

Principles of Accounting

Rawalpindi Board ICOM I 2018 Annual

Q 1:

1	Contra entry is recorded on both sides of:		
A)	Ledger	B)	Journal
C)	Cash Book	D)	Trial Balance
2	Bank reconciliation is prepared by:		
A)	Bank	B)	Accountant
C)	Both A & D	D)	Customer
3	Bank statement is prepared by:		
A)	Customer	B)	Auditor
C)	Bank	D)	Both A & C
4	For a business, capital is:		
A)	Expense	B)	Income
C)	Asset	D)	Liability
5	Drawings are deducted from:		
A)	Inventory	B)	Capital
C)	Income	D)	Expense
6	Every transaction is first recorded in:		
A)	Journal	B)	Ledger
C)	Trial Balance	D)	Cash Book
7	Opening stock is written in:		
A)	trading account	B)	profit and loss account
C)	balance sheet	D)	Both A & C
8	Kinds of book keeping errors are:		
A)	Four	B)	Five
C)	Six	D)	Two
9	The word "suspense" means:		
A)	certain	B)	Uncertainty
C)	artificial	D)	insufficient
10	Recording of business transactions in a systematic way is called:		
A)	Accounting	B)	Posting
C)	Journalising	D)	Book keeping
11	Accounting is called of business:		
A)	Heart	B)	Soul

C)	Eye	D)	tongue/ language
12	Accounting principles can be classified in:		
A)	Two kinds	B)	Three kinds
C)	Four kinds	D)	Five kinds
13	Expenses paid will decrease to:		
A)	Cash	B)	Expense
C)	cash and capital	D)	Capital
14	Day book is also called ___		
A)	Journal	B)	Ledger
C)	Cash Book	D)	pass book
15	King of books of accounts is:		
A)	profit and loss A/C	B)	Journal
C)	trial balance	D)	Ledger
16	Credit purchases are recorded in:		
A)	Purchase Journal	B)	Cash Journal
C)	Sales Journal	D)	purchases return journal
17	Parties in bills of exchange are:		
A)	Five	B)	Two
C)	Three	D)	Four
18	Recording of transactions in ledger is called:		
A)	Journalising	B)	posting
C)	book keeping	D)	accounting
19	Compound entry effects at least accounts:		
A)	Five	B)	Four
C)	Three	D)	Two
20	A gradual decrease in value of a fixed asset due to its use is called:		
A)	dissolution	B)	fluctuation
C)	appreciation	D)	depreciation

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Essay Type Time: 2:30 hrs Marks: 80

Section — I (10 x 2 = 20)

Q 2: Write short answers of any FIVE (5) parts from the following: 10

- i. What is meant by real account?

- ii. What is meant by contra entry?
- iii. Define cash book.
- iv. What is meant by debit note?
- v. What is meant by ledger?
- vi. Define simple entry.
- vii. What is meant by purchase book?
- viii. Define narration.

Q 3: Write short answers to any FIVE (5) parts from the following: 10

- i. What is meant by drawer of a bill of exchange?
- ii. What is meant by renewal of a bill of exchange?
- iii. Define final accounts.
- iv. What is meant by bad debts?
- v. What is meant by revenue profit?
- vi. Give four examples of capital expenditures.
- vii. What is meant by error of omission?
- viii. Give four examples of error of commission.

Section — II (20 x 3 = 60)

Note: Attempt any THREE of the following questions.

Q 4: (A) Record the following transactions of Bilal Traders in the General Journal.

- a) Bilal started business with cash Rs. 50000.
- b) Purchased goods for cash Rs. 15000.
- c) Sold goods to Niaz for Rs.8000 at trade discount of 5%.
- d) Sold goods for cash Rs. 2000.
- e) Received cash from Niaz for goods sold on account.

(B) Prepare accounting equation from the following transaction of Iqbal Traders.

- a) Iqbal started business with cash Rs. 50,000, furniture Rs.10,000 and stock Rs.5000.
- b) Purchased goods for cash Rs.10,000 at 10% trade discount.
- c) Sold goods for cash Rs.10,000 costing Rs.7500.
- d) Purchased goods on account Rs.5000.
- e) Paid cash Rs.3000 for office rent.

Q 5: Prepare a bank reconciliation statement from the following information.

- I. Balance as per cash book Rs.40000.
- II. Insurance Rs.2000 paid by bank.
- III. Interest Rs.500/= credited by bank.
- IV. Unpresented cheques Rs.7000.
- V. A cheque for Rs.5000/= was deposited in bank but returned dishonoured.
- VI. Uncredited cheques Rs.8000.

Q 6: Saeed sold goods to Naveed for Rs. 60,000 on Jan 15, 2016 and on the same day Saeed drew a bill on Naveed for the amount. Naveed accepted the bill and returned to Saeed. On 4th Jan, 2016 Saeed discounted the bill with his bank @10%p.a. On the due date bill was duly met by Naveed.

Required: Give Journal entries in the books of both the parties.

Q 7: Prepare trading and profit & loss account and balance sheet of Mr. Saffi and Co for the year ended December 31st 2011.

Debit Balance	Rs.	Credit Balance	Rs.
Drawing	3025	Sales	27500
Debtor	16500	Commission	1350
Machinery	14025	Capital Creditors	31187
Building	17750	Creditors	7000
Cash	315	Loan	20183
Wages	2730		
Rent	11200		
Purchases	15000		
Opening Stock	6675		
Total	87220	Total	87220

Adjustments:

- i. Closing stock Rs.7500.
- ii. Un-earned commission Rs.450.
- iii. Outstanding rent Rs.500.
- iv. Depreciation 10% on building.

Q 8: State with reasons which the following items are capital or revenue.

- i. Paid carriage for goods purchased.
- ii. Paid salaries to employees.
- iii. Depreciation on plant and machinery.
- iv. Legal expenses for registration of land.
- v. Interest on loan borrowed from bank.
- vi. Cost of air-condition in the office of General Manager.
- vii. Replacement of worn-out parts of equipment.
- viii. Amount spent on uniform of the employees.
- ix. Merchandise purchased for re-sale.
- x. Repair of motorcar met with an accident.

Q 9: Rectify the following errors.

- i. Goods taken away by proprietor for personal use was debited to charity account Rs.3000.
- ii. Old furniture sold was credited to sales account Rs.1700.
- iii. Cash received from Mr. Munir Rs. 7192 has been credited to his account as Rs.7912.
- iv. Debit side of cash book has been over cast Rs.300.
- v. Payment of repair expenses on furniture was wrongly debited to furniture account Rs.1000.
- vi. Interest paid Rs.1200 was wrongly posted as interest received.

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Email: myelysium004@gmail.com

The End

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