

# Principles of Accounting

## Federal Board ICOM I 2022 Supplementary

Q 1: MCQ's not available

Time allowed: 2:35 Hours

Total Marks Sections B and C: 80

**NOTE:** Sections 'B' and 'C' comprise pages 1-2. Answer any ten parts from Section 'B', any one question from Section 'C' (Part-I) and three questions from Section 'C' (Part-II) on the separately provided answer book. Use supplementary answer sheet i.e. Sheet—B if required. Write your answers neatly and legibly.

### SECTION — B (Marks 30)

Q 2: Attempt any TEN parts. The answer to each part should not exceed 3 to 4 lines.

- (i) What is suspense account?
- (ii) What is meant by capitalized expenditures?
- (iii) Differentiate between "Normal loss" and "Abnormal loss".
- (iv) Describe "Contingent Liability" with example.
- (v) Describe contra entry with example.
- (vi) What is an imprest system of petty cash book?
- (vii) Differentiate between "Trade bills" and "Accommodation bills".
- (viii) Distinguish between "Term bills" and "Demand bills".
- (ix) What are the stages of Accounting cycle?
- (x) Differentiate between "Journal" and "Journalising".
- (xi) What is Realization concept?
- (xii) What are the rules of debit and credit for liabilities, revenue and capital?

### Section — C Part I Marks 50

**Note: Attempt any one question.**

**Q 3:** From the following particulars write up a triple column cash book of Mr. Usman & Co.

2018 March 1 Usman invested Rs 480,000 in the business.

2 Open a current a/c with Meezan bank with Rs 230,000.

4 Purchased goods for cash Rs. 12,000 and from Mr. Aslam for Rs 18,000.

5 Sold goods to Noman & Co. for Rs 48,000 and received payment by cheque.

8 Payment made to Mr. Aslam at 2% cash discount, in full settlement of dues.

11 Sold goods to Mr. Akbar for Rs 85,000 and received from him, cash Rs. 30,000 and a cheque for Rs 55,000 which is deposited into bank.

- 15 Deposited Mr. Noman & Co.'s cheque into the bank.
- 17 Purchased furniture for Rs. 42,000, paying cash Rs. 25,000 and issue cheque for the balance.
- 18 Received commission by cheque for Rs. 8,000
- 20 Paid wages in cash for Rs. 10,000 and rent for office building Rs. 25,000 through a cheque.
- 21 Withdraw cash from bank for household use Rs. 20,000
- 22 Received from Zahid cash Rs. 60,000 and a cheque Rs. 35,000 both deposited into bank.
- 23 Cash sales Rs. 30,000 and banked the same
- 25 Withdrawn cash from bank for Rs. 50,000
- 28 Bank credited interest for Rs. 10,000
- 31 Bank debited bank charges for Rs. 2500

**Q 4:** From the following trial balance of Shehzad & Co., you are required to prepare trading and profit and loss account for the year ending 31<sup>st</sup> December 2017 and a balance sheet as at that date:

Particulars	Debit Rs.	Credit Rs.
Land & Building	250,000	
Furniture & Fixtures	26,000	
Opening Stock	80,600	
Drawings and Capital	64,000	280,000
Purchases and Sales	220,000	408,000
Debtors and Creditors	60,800	48,000
Returns	12,000	10,000
Loan from HBFC		80,000
Wages & Salaries	53,000	
Printing and stationery	6200	
Bad debts	8400	
Provision for doubtful debts		6760
Cash at bank	51,760	
	<b>832,760</b>	<b>832,760</b>

**Adjustment:**

- i) Closing stock was valued at Rs. 100,000
- ii) Depreciate land & Building at 2.5%
- iii) Write off Rs. 4800 bad debts from debtors
- iv) Outstanding wages Rs. 2000

### Part II Marks (10 x 3 = 30)

**Note: Attempt any THREE questions.**

**Q 5:** On 1<sup>st</sup> January 2018 the balance of M/S Faseeh Bros are as follows:

Assets	Rs.	Liabilities + Capital	Rs.
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Cash	125,000	Capital	234,000
Debtors	17,000		
Stock of Goods	22,000		
Machinery	70,000		
	<b>234,000</b>		<b>234,000</b>

Transactions during the month of January are as follows:

January 1 Purchased goods for cash Rs. 10,000 subject to a trade discount of 10%.

January 3 Goods sold on credit Rs. 15,000 costing Rs. 12,000.

January 5 He purchased goods for cash Rs. 20,000 and credit Rs. 17,000

January 8 He withdraws cash Rs. 35,000 for his personal use.

January 10 Goods returned by customer Rs. 2000, costing Rs. 1700.

January 15 He paid rent Rs. 2000 and rent outstanding Rs. 3000.

January 20 Salary paid in advance Rs. 10,500

January 28 Depreciation on machinery 5%.

January 31 Commission received in advance Rs. 4500.

**Required:** Show the effects on the Accounting Equation.

**Q 6:** Record the following transaction in the Journal, post them in the ledger and prepare a trial balance.

July 1, 2018: Umer started business with a capital of Rs. 750,000 of which Rs. 350,000 was paid into bank.

July 2, 2018: Purchased goods for cash Rs. 25,000 and Rs. 20,000 on credit from Tahir Bros.

July 06, 2018: Sold goods for cash Rs. 22,000 of which Rs. 8000 was paid into the bank.

July 10, 2018: Sold goods to Ammar for cash Rs. 14,000 and to Zahid for Rs. 26,000.

July 14, 2018: Cheque given to Tahir Bros. after less cash discount 2% in full settlement of his dues.

July 28, 2018: Paid rent Rs. 4000, salaries Rs. 8000 by cheque.

**Q 7:** According to their cash book Iqbal & Sons Ltd has a balance at bank Rs. 380,000 on 31<sup>st</sup> March 2018, but this did not agree with bank statement on the same date. An investigation into the difference, provided the following information:

- 1) Cheque amounting to Rs. 28,200, issued to a creditor and entered in cash book, were not presented for payment
- 2) Rs. 40,000 worth of cheques were sent for collection and only Rs. 25,000 worth of cheques were collected up to 31<sup>st</sup> March
- 3) Mr. Iqbal & Sons paid into bank account in cash an amount of Rs. 8,000 but it was wrongly credited to Mr. Zubair's account by bank.
- 4) Bill discounted with the bank and dishonored Rs. 30,000
- 5) Dividend money of Rs. 18,000 and Interest on securities for Rs. 6,000 collected by bank at 31<sup>st</sup> March
- 6) Discount received Rs. 1,500 was entered in the bank column erroneously.

**Required:** Prepare a bank reconciliation statement

**Q 8:** The following errors were found from the books of a firm. Pass the necessary entries to rectify them

- a) Rs. 800 paid for wages to workmen for making show cases had been charged to the wages a/c.
- b) A sale of Rs. 18000 has been passed through the purchases book. The customer's account has however been correctly debited.
- c) A sale of Rs. 4500 to Kabir Bros. was credited to their account.
- d) Rs. 30000 paid for the purchase of motor cycle had been; charged to the miscellaneous expenses account
- e) A purchase of Rs. 696 had been debited to supplier's account as Rs. 632. The supplier was Sarwar.

*The End*

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