash or goods invested by the proprietor in a business is called:
(a) expense (b) asset (c) capital (d) revenue
- (xii) The language of business:
(a) economics (b) accounting (c) both (d) none
- (xiii) The person to whom goods are sold on credit is called:
(a) seller (b) buyer (c) debtor (d) creditor

- (xiv) Discount received is a:
(a) asset (b) revenue (c) liability (d) expense
- (xv) A person to whom the bill is drawn:
(a) drawer (b) drawee (c) both (d) none
- (xvi) Wrong addition is:
(a) error of omission (b) error of commission
(c) error of principle (d) none of these
- (xvii) When saleable goods are bought in a business it is said to be:
(a) sale (b) purchase (c) goods (d) none
- (xviii) Cash discount is provided on:
(a) sale (b) purchase
(c) prompt payment (d) all of these
- (xix) Noting charges are paid when bill is:
(a) met (b) discounted (c) dishonoured (d) none of these
- (xx) Balance sheet is a statement of:
(a) assets (b) liabilities
(c) both assets and liabilities (d) none of these

MODEL PAPER“PRINCIPLES OF ACCOUNTING”
Intermediate Part-I Examination

SUBJECTIVE

Time: 2:30Hours

Marks: 80

Note: Out of Questions Nos.1,2,3 and 4 write any 25 (Twenty five) short answers. While writing answer write question No. carefully.

(25x2)=50

Q.No.1. Write short answers.

- (i) Define book keeping.
- (ii) What is meant by Business?
- (iii) Explain the business term “Capital”?
- (iv) What is meant by credit purchases?
- (v) What is meant by commission?
- (vi) Define Journal?
- (vii) What are the types of accounts?
- (viii) What is meant by posting?
- (ix) Define “Trade Discount.”

Q.No.2. Write short answers.

- (i) Define Accounting Equation?
- (ii) What is meant by Assets?
- (iii) What are the rules of debit and credit for Real Accounts?
- (iv) What is Bank Reconciliation-statement?
- (v) Define Bill of Exchange?
- (vi) Define Cash Book
- (vii) Define Net Profit.
- (viii) Write any four current Assets.
- (ix) Define fixed Assets?

Q.No.3. Write short answers.

- (i) Define Balance Sheet.
- (ii) What is Prepaid expense?
- (iii) What are outstanding expenses?
- (iv) Define Depreciation?
- (v) Define purchase Return.
- (vi) What is meant by closing stock?
- (vii) Define Trial Balance.
- (viii) Define Liabilities.
- (ix) What is Accrued Income?

Q.No.4. Write short answers.

- (i) Define Revenue expenditures.
- (ii) Write any four direct expenses.
- (iii) What is meant by Dishonors of a bill?
- (iv) What is Capital Profit?
- (v) What is Revenue Receipt?
- (vi) What is meant by Retirement of a bill?
- (vii) What is Error of Omission?
- (viii) Define adjustment..
- (ix) Define Error of Principle?
- (x) What is meant by suspense account?

SECTION -II

Note: - Attempt any THREE questions.

(10x3)=30

Q.No.5. Arif sold goods to Aslam for Rs 6000/- on 1st January 2006. Arif drew and Aslam accepted a bill for the amount for three months on the same date. Arif discounted the bill from his bank at 12% p.a. On the due date the bill was dishonoured and bank paid Rs 50/- for noting charges.

Pass journal entries in both parties books.

Q.No.6. From the following particulars, ascertained from the books of M/S Usama & Co. on 31st March, 2006 you are required to prepare bank reconciliation statement.

- (i) Balance as per pass book (overdraft) Rs. 5450/-
- (ii) Interest on investment Rs.1800/- collected by bank but not recorded in cash book.
- (iii) Uncredited cheques Rs.2500/-
- (iv) Unpresented cheques Rs.1500/-
- (v) Bank charges charged by bank Rs.50/- not recorded in cash book.
- (vi) Interest on overdraft Rs.200/- debited in Pass book not recorded in cash book.

Q.No.7. Give the necessary journal entries to correct the following errors:

- (i) Bought goods for Rs.500 has been wrongly debited to furniture account.
- (ii) Rs.400 received from Hamza wrongly entered as from Hassan.
- (iii) A bill for Rs.2000 for plant sold to Asim was credited to sales account.
- (iv) Goods to the value of Rs.1500/- were returned by Ammar but return was not recorded in the books.
- (v) Salary Rs.2000 paid to Clerk debited to his personal account.

Q.No.8. State with reasons which of the following items are capital or revenue:

- (i) Cost of replacement of an old and worn out part of plant.
- (ii) Cost of good-will.
- (iii) Repair charges of machinery.
- (iv) Interest on loan borrowed for business.
- (v) Legal expenses incurred on income tax appeal.

Q.No.9. Prepare a trading and profit and loss account for the year ended 31 December, 2005 and a Balance sheet as at that date of Mohsin.

	Rs.	Rs.
Capital		50000
Machinery	7600	
Purchases	104000	
Freight	300	
Carriage in	700	
Returns	2400	3200
Wages	7000	
Drawing	3000	
Sales		132000
Salaries	6500	
Rent	2000	
Debtors and creditors	64000	68000
Stock (1 -1 - 2005)	10000	
Bill receivable and payable	2700	4600
Cash in hand	27400	
Cash at bank	20200	
	257800	257800

Adjustment:

- (i) Stock at the end of the year Rs. 8000.
- (ii) Salaries outstanding Rs.200.
- (iii) Depreciation on machinery 10% P.A.
- (iv) Prepaid rent Rs. 400.