Punjab School Education Board
Trade : BFSI
Subject: FINANCIAL ACCOUNTING AND APPLICATIONS

Sample paper 2025-26

Time Allowed: 3 Hours | Maximum Marks: 40

General Instructions:

*(A) There are 22 questions in all. Students need to **attempt 20** questions.*

(B) This question paper has three parts: Part I, Part II, and Part III. All parts are compulsory.

(C) Structure of the Question Paper:

- ***Part I** contains 12 objective-type questions of 1 mark each. All questions are compulsory. The answer to each question should not exceed one sentence.*
- ***Part II** contains 7 short answer-type questions of 3 marks each. Students need to attempt any 6 questions. The answer to each question should not exceed 200 words.*
- ***Part III** contains 3 long answer-type questions of 5 marks each. Students need to attempt any 2 questions. The answer to each question should not exceed 350 words.*

PART I

***Q1–3:** MCQs – Write the correct option; **Q4–6:** Fill in the blanks **Q7–9:** True/False; **Q10–12:** Give one-word answers.*

Q1. Amrita runs a small bakery in Punjab. While preparing her account, she assumes that her business will keep running in the future. Which accounting principle does she apply here? *1 mark*

a. Matching concept
b. Going concern
c. Materiality concept
d. None of the above

Q2. When Rina was recording a purchase, she accidentally debited the purchase account and also credited the cash account in the wrong account. What type of error is this? *1 mark*

a. An error affecting only one account
b. An error affecting both debit and credit sides of different accounts
c. An error that impacts only the Trial Balance
d. An error that can be ignored

Q3. A machine purchased for ₹77,000 has an estimated residual value of ₹8,000 after 15 years. What is the depreciable cost? *1 mark*

a. ₹8,000
b. ₹77,000
c. ₹85,000

d. ₹69,000

Q4. Returns Inward Account (Sales Return Account) has a __________ balance. *1 mark*

Q5. When a cheque issued on 28th March is presented in April, it leads to a timing difference between the __________ and the Bank Statement balance. *1 mark*

Q6. If the business receives income in advance, both _________ and liabilities increase. *1 mark*

Q7. Nominal accounts are permanent accounts that contain transactions related to the liabilities, assets and owner's equity. (True/False) *1 mark*

Q8. The Profit and Loss Account shows the financial position of a business on a particular date. (True/False) *1 mark*

Q9. Depreciation is charged on fixed assets and **NOT** on items like inventory or consumables that are consumed in a short period. (True/False) *1 mark*

Q10. Which part of the ledger records the transaction amount on the right side? *1 mark*

Q11. What is the intersection of a row and a column in MS Excel called? *1 mark*

Q12. What is the process by which the drawer transfers the right to receive payment on the bill to another person called? *1 mark*

PART II

*This section contains 7 questions. Students are required to **attempt any 6**. The answer to each question should not exceed one page.*

Q 13. Mention and explain in brief any two fundamental Accounting Assumptions. *3 marks*

Q 14. What are the types of Personal accounts? Write in brief. *3 marks*

Q 15. Anjali bought furniture for her shop. She first wrote this transaction in her book of account. Later, she wanted to know the total furniture she owns. Which book of account should she use first, and which book will help her to know the total? *3 marks*

Q 16. When preparing the account, Meera wrongly records ₹5,000 rent as salary and ₹5,000 salary as rent. She also records purchases of machinery as an expense instead of an asset. Identify and explain the error made by Meera. *3 marks*

Q 17. Rakesh was checking his account and found out that the balances in his Cash Book do not match his Bank Statement. Mention three common reasons for differences between the Cash Book and the Bank Statement balances. *3 marks*

Q 18. A furniture shop purchases chairs for ₹50,000. Explain why it must charge depreciation even though the chairs are still usable after one year? *3 marks*

Q 19. Mr. Gagan draws a Bill of Exchange on Mr. Yash for ₹25,000. Identify three features of this bill from the situation. *3 marks*

PART III

This section contains 3 questions. Students are required to ***attempt any 2****. The answer to each question should not exceed one page.*

Q 20. Mention any five steps required for recording transactions in accounting. *5 marks*

Q 21. The following balances were extracted from the books of M/s Kapoor Traders as of 31st March 2023. You are required to prepare a Trial Balance. *5 marks*

Particulars	**Amount (₹)**
Purchase	42,000
Stock (1st April 2022)	20,000
Sales	85,500
Sundry Debtors	14,000
Discount Received	2,500
Carriage Outwards	1,500
Cash in Hand	4,500
Drawings	3,500
Returns Inward	2,500
Land & Building	25,000
Sundry Creditors	14,500

Q 22. Case Study: *1+1+1+2 =5 marks*

HDFC Ltd., a financial institution, purchased a high-performance machine for ₹50,000 at the beginning of the financial year. The machine is expected to have a useful life of 5 years with no residual value. The company decided to use the straight-line method for calculating depreciation. Alongside this, HDFC Ltd. also created a provision of ₹1,000 for doubtful debts to prepare for potential losses arising from customers who might fail to pay their dues.

Questions based on the Case Study:

1. What is the cost of the machine purchased by HDFC Ltd. at the beginning of the financial year? *1 mark*
2. Calculate the annual depreciation for the machine using the Straight-line Method. *1 mark*
3. The company creates a Provision for Doubtful Debts of ₹1,000. What is the purpose of this provision? *1 mark*
4. Write the journal entry charging ₹10,000 as depreciation for the year. *2 marks*

—End of Paper—