

Principles of Accounting

Rawalpindi Board ICOM I 2019 Annual

Q 1:

1	Accounting is a language of:	
A)	Business	B) Accountant
C)	Business-man	D) teacher
2	Any activity carried out for earning profit is called:	
A)	Transaction	B) Business
C)	Help	D) Liability
3	A brief explanation under each Journal entry is called:	
A)	detail	B) entry
C)	narration	D) contra entry
4	A business which provides services to customers is called:	
A)	services business	B) trading business
C)	manufacturing business	D) all these
5	Assets which provide benefit for more than one accounting period are called. ___ assets:	
A)	current	B) fixed
C)	contingent	D) trading
6	Such fixed assets which do not have physical existence are called:	
A)	tangible	B) valuable
C)	intangible	D) security
7	Increase in assets is recorded as:	
A)	credit	B) Debit
C)	positive	D) negative
8	As per traditional classification of accounts, cash account is a:	
A)	Real a/c	B) Nominal a/c
C)	Personal a/c	D) all these
9	The process of totaling the ledger balance is called:	
A)	costing	B) posting
C)	Journalizing	D) None
10	Through which gross profit or loss is determined?	
A)	Trading account	B) Balance sheet
C)	Profit & Loss account	D) Nominal account
11	Which one of the following is a direct expense?	
A)	salary	B) carriage

C)	rent	D)	carriage out
12	Revenue earned but not yet received is called:		
A)	advance income	B)	accrued
C)	deferred	D)	None
13	Purchase Journal is used to record:		
A)	Credit purchase	B)	cash purchase
C)	cash sales	D)	credit sale
14	The post-dated cheques are considered as:		
A)	cash	B)	inventory
C)	Liability	D)	accounts receivable
15	The contra entry is recorded in cash book on:		
A)	debit side	B)	credit side
C)	both A & B	D)	None of these
16	The favourable balance of bank statement is called:		
A)	credit	B)	debit
C)	negative	D)	zero balance
17	The bank reconciliation is a:		
A)	Journal	B)	Ledger
C)	Cash book	D)	Statement
18	Payment of bill of exchange before due date means:		
A)	retiring of bill	B)	discounting of bill
C)	cancellation of bill	D)	None of these
19	Which one of the following is a revenue receipt?		
A)	loan from bank	B)	investment by owner
C)	sale of goods	D)	sale of plant
20	An error which cancels the effect of another error is called:		
A)	compensating	B)	principle
C)	error of omission	D)	None

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. Define Journal.

- ii. Define Narration.
- iii. Define Ledger.
- iv. Define Trade discount.
- v. Define debtor.
- vi. Define zero balance.
- vii. Define purchase return.
- viii. Define real accounts.

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

- i. What is meant by inland bill?
- ii. Define retiring of a bill.
- iii. What is meant by single column cash book?
- iv. What is meant by purchase book?
- v. Define unrepresented cheque.
- vi. Define profit and loss account.
- vii. What is meant by revenue expenditures?
- viii. Define error of commission.

Section — II (20 x 3 = 60)

Note: Attempt any THREE of the following questions.

Q 4: Record the following transaction in general Journal.

- i) Commenced business with cash Rs.50000.
- ii) Purchased goods from Habib Rs. 7000.
- iii) Sold goods for Rs. 6000.
- iv) Withdrew cash Rs. 2000 for personal use.
- v) Purchased Motor Van Rs.70000.
- vi) Charged depreciation on Motor Van Rs. 2000.
- vii) Deposited cash into bank Rs. 7000.
- viii) Bought goods by cheque Rs.1000.
- ix) Goods given away as charity Rs. 2000.
- x) Goods valued Rs. 2000 distributed as free samples.

Q 5: From the following particulars of Iqbal Traders for the month of July 2012; Prepare bank reconciliation for the month of July.

- i) Balance as per cash book Rs.4239.35.
- ii) Cheque issued but not presented for payment Rs.694.10.
- iii) Bank service charges amounting to Rs. 7.15.
- iv) Cheque deposited but not yet credited by bank Rs.1200.
- v) Amount collected as interest by the bank on Govt. securities not yet entered in cash book Rs.300.

- vi) Cheque issued but returned dishonoured Rs. 7000.
- vii) Insurance premium paid by bank Rs.300.

Q 6: B sold goods to C for Rs.8000/= and draws a bill for three months. Pass necessary Journal entries in the books of B.

- i) If the bill is retained and met at maturity.
- ii) If the bill is discounted for Rs.7600/= from bank.
- iii) If the bill is endorsed to D.
- iv) If the bill is sent to bank for collection.
- v) What further entries will be passed if the bill is dishonoured?

Q 7: From the following trial balance of Ahmed & Co. prepare trading and profit and loss a/c and balance sheet as on December 31,2017.

Debit Balance	Rs.	Credit Balance	Rs.
Drawing	360	Capital	54000
Opening Stock	26550	Commission	700
Building	20000	Creditors	2050
Salaries	600	Sales	30690
Debtor	2780	Return Outward	245
Cash in Hand	690	Bill Payable	400
Cash at Bank	18500		
Purchases	16750		
Discount Allowed	240		
Carriage Inward	150		
Insurance	530		
Rent & Taxes	210		
Return Inward	125		
Bill Receivable	600		
Total	88085	Total	88085

Adjustments:

- i. Closing stock Rs.30600.
- ii. Outstanding Salaries Rs.250.
- iii. Depreciation on building at 5% p.a.
- iv. Prepaid rent Rs.50.

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

- i. Cost of trade mark.
- ii. Wages paid for construction of a new building.
- iii. Payment of annual taxes.
- iv. Cost of patent rights.
- v. Replacement of worn out parts of truck.
- vi. Cost of re-decorating a Cinema hall.
- vii. Amount spent on uniform of employees.

- viii. Attorney fee paid on an income tax appeal.
- ix. Salaries paid to office staff.
- x. Legal expenses incurred to obtain bank loan.

Q 9: Rectify the following errors.

- I. Goods sold to Aslam Rs.8000 were debited to his account Rs.800.
- II. Sales book was under-casted by Rs.3500.
- III. Rs.7500 received from Amir was not posted his account.
- IV. Salary paid to Asif Rs.8000 was wrongly debited to his account.
- V. Purchased machinery Rs.10000 has been debited to purchases account.
- VI. Goods sold to Ahmed Rs.15000 wrongly debited to Usman.
- VII. Rs.5000 withdrawn by owner for personal use wrongly debited to salaries account.
- VIII. Rs.2000 received from Nazia wrongly credited to Shazia.
- IX. Wages paid Rs.1000 posted twice in wages account.
- X. Furniture sold Rs.4000 recorded as sales.

The End

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