

Principles of Accounting

Rawalpindi Board ICOM I 2022 Annual

Q 1:

1	The art of recording business dealings in books of accounts is called:		
A)	Accounting	B)	Recording
C)	Book Keeping	D)	Cost Accounting
2	Economic resources owned by a business are called:		
A)	Assets	B)	Liabilities
C)	Capital	D)	Goodwill
3	The claim of creditors against business assets is called:		
A)	Capital	B)	Liability
C)	Expense	D)	Asset
4	The normal balance of assets account is called:		
A)	Debit Balance	B)	Credit Balance
C)	Positive Balance	D)	Negative Balance
5	The types of ledger are:		
A)	Five	B)	Four
C)	Two	D)	Three
6	The book keeper's task is finished after preparation of:		
A)	General Journal	B)	Ledger
C)	Trial Balance	D)	Cash Book
7	Purchased Journal is used to record:		
A)	Cash Purchases	B)	Credit Purchases
C)	Credit Sales	D)	Cash Payment
8	Petty Cash is a branch of:		

A)	General Journal	B)	Ledger
C)	Trial Balance	D)	Cash Book
9	Cheque book is not issued by the bank for:		
A)	Fixed Deposit	B)	Current Account
C)	Saving Account	D)	Joint Account
10	Crossing make the cheque:		
A)	Favorable	B)	Acceptable
C)	Valuable	D)	Safe
11	A person to whom bill is endorsed is called:		
A)	Endorser	B)	Drawer
C)	Endorsee	D)	Drawee
12	Rebate is associated with:		
A)	Renewal of bill	B)	Retiring of bill
C)	Honour of Bill	D)	Dishonour of Bill
13	Abill of exchange is defined under negotiable instruments Act		
A)	1930	B)	1981
C)	1881	D)	1945
14	One of the direct expense is:		
A)	Salary	B)	Rent
C)	Carriage Out	D)	Carriage in
15	Prepaid expenses are business:		
A)	Expense	B)	Revenue
C)	Liabilities	D)	Assets
16	Accrued revenues are shown in:		
A)	Balance Sheet	B)	Petty Cash Book
C)	Trading Account	D)	Profit & Loss Account

17	Advertising expense is a:			
A)	Revenue Receipt	B)	Revenue Expense	
C)	Capital Expense	D)	Capital Payment	
18	Revenue receipts are part of:			
A)	Balance Sheet	B)	Income Statement	
C)	Cash Book	D)	Pass Book	
19	If transaction is recorded in journal but not posted in ledger is called:			
A)	Error of principle	B)	Posting Error	
C)	Compensating Error	D)	Error of Omission	
20	Errors are classified into:			
A)	Two	B)	Three	
C)	Four	D)	Five	

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) Differentiate between trading business and service business.
- (ii) Calculate trade discount @5% on Rs. 5000.
- (iii) Explain the term drawings.
- (iv) Give two examples of real account.
- (v) Give two examples of disagreement between cash book and pass book.
- (vi) What is compound entry?
- (vii) Cash Rs. 500 taken away by the owner for personal use. Write journal entry.
- (viii) Describe sales journal.

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

- (i) Write two differences between trade bill of exchange and accommodation bill of exchange.
- (ii) Explain promisory note highlighting the parties in it.
- (iii) Give two examples of intangible assets.

- (iv) Make an entry of allowing depreciation on furniture Rs. 3000.
- (v) Define capital expense.
- (vi) If an expense is of recurring nature, what it will be called?
- (vii) What is meant by error of principle?
- (viii) Define suspense account.

Section — II (20 x 3 = 60)

Note: Attempt any **THREE** of the following questions.

Q 4: Journalize the following transactions:

- (i) Mr X. started business with cash Rs. 50,000
- (ii) Bought furniture for cash Rs. 10,000.
- (iii) Bought merchandise for cash Rs. 5000.
- (iv) Bought merchandise on account for Rs. 6000
- (v) Sold goods for cash Rs. 5000/-
- (vi) Sold goods on account Rs. 3000/-
- (vii) Paid cash Rs. 3000 to the supplier of merchandise.
- (viii) Received cash from credit customer Rs. 1000.
- (ix) Goods withdraw for personal use Rs. 500
- (x) Paid utility bill Rs. 500

Q 5: From the following transactions of MS. Shyan Traders prepare accounting equation.

- (i) Started business with cash Rs. 10,000
- (ii) Bought Motor van for business with cash Rs. 2000
- (iii) Bought furniture for business by cash Rs. 1000
- (iv) Bought goods on credit Rs. 5000
- (v) Paid cash Rs. 100 fee carriage on goods purchased.
- (vi) Sold goods for cash Rs. 4000
- (vii) Paid shop rent Rs. 500
- (viii) Withdrew cash Rs. 200 for personal use.

Q 6: From the following particulars of Ali Traders prepare bank reconciliation statement for 31-12-2020

- (i) Balance as per cash book Rs.25,000/-
- (ii) Cheques deposited but not yet credited by Bank Rs. 5000
- (iii) Unpresented cheques Rs. 10,000

- (iv) Bank charges Rs. 2000
- (v) Direct deposited by customer into a bank Rs. 6000.
- (vi) Interest on investment collected by bank Rs. 1500

Q 7: On 1st April 2021 Abu Bakar sold goods to Faheem for Rs. 30,000 and drew upon him a bill for three months for the amount. Faheem accepted and returned to Abu Bakar. On 4th April Abu Bakar endorsed the bill in favor of Atif. On maturity, Faheem honoured his acceptance. Pass journal entries in the books of Aby Bakar and Faheem.

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

- (i) Wages pain on installing a new machinery.
- (ii) Wages paid on the purchase of goods.
- (iii) Preliminary expenses in the formation of Company.
- (iv) Cost of a air conditioning the office.
- (v) Cost of redecorating a cinema hall.
- (vi) Painting expenditure of newly constructed building.
- (vii) Repair and renewal of machinery.
- (viii) Wages paid to workers for manufacturing goods.
- (ix) Purchase of machinery.
- (x) Freight paid on purchase of machinery.

Q 9: From the following trial balance, prepare trading profit and loss account and balance sheet.

Particulars	Debit Rs.	Credit Rs.
Purchases	350,000	
Sales Return	2000	
Wages	5000	
Discount	1000	
Debtors	350,000	
Rent	60,000	
Furniture	200,000	
Opening Stock	268,000	
Building	300,000	
Creditors		35,000
Purchases Return		1000
Sales		650,000
Capital		750,000
Bank Loan		100,000
Total	15,36,000	15,36,000

Adjustments

- (i) Closing stocks Rs. 90,000
- (ii) Prepaid Rent Rs. 5000
- (iii) Wages outstanding Rs. 2000
- (iv) Depreciate furniture by 10% per annum.

The End

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