

Step Academy official

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STUDENT NAME	
PAPER CODE	106279
TIME ALLOWED	
Paper Date	



CLASS	I.COM (PART-I)
SUBJECT	PRINCIPLE OF ACCOUNTING
TOTAL MARKS	
Paper Type	

Write short answers of the following questions.

- 1 . Define the term “Accounting”.
- 2 . What is meant by the term “Business”.
- 3 . Define the term “Cash Discount”.
- 4 . What is the difference between “Asset” & “Liabilities”?
- 5 . What is Capital or owner’s equity?
- 6 . Define the term “Drawing”.
- 7 . Define the term “Drawing”.
- 8 . Define “Going concern concept”.
- 9 . Define cost concept in accounting.
- 10 . Define “Realization concept”.
- 11 . What do you mean by trade discount?
- 12 . Name the three main branches of accounting.
- 13 . Explain the terms “Sales” & “Purchases”.
- 14 . Explain the terms “Credit Sale” & “Credit Purchases”.
- 15 . What do you understand by the term “Returns outwards” & “Returns Inwards”?
- 16 . What do you understand by the terms “Expenses” and “Revenue”.
- 17 . What is meant by “Transaction”?
- 18 . What is meant by “Paper transaction”?
- 19 . What do you mean by “Monetary Events” & “Non-Monetary Events”?
- 20 . Differentiate between “Quantitative changes” & “Qualitative changes”?
- 21 . Write a transaction that will:
- 22 . a. Increase a liability and increase an asset?

- 23 . Write a transaction that will: a. Increase a liability and increase an asset?
b. Increase an asset and increase Proprietorship? c. Decrease an asset and increase an asset?
d. Decrease an asset and decrease in owner's equity?
- 24 . What will be the amount of capital if assets are amounting Rs:50,000 and liabilities Rs:35,000.
- 25 . Define the term "equity".
- 26 . Define "Double entry system".
- 27 . What do you mean by Single entry system?
- 28 . Differentiate between "Double entry system" and "Single entry system".
- 29 . What are "Nominal Accounts"?
- 30 . Define "Real or Property accounts".
- 31 . Discuss the rules of debit and credit for Personal, Real and Nominal accounts?
- 32 . Rules of debit & credit for liabilities, revenue & capital?
- 33 . What is meant by Entry?
- 34 . What do you understand by the term Simple entry?
- 35 . What is compound entry?
- 36 . Differentiate between "Simple entry" and "Compound entry".
- 37 . What is meant by the term "Ledger"?
- 38 . Define the term "Posting".
- 39 . What are the rules for balancing an account?
- 40 . Explain the terms "Debit balance", "Credit Balance" & "Zero Balance".
- 41 . What is "Trail balance"?
- 42 . What are the methods of preparing Trial Balance?
- 43 . Why ledger is called "King of all Books of accounts"?
- 44 . Explain the "Debtor's Ledger and "Creditor's Ledger"?
- 45 . Draw the format of Ledger account.
- 46 . What is Balance?
- 47 . What is meant by acceptance?
- 48 . Define the terms "Drawer", "Drawee" & "Payee"?

- 49 . Differentiate between “Trade bills” and “accommodation bills”?
- 50 . Distinguish between “Term bills” and “Demand bills”.
- 51 . What is meant by Tenor and Maturity?
- 52 . Differentiate between dishonor of bill and renewal of a bill.
- 53 . What does discounting of a bill mean?
- 54 . How many parties are involved in bill of exchange?
- 55 . What is the difference between bill sent to bank for collection and discounting of a bill?
- 56 . Define the term “Days of Grace”.
- 57 . Define the term Rebate.
- 58 . What is meant by retiring a bill under rebate?
- 59 . What is meant by dishonor of bill?
- 60 . Explain the term “accommodation bill”.
- 61 . Define noting charges.
- 62 . Define the term “Bill receivable” and “Bill payable”.
- 63 . Distinguish between dishonor of a bill and cancellation of a bill.
- 64 . What is meant by renewal of a bill?
- 65 . Define Promissory Note.
- 66 . What do you understand by Subsidiary books?
- 67 . Define “Cash Book”, or “Cash Journal”.
- 68 . What do you understand by Purchases book/Purchases journal?
- 69 . What is a Sales returns journal or Sales returns Book?
- 70 . What is purchases returns journal or purchases returns Book?
- 71 . What is bills receivable book?
- 72 . What is bills receivable book?
- 73 . How many groups a journal is mainly divided?
- 74 . What is meant by “Special journal”?
- 75 . Define the term “Bank”.
- 76 . Write three types of Bank accounts.

- 77 . Write three types of Bank accounts.
- 78 . What is saving bank account?
- 79 . What is a cash book? How does it differ from a cash account?
- 80 . What do you understand by bank pass book?
- 81 . Distinguish between Pay-in-slip and cheque book?
- 82 . Explain "Endorsement of the cheque".
- 83 . What is meant by dishonor of cheque?
- 84 . Define single column cash book.
- 85 . Differentiate between "Double column book" & "Treble column cash book".
- 86 . Write any three causes of disagreement between the balance as per cash book and pass book.
- 87 . What is an imprest system?
- 88 . Define "uncredited Cheques".
- 89 . Define unpresented cheque.
- 90 . What will be the favorable balance and unfavorable balance in each book & pass book?
- 91 . Which discount (cash discount, Trade discount) is recorded in the cash book?
- 92 . Differentiate between "Gross profit" and "Net profit".
- 93 . Define "Balance Sheet".
- 94 . Which assets are called "Intangible assets"?
- 95 . What do you understand by current liabilities, give three examples?
- 96 . How many types of current liabilities are there?
- 97 . Define "Contingent liabilities".
- 98 . Differentiate between "Intangible assets" and "Fictitious assets"?
- 99 . Define liquid or quick assets.
- 100 . Define Liquid or Quick liabilities?
- 101 . **What is the difference between "Trial Balance" and "Balance sheet"?**
- 102 . Distinguish between "Direct expenses" and "Indirect expenses" with examples.
- 103 . Distinguish between "Direct revenue" and "Indirect revenue" with examples.
- 104 . Define the cash system of accounting.

105 . What are the prepaid expenses?

106 . What is accrued revenue?

107 . What adjusting entry will be passed for “accrued income”?

108 . Write down the three examples of “Outstanding expenses”.

109 . Define the term “Depreciation”.

110 . What is meant by accumulated depreciation?

111 . What will be adjusting entry for “Interest on capital”?

112 . Define the term “debt”.

113 . What adjusting entry will be for “Interest on drawings”?

114 . What will be the adjusting entry for provision for discount on debtors?

115 . What do you understand by “Provision for discount on creditors”?

116 . What will be the adjusting entry for provision for discount on creditors?

117 . Differentiate between “Bad debts” & “Doubtful debts”?

118 . Pass the adjusting entry for “Bad debts”.

119 . Explain the term “Allowance for Uncollectible”.

120 . What is meant by Bad debts recovered?

121 . What will be the adjusting entry for provision for doubtful debts?

122 . What will be the adjusting entry for provision for doubtful debts?

123 .

Calculate the value of stock in the beginning: sales Rs. 240,000; percentage of gross profit on sales 20%; purchases Rs. 175,000; closing stock Rs: 30,000.

124 .

Calculate the value of stock at the end: sales Rs. 450,000; cash purchases Rs. 100,000; credit purchases Rs. 250,000; carriage in Rs. 12,500; gross profit on sales 20%; opening stock Rs.37,500.

125 . What do you mean by work sheet?

126 . What are the advantages of worksheet? (any two)

127 . What is meant by income statement?

128 . What is the difference between selling expenses and administrative expenses?

129 . What do you understand by “Operating expenses”?

130 . What is a balance sheet?

- 131 . What do you mean by financial statement?
- 132 . What do you mean by cost of goods sold?
- 133 . Differentiate between “Recurring expenses” and “Non recurring expenses”?
- 134 . Differentiate between “Recurring expenses” and “Non recurring expenses”?
- 135 . What is meant by allowance for doubtful debts?
- 136 . Differentiate between “accrued income” and “unearned income”.
- 137 . Differentiate between capital expenditure and revenue expenditures.
- 138 . Differentiate between deferred revenue expenditure and capitalized expenditures.
- 139 . What are revenue receipts, give two examples?
- 140 . What do you mean by capital receipts give two examples?
- 141 . Distinguish between capital receipts and revenue receipts.
- 142 . What do you mean by capital profit?
- 143 . Write down the accounting treatment of capital and revenue profit?
- 144 . What is meant by capital loss, give an example?
- 145 . Define error of omission and error of commission.
- 146 . What is meant by compensating errors?
- 147 . Differentiate error of posting and error of casting.
- 148 .
If the goods purchased from Ali for Rs.4,000 were recorded in purchase book as Rs.400 and posted to Ali account as Rs.40, what rectifying entry will be passed?
- 149 . Sales to Ahmad Rs.336 posted to his account as Rs.363, what rectifying entry is to be passed?
- 150 . Differentiate errors of book keeping and errors of the trial balance.

Write detailed answers of the following questions.

1 . Show the effect of following transactions on the accounting equation:

- (a) Mr. Roshin commenced business with cash Rs. 200,000.
- (b) He purchased furniture for Rs. 10,000.
- (c) He purchased goods worth Rs. 50,000 for cash and goods worth Rs. 30,000 on credit.
- (d) He sold goods to Saleem for Rs. 20,000 costing Rs. 17,000 on credit basis.
- (e) He withdrew cash Rs. 3,000 for his personal use.
- (f) He paid rent for building Rs. 2,000.

2 .

Show the effects of the following transactions on the accounting equation of Mr. Qaiser:

- (a) Commenced business with cash Rs. 1,00,000.
- (b) Purchased goods for cash Rs. 20,000.
- (c) Purchased typewriter for cash Rs. 10,000.
- (d) Rent paid in advance Rs. 8500.
- (e) Commission received in advance Rs. 1500.
- (f) Sold goods for cash Rs. 10,000 costing Rs. 8500.

- 3 . Analyze the following transactions:**
- (a) Rizwan commenced business with cash Rs. 500,000
 - (b) Purchased goods for cash Rs. 150,000
 - (c) Purchased office furniture for cash Rs. 20,000
 - (d) Paid advertising expenses Rs. 2,000
 - (e) Purchased goods from Adil & Sons Rs. 14,000
 - (f) Sold goods for cash Rs. 36,000
 - (g) Sold goods to Salman & Sons Rs. 27,000
 - (h) Received cash from Salman & Sons Rs. 20,000
 - (i) Paid cash to Adil & Sons Rs. 10,000
 - (j) Paid salary to Salesman Rs. 1,500

4 . Record the following transactions in the journal.

- August 01, 2015: Saad started business with cash Rs. 50,000.
- August 05, 2015: Purchased goods for cash Rs. 10,000.
- August 09, 2015: Sold goods for cash Rs. 12,000.
- August 15, 2015: Paid rent Rs. 3,000.
- August 25, 2015: Received interest Rs. 1,000.

5 . Journalise the following transactions in the book of a trader.

- August 01: Introduced cash Rs. 1,48,000 and building Rs. 200,000 as capital.
- August 04: Purchased goods on account from Noor Mills limited Rs. 4,500.
- August 10: Sold goods to Mobeen & Co. for Rs. 1,500.
- August 15: Goods returned by Mobeen & Co. for Rs. 125.
- August 20: Paid insurance premium Rs. 330.

6 . Record the following transactions in journal.

- Oct 01, 2015: Umar started business with a capital of Rs. 74,000.
- Oct 02, 2015: Purchased goods for Rs. 14,000 on credit from Amjad.
- Oct 10, 2015: Sold goods to Aslam for Rs. 9,000.
- Oct 14, 2015: Cash given to Amjad Rs. 13,800 and received discount Rs. 200.
- Oct 19, 2015: Received cash from Aslam Rs. 8,800 in full settlement of account.

7 . Record the following transactions in journal.

- May 01, 2015: Started business with cash Rs. 600,000.
- May 02, 2015: Deposited cash into bank Rs. 400,000.
- May 07, 2015: Bought goods by cheque Rs. 150,000.
- May 10, 2015: Commission paid by cheque Rs. 500.
- May 15, 2015: Interest received on bank deposit Rs. 250.

Record the following transactions in journal.

July 01, 2015: Umar started business with a capital of Rs. 74,000 of which Rs. 34,000 was paid into bank.
July 02, 2015: Purchased goods for cash Rs. 14,000 and Rs. 14,000 on credit from Amjad.
July 04, 2015: Purchased office typewriter for Rs. 11,000 from Muzammal.
July 06, 2015: Sold goods for cash Rs. 4,000 of which Rs. 1,000 was paid into bank.
July 10, 2015: Sold goods for Aslam for cash Rs. 4,000 and to Alam for Rs. 9,000.
July 14, 2015: Cheque given to Amjad Rs. 13,800 and received discount Rs. 200.
July 17, 2015: Amount withdrawn from bank for personal use Rs. 1,500 and for business use Rs. 3,000.
July 19, 2015: Received a cheque from Alam Rs. 8,800 in full settlement of account.
July 30, 2015: Purchased stationary for office Rs. 1,600.
July 31, 2015: Paid rent Rs. 1,200, salaries Rs. 3,400 by cheque.

9 . Journalise the above transactions and post them into the ledger.

Mr. Saeed started his business with cash Rs. 65,000 and Building Rs. 120,000 on 1st January, 2015. His transactions during the month were as follows:

Jan 2, 2015: Purchased goods for cash Rs. 30,000.
Jan 5, 2015: Sold goods for cash Rs. 22,000.
Jan 10, 2015: Bought an iron safe for Rs. 4,000.

10 . Give journal entries in the books of Afan and Azan

Irfan sells goods to Azan for Rs. 10,000 on 1st April 2015, he draws on him a bill for three months which Azan accepts, at maturity the bill is honored.

11 . Give journal entries in the books of Arif, Hanif and Haseeb.

Arif sold goods to Hanif for Rs. 20,000 on credit on 1st March 2015. Arif drew and Hanif accepted a bill for Rs. 20,000 at three months on the same date. Haseeb was creditor of Arif for Rs. 20,000. Arif settled his account by endorsing the bill to Haseeb on March 3, 2015. On maturity, Hanif honored his acceptance.

12 . Give journal entries in the books of A and Bank.

A sold goods to B for Rs. 4,500 on credit on 1st Jan, 2015. A drew a bill on B for Rs. 4,500 on the same date at '3' months. On 2nd Jan, 2015, A sent the bill to the bank for collection. On the due date B met his acceptance and bank received Rs. 20 as collection charges.

13 . Give entries in the books of A and B.

On 1st September, 2015 A owes B a sum of Rs. 30,000. He gives him two acceptances one for Rs. 2,200 at 2 months and 2nd for Rs. 800 at 3 months. B endorses the 1st bill in the favor of his creditor C and sent the 2nd bill to his bank for collection. Both the bills are honored by 'A' on the due date. The bank charges Rs. 20 as collection charges.

14 .

B & Co. sells goods to P for Rs. 6,000 and draws a bill for four months, P accepts the bill and returns it to B & Co. Show what entries should be passed in the books of B & Co.

- (a) If they retained the bill till the due date and then realized on maturity.
- (b) If they discounted the bill with their banker for Rs. 5,880.

- (c) If they endorsed the bill to their creditor M & Co. in settlement of debt.
- (d) If they sent the bill to the Bank for collection.

15 .

Rehman sells goods to Imran for Rs. 30,000 and draws a bill for two months. Imran accepts the bill and returns it to Rehman. Pass the journal entries in the books of Rehman and Imran. If it is dishonored at maturity.

16 . Pass journal entries in the books of X & Y.

X sold goods to Y for Rs. 4,000 and allowed him a trade discount of 5%, X drew a bill for four months, Y accepted the bill and returned it to X. On the due date the bill is dishonored and X paid Rs. 25 as noting charges.

17 . Give entries in the books of A, B and C.

On 1st September, 2015 A owes B a sum of Rs. 3,000. He gives him acceptance for Rs. 3,000 at 2 months. B endorses the bill in the favor of his creditor C. Bill is dishonored by 'A' on the due date.

18 .

B & Co. sells goods to P for Rs. 6,000 and draws a bill for four months, P accepts the bill and returns it to B & Co. Show what entries should be passed in the books of B & Co. If the bill is dishonored in the following cases:

- (a) If they retained the bill till the due date.
- (b) If they dishonored the bill with their banker for Rs. 5,880.
- (c) If they endorsed the bill to their creditor M & Co. in settlement of debt.
- (d) If they sent the bill to the Bank for collection.

19 . Make the necessary journal entries to record these transactions in A's journal.

A receives a bill of exchange from B for Rs. 100 and discounts with his bankers for Rs. 96. On the bill becoming due; B requests A to renew it which A does, adding Rs. 2 to the new bill for interest. On the due date of the second bill 'B' met his acceptance.

20 . Pass the journal entries in the books of B and A.

A owes B a sum of Rs. 1500, on 1st January, 2015, he accepts a bill for the amount for 3 months drawn on him by B. B gets it discounted with his banker for Rs. 1450. On the due date the bill is dishonored and the bank, pays Rs. 20 as noting charges. A pays Rs. 400 in cash and accepts another bill for the balance together with interest of Rs. 30, for two months. On the due date the bill is honored by the acceptor A.

21 . Show the entries in the books of Hassan.

On 1st January 2015, Hassan sells goods to Taimoor for Rs. 5,000. Hassan draws a bill on Taimoor for Rs. 5,000 for two months. The bill is discounted at bank on 4th January for Rs. 4,850. The bill is dishonored and the bank pays Rs. 20 for noting charges. On Taimoor's request, Hassan draws a second bill on Taimoor for Rs. 5,050 including Rs. 30 as interest at two months. On maturity, the second bill is honored.

22 . Journalise the following transactions in the books of Asif:

- (a) Farid's acceptance to Asif for Rs. 3,000 renewed for two months at 12% p.a. interest.
- (b) Asif's acceptance to Haseeb for Rs. 5,000 was got retired one month before its maturity under a rebate of 12% p.a.
- (c) Asif's acceptance to Ansar for Rs. 1,000 was discharged by Javed's acceptance to Asif for a similar amount.
- (d) Asif's acceptance to Farooq for Rs. 5,000 was discharged by paying Rs. 2,000 in cash and accepting a new bill for the balance for two months, interest at 12% p.a. being paid in cash.

23 . Pass the entries in the books of Salman and Rizwan and also give Rizwan's ledger account.

Salman sold goods to Rizwan for Rs. 50,000 on 1st July 2015 and drew on him a bill for the amount payable after four months. Rizwan accepted the bill. Salman got it discounted by his bank at 12% p.a. On maturity Rizwan was in a position to pay only Rs. 20,000 in cash, therefore, he approached Salman for the renewal of the bill, Salman agreed and drew a new bill for Rs. 30,000 along with an interest at 15% p.a. for 3 months. Before the due date of the new bill Rizwan became insolvent and a first and final divided of 50% was received from his estate.

24 . Pass the journal entries in the books of Amin.

On 1st October 2014, Amin drew a bill for Rs. 18,000 on Bilal payable after two months for their mutual accommodation to the extent of 3/4 and 1/4 respectively. The bill was duly accepted and returned by Bilal. Amin got it discounted by his bank at 10% p.a. and remitted 1/4 of the proceeds to Bilal, before the due date Amin sent him the balance but Bilal dishonored the bill on the due date and Amin had to pay his banker the amount of the bill along with noting charges Rs. 60.

25 . Give journal entries and Aqeel's account in the books of Fida.

For their mutual accommodation, Fida accepted a bill on 1st March 2015, drawn on him by Aqeel for Rs. 6,000 at three months. The bill was got discounted at 10% p.a. and the proceeds were shared equally.

On 1st April 2015, Fida drew a bill for Rs. 9,000 on Aqeel at three months for the same purpose, Aqeel accepted the bill. Fida got the bill discounted at 10% p.a. and the proceeds were shared as 2/3 to Fida and 1/3 to Aqeel. Before the due date of the first bill. Fida sent a cheque to Aqeel in full settlement of his account. On 15th June 2015, Aqeel became insolvent and his estate paid a divided of 50 paise in a rupee.

26 .

From the following particulars write up the sales Journal of Raza computers and show their posting into the ledger.

- April 02, 2015: Sold to Ali & Bros on credit 14 hard disks @ Rs. 2000 each.
- April 08, 2015: Sold to Asim & Sons 20 modems @ Rs. 1100 each.
- April 15, 2015: Sold to Saad computers 14 processors @ Rs. 2,500 each.
- April 22, 2015: Sold to Tariq & Sons on credit 12 monitors @ Rs. 4,000 each, less trade discount 10%.

27 .

Enter the following transactions in the relevant subsidiary books (special journals) of a trader and post them in the ledger accounts.

- (a) Purchased goods from Farids Bros. Rs. 5000.
- (b) Sold goods to X on credit Rs. 3000.
- (c) Goods purchased from Farid & Bros. valued at Rs. 500 now returned to them being not according to sample.
- (d) Goods worth Rs. 500 sold to X now received back from him as these were found, unsuitable.

- (e) Purchased, from Noor & Co. 100kg tea @ 30 per kg.
- (f) Sold to Naeem & Sons 30kg. Tea @ Rs. 40 per kg.
- (g) Returned by Naeem & Sons 10kg, tea being not according to sample.
- (h) Returned 10kg tea to Noot & Co. being damaged.

28 . Sep 1, 2015: Cash balance Rs. 67,700.

Sep 2, 2015: Opened a current A/c with HBL and deposited cash therein Rs. 50,000.

Sep 5, 2015: Purchased furniture and paid by cheque Rs. 4,500.

Sep 6, 2015: Cash sales Rs. 1,000.

Sep 10, 2015: Received from Shoiab cash Rs. 500 and a cheque Rs. 3,000 and deposited the cheque into the Bank.

Sep 15, 2015: Purchased goods and paid by cheque Rs. 5,800.

Sep 20, 2015: Received cash as commission Rs. 600.

Sep 23, 2015: Received cash in full settlement from Khalid and sent the cash into bank Rs. 500.

Sep 29, 2015: Withdrawn from bank for office use Rs. 5,000. Sep 30, 2015: Paid salary Rs. 7,500.

Sep 30, 2015: Paid rent Rs. 400.

29 . March 01, 2015: Cash in hand Rs. 30,000. March 01, 2015: Cash at bank Rs. 40,000.

March 05, 2015: Received two cheques: (a) from A. Rs. 10,000 and (b) from B. Rs. 5000.

March 12, 2015: Cash purchases Rs. 8,000 less 5% Trade discount.

March 20, 2015: Cash sales Rs. 2,000 and banked the same.

March 22, 2015: Withdrawn from the bank Rs. 8,000 and paid wages Rs. 3,000 and rent Rs. 5,000.

March 23, 2015: Received from X cash Rs. 3,000 and cheque Rs. 5,000 both deposited into bank.

March 25, 2015: Received cheque for sale of old machinery and banked Rs.

March 28, 2015: Paid to Y cash Rs. 2,000 and cheque Rs. 3,000.

March 30, 2015: Bank charged for commission Rs.

30 . (a) Balance as per pass book Rs. 5,434 (b) Cheque issued but not presented Rs. 1,060

(c) Cheque deposited but not credited by bank Rs. 690 (d) Interest charged by bank Rs. 36

(e) Interest on Govt. securities Rs. 70

31 . Dec 01. 2015: Cash in hand Rs. 1,500 and at bank Rs. 70,000.

Dec 02. 2015: Received from Rameez Rs. 9,900. Discount allowed Rs. 100.

Dec 03. 2015: Deposited into the bank Rs. 5,000.

Dec 04. 2015: Purchased goods for Rs. 25,000 and paid by cheque.
Dec 05. 2015: Sold goods to Amir on credit Rs. 7,000.
Dec 07. 2015: Received from Amir a cheque for Rs. 7,000.
Dec 08. 2015: Sold goods for cash Rs. 7,000.
Dec 09. 2015: Paid Saleem Rs. 9,800 by cheque, discount received Rs. 200.
Dec 11. 2015: Paid telephone charges Rs. 600. Dec 13. 2015: Purchased goods for cash Rs. 4,000.
Dec 19. 2015: Withdrew from the bank for business use Rs. 10,000.
Dec 25. 2015: Paid rent by cheque Rs. 700. Dec 31. 2015: Stationary purchased for cash Rs. 150.

32 . January 01, 2015: Javaid started business with cash Rs. 96,000.

January 02, 2015: Deposited with bank Rs. 26,000.

January 04, 2015: Purchased goods from Hamid for Rs. 1,600 issued cheque for payment.

January 05, 2015: Purchased Iron safe for Rs. 1,200, paying cash Rs. 600, issued cheque for the balance.

January 06, 2015: Purchased goods on credit from Ali for Rs. 2,200.

January 07, 2015: Sold goods on account to Salim for Rs. 2,200.

January 10, 2015: Defective goods returned by Salim Rs. 100.

January 11, 2015: Received a cheque from Salim for Rs. 2,100.

January 12, 2015: Paid Salim's cheque into bank.

January 28, 2015: Goods sold to Kashif for cash Rs. 3,300.

January 29, 2015: Cheque issued to Ali for Rs. 2,150 and discount received Rs. 50.

January 30, 2015: Salaries paid Rs. 3,300 by cheque.

33 . (a) Balance as per cash book Rs. 30,000. (b) Profit on account credited by the bank Rs. 1,500.

(c) Bank paid Rs. 5,000 as rent on the behalf of account-holder.

(d) Bank collected dividend on shares Rs. 2,500.

(e) Cheques paid into bank but not collected by bank Rs. 4,000.

(f) Cheques issued but not presented to the bank for payment

34 .

March, 2015 but this did not agree with the bank statement on the same date. An investigation into the difference gives the following information:

- (i) Trade subscription Rs. 500 paid by the bank on 31st March 2015 has not been entered in cash book.
- (ii) A cheque paid for advertising on 10th March for Rs. 197 has not been entered in cash book.
- (iii) Cheques for Rs. 1100 sent to creditors on 30th March 2015 were not paid by the bank until 5th April 2015.
- (iv) Cheques received from customers amounting to Rs. 1,680 were paid into bank on 28th March, but were not credited by the bank.
- (v) Interest on investment collected by bank Rs. 300, not yet recorded in cash book.

35 . (i) Bank balance as per the Cash Book on 31st Dec. 2015. Rs. 23,510

- (ii) Cheques for Rs. 3,000 deposited for collection but not credited by the bank prior to 31st December 2015.
- (iii) Cheques amounting to Rs. 4,000 were issued on 28th December, were not cashed up to 31st December 2015.

- (iv) A wrong debit of Rs. 400 appeared in Pass Book.

- (v) Bank charges Rs. 10 appeared in the Pass Book but not in the Cash Book.

36 . (a) Overdraft balance as per the Pass Book (Dr.) on 31-12-2015 Rs. 5,000

- (b) Interest on overdraft charged by the bank for half year Rs. 275 debited in the Pass Book only

- (c) Two cheques for Rs. 7,500 and Rs. 5,000 paid in on 30th

December 2015 were not credited by the bank

- (d) Two cheques for Rs. 1,050 and Rs. 4,000 issued in December 2015 had not been presented at the bank during the month

- (e) A cheque for Rs. 2,000 entered in the cash book (debit)

37 . (1) Pass Book balance (overdrawn) Rs. 30,000 (2) Cheques drawn prior to 31st

March 2015 but not presented as yet Rs. 8,000

- (3) Interest debited by the bank but not entered in the Cash Book as yet Rs. 800

- (4) Transfer from A/c No. 2 to A/c No. 1 recorded by the Bank on 31st

March but not entered in the Cash Book Rs. 6,000

- (5) Bank Charges debited by the bank but not recorded in the Cash Book as yet Rs. 20

38 . 1) Cheques for Rs. 4,000 paid into the bank for collection on 28th

June 2015 have not yet been collected (2) Cheques for Rs. 3,000 issued on 26th

June 2015 have not yet been presented for payment

(3) An amount of Rs. 600 for interest on overdraft was debited in the pass book but was intimated to Mr. Zubair on 2

nd July 2015

(4) Collection charges of Rs. 14 were entered in cash an amount of Rs. 2,000 but it was wrongly credited to Mr. Yousaf's account by bank

(5) On 30th

June 2015 the bank received interest of Rs. 1,500 from a company on Mr. Zubair's deposits with that company but not recorded in cash book.

39 . (1) On 26th

December cheques were issued in favor of creditors for Rs. 19,000 but out of them two cheques for Rs. 14,000 were encashed on 3

rd January 2015

(2) One customer had deposited directly into the bank Rs. 2,500 but it was not mentioned in the Cash Book

(3) The trader had withdrawn from the bank Rs. 7,000 but the same had not been entered in the Cash Book

(4) On 29th

December a cheque for Rs. 6,000 was received and entered in the Cash Bank but had been omitted to be sent to the bank

(5) On 27th

December 2014 Rs. 350 were credited in the Pass Book as interest on deposits but the same had been recorded in the Cash Book on 31

st December 2014(6) Bank balance as per the Cash Book Rs. 40,000

40 . (a) Bank overdraft as per the Cash Book Rs. 12,000

(b) Rs. 40,000 worth of cheques were sent for collection and only Rs. 25,000 worth of cheques were collected up to 31

st March

(c) Out of cheques for Rs. 30,000 issued in March. Cheques of Rs. 18,000 were presented for payment

(d) Bills discounted with the bank and dishonoured Rs. 30,000

(e) A cheque for Rs. 5,000 entered in Cash Book (debit side) was not sent to the Bank for collection

(f) Discount received Rs. 250 was entered in the Bank Column

41 . (1) Bank balance as per the Bank Statement (Dr.) Rs. 3,000

(2) Overdraft as per Cash Book Rs. 3,700

(3) Cheques deposited into the bank but not yet collected Rs. 970

(4) Cheques issued but not yet presented Rs. 1,600(5) The banker charged Rs. 30 for commission

(6) Dividend collected by Bank Rs. 100

42 . (a) Bank Overdraft as per the Bank Statement Rs. 4,600(b) Overdraft as per cash book Rs. 10600

(c) Cheques for Rs. 10,400 were issued in March, out of which those for Rs. 4,000 only were presented up to 31

st March

(d) A cheque for Rs. 1,000 was deposited into the bank but was wrongly recorded on the credit side of the Cash Book

(e) The credit side of the Cash Book was under cast by Rs. 1,600

(f) A cheque for Rs. 800 was debited twice in the Cash Book

43 . State with reasons whether the following expenditures are capital or revenue:

- (i) Repair to a motor car met with an accident.
- (ii) Painting expenditures of a newly constructed factory.
- (iii) Compensation paid to a person injured by company's car.
- (iv) Expenditure on replacement of state roof by glass roof.
- (v) Cost of goodwill.

44 .

Would you consider the following as revenue or capital charges? State your reasons in each case:

- (a) Repairs and renewal of machinery.
- (b) Cost incurred in acquiring a patent.
- (c) Cost constructing an extra door in the building.
- (d) Compensation paid to workers in termination of their services.
- (e) Cost incurred by a firm on advertising a new product.

45 . State with reasons whether the following expenditures should be capital or revenue.

- (i) Cost of plant and machinery.
- (ii) A heavy advertising expenditure was made to introduce a new product.
- (iii) Wages paid to workers for manufacturing goods.
- (iv) Purchase of lease-hold land.
- (v) Discount on issue of debentures.

46 .

State with reasons whether the following items of expenditures are capital, revenue or deferred revenues:

- (i) Medicines were purchased for Rs. 50,000 and Rs. 1,000 were spent on carrying them to hospital.
- (ii) Boundary walls were constructed by a college at a cost of Rs. 30,000.
- (iii) Freight and cartage on the new machine Rs. 200 and erection charges Rs. 500.
- (iv) Rs. 5,000 were paid for the removal of stock from old works to new works.
- (v) Commission on issue of debentures.

47 .

Explain with reasons whether the following items relating to a Sugar Mill Company are capital or revenue:

- (a) Rs. 25,000 were the amount of premium was received on the issue of shares.
- (b) Labour welfare expenses incurred Rs. 20,000.
- (c) Rs. 300,000 paid for excise duty on goods manufactured.
- (d) A machinery standing in the books at Rs. 300,000 were sold for Rs. 240,000.
- (e) Legal expenses incurred in an action for infringement of its trade mark.

48 .

Would you consider the following chargeable to Capital or Revenue? Give reasons for your answers.

- (a) Cost incurred for obtaining a mortgage against a long-term debt.
- (b) Premium given for lease.
- (c) Commission on issue of debentures.
- (d) Discount on issue of debentures.
- (e) Expenditure incurred on renovation of the old building.
- (f) Cost of registration of newly-formed limited company.
- (g) Legal expenses incurred for checking abuse of our trade mark by others.
- (h) Expenditure incurred on the construction of temporary huts which were necessary for the construction of a cinema hall.
- (i) Repair necessitated by negligence and lack of care and attention.
- (j) Cost of experiment which did not prove success.

49 . Classify the following items into capital and revenue:

- (a) Purchase of furniture
- (b) Repair to machinery
- (c) Payment of salaries
- (d) Whitewashing expenses
- (e) Depreciation
- (f) Purchase of newspapers
- (g) Sale of old furniture
- (h) Sale of old newspapers
- (i) Advertising campaign to launch a new product
- (j) Repair to machinery purchased second-hand
- (k) Cost of erecting new machinery
- (l) Extension of building
- (m) Registration expenses for purchase of land
- (n) Expenses for removal of factory from old place to a new and better place

50 .

Explain by giving reasons whether the following items of expenditure and receipt are Capital or Revenue.

- (i) Profit on sale of shares held by a firm.
- (ii) Replacement expenditure of a worn out part of machinery.
- (iii) Compensation paid to an employee for injury caused during his employment.
- (iv) Legal expenses incurred in an income tax appeal.
- (v) Wages paid to workers for manufacturing goods.
- (vi) Amount spent on the purchase of patent right.
- (vii) Interest paid on loan borrowed for business.
- (viii) Amount spent on the uniform of factory workers.

- (ix) Purchase of lease-hold land.
- (x) Preliminary expenses incurred on the formation of a new company.
- (xi) Legal expenses in purchasing landing property.
- (xii) Regular fee paid to the legal Advisor of the company.

51 . How would you rectify the following errors detected before preparing the Trial Balance:

- (a) Sales returns book has been under-cast by Rs. 1,000.
- (b) A payment of Rs. 8,000 on account of rent has been posted twice to Rent A/c.
- (c) A sum of Rs. 4,000 received from Nasir has not been posted to his account.
- (d) A sum of Rs. 1,500 debited to Imran A/c as Rs. 150.
- (e) A sale of Rs. 6,000 has been credited to Customer's A.c.

52 . Rectify the following errors:

- (a) Sales book under-cast by Rs. 10,000.
- (b) Purchases book under-cast by Rs. 5,000.
- (c) Sales book overcast by Rs. 2,000.
- (d) Purchases book overcast by Rs. 3,000.

53 . Rectify the following errors, if they are detected after the preparation of the Trial balance:

- (a) Return inward book has been overcast by Rs. 400.
- (b) Return outward book has been overcast by Rs. 900.
- (c) Return inward has been under-cast by Rs. 3,200.
- (d) Return outward has been under-cast by Rs. 2,600.
- (e) Rent paid Rs. 4,000 debited to land lord's personal account.

54 . Rectify the following errors:

- (i) Sales to A Rs. 5,000 credited to his account.
- (ii) Sales to A Rs. 5,000 debited to his account as Rs. 5000.
- (iii) Purchases from B Rs. 4,600 credited to his account as Rs. 460.
- (iv) Purchases from B Rs. 4,600 debited to his account.
- (v) Purchases from B Rs. 2,000 credited to his account as Rs. 3,000.

55 .

Give journal entries to correct the errors:

- (i) An item of Rs. 3,000 paid for the purchase of furniture debited to purchases account.
- (ii) An amount Rs. 600 withdrawn by the proprietor for his personal use has been debited to trade expenses a/c.
- (iii) Salary Rs. 1,000 paid to clerk debited to his personal a/c.
- (iv) A bill for the extension of premises amounting to Rs. 5,100 has been debited to repair account.
- (v) Purchases from X Rs. 4,600 debited to his account.

56 .

Rectify the following errors by passing necessary journal entries:

- (i) A sale of Rs. 992 to Ashraf was entered in the sale ledger as Rs. 1,388. Ashraf A/c was however correctly debited.
- (ii) A bill received from Salman & Co. for repairs done to furniture Rs. 400 was wrongly entered in the Purchases Book.
- (iii) An item of Rs. 8,000 relating to prepaid rent was omitted to be brought forward.
- (iv) An item of purchase of Rs. 3,0200 was entered in the Purchases Account at Rs. 300.
- (v) A sale return of Rs. 2,000 were not passed through the sale returns book, though goods were duly taken into the stock.

57 .

The following errors were found from the Books of a firm. Pass the necessary entries to rectify them:

- (a) Rs. 168,000 paid for Wages to workmen for making show cases had been charged to the Wages A/c.
- (b) A sale of Rs. 36,000 has been passed through the Purchases Book. The customer's account has, however been correctly debited.
- (c) A sale of Rs. 9,000 to Kabir Bros. was credited to their account.
- (d) Rs. 60,000 paid for the purchase of a Motor Cycle for a partner, had been charged to the miscellaneous expenses account.
- (e) A purchase of Rs. 1,392 had been debited to Supplier's account as Rs. 1,264. The supplier was Sarwar.

58 .

Give journal entries to rectify the following errors:

- (i) A purchase of Rs. 20,000 from Ali was wrongly passed through the Sale Book.
- (ii) A purchase of Rs. 14,000 from Danish was wrongly passed through the purchases Returns Book.
- (iii) A purchase of Rs. 9,600 from Saad was wrongly passed through the Sales Returns Book.
- (iv) A sale of Rs. 16,000 to Babar was wrongly passed through the Sales Returns Book.
- (v) A sale of Rs. 18400 to Liaqat was wrongly passed through the Purchases Returns Book.
- (vi) A cheque received from Ali of Rs200 has been debited in cash book but the double entry has not been completed.

59 .

In taking out a Trial Balance, a Bookkeeper finds that he is out Rs. 800 excess debit. Being desirous of closing his books, he places the difference to a newly opened suspense account. In the next period, he discovers the following discrepancies: Give the rectifying entries and prepare the suspense account.

- (i) An item of sale for Rs. 5,900 was posted to the sale A/c as Rs. 9,500.
- (ii) The total of the sale Returns Book has been added Rs. 100 short.
- (iii) An amount of Rs. 3,700 received from a customer has been credited to his account as Rs. 7,300.
- (iv) Rs. 1,50,000 paid for purchases of building have been charged to the ordinary purchase account.
- (v) A sum of Rs. 9,500 written off from building A/c as depreciation has not been posted to depreciation A/c.
- (vi) An amount received from a debtor of Rs. 9,700 has been debited to his account as Rs. 7,900.

60 .

A trade by preparing his Trial Balance found Rs. 780 excess debit and transferred it to the suspense account. Latter he found the following errors: (1) Pass the rectifying entries. (2) Prepare suspense account. (3) Ascertain correct profit after the rectification of errors-Before the rectification of errors the profit was Rs. 43870.

- (a) Commission account balance (Dr.) Rs. 2,430 was not transferred to the Trial Balance.
- (b) The total of the sales book Rs. 3,480 and not been posted to the sales A/c.
- (c) Sale of old furniture for Rs. 2,400 was entered in the Sale Book.
- (d) Purchases made from Raja Stores for Rs. 2,250 had been forgotten to enter in the books.
- (e) Cash paid to Rehman Rs. 3,520 as posted to his account as Rs. 3,250.
- (f) Goods sold to A for Rs. 1,250 posted to B's Account.