



Roll No.

Answer Sheet No. _____

Sig. of Candidate. _____

Sig. of Invigilator. _____



PRINCIPLES OF ACCOUNTING HSSC-II

SECTION – A (Marks 20)

Time allowed: 25 Minutes

NOTE:- Section-A is compulsory . All parts of this section are to be answered on the question paper itself. It should be completed in the first 25 minutes and handed over to the Centre Superintendent. Deleting/overwriting is not allowed. Do not use lead pencil.

Q. 1 Circle the correct option i.e. A / B / C / D. Each part carries one mark.

- (i) Opening capital is calculated by taking difference between _____.
- A. Opening assets and Closing assets B. Opening assets and Closing liabilities
C. Opening assets and Opening liabilities D. Closing assets and Closing liabilities
- (ii) The format sketch of statement of affairs is similar to _____.
- A. Trial Balance B. Profit and loss Account
C. Balance sheet D. Income and expenditure Account
- (iii) Amount received from any source by way of gift is described as _____.
- A. Legacy B. Subscription C. Donation D. Life membership fee
- (iv) Receipt and payment account is a _____.
- A. Nominal Account B. Personal Account
C. Real Account D. Impersonal Account
- (v) In consignment all the expenses, either paid by the consignor himself or by the consignee are borne by the _____.
- A. Consignor B. Consignee C. Bank D. Special agent
- (vi) Account sale is submitted by _____.
- A. Consignee to consignor B. Debtor to creditor
C. Principal to agent D. Creditor to Debtor
- (vii) In case of delcredre commission the liability for bad debts will be on _____.
- A. Consignee B. Consignor C. Bank D. Insurance company
- (viii) Abnormal loss occurs due to _____.
- A. Fire B. Accident C. Theft D. All of these
- (ix) The amount of share capital with which a company is registered is called _____.
- A. Authorized capital B. Issued capital
C. Paid up capital D. Called up capital
- (x) Issue of shares at a price less than the face value is called _____.
- A. Issue of shares at par value B. Issue of shares at discount
C. Issue of shares at face value D. Issue of shares at premium
- (xi) It is a document evidencing indebtedness of a company _____.
- A. Share B. Capital C. Debenture D. Bill of exchange
- (xii) The value of an asset at the end of working life is called _____.
- A. Original cost B. Book value C. Scrap value D. Market value
- (xiii) The term depreciation is used with reference to _____.
- A. Tangible assets B. Intangible assets C. Current assets D. Fixed assets
- (xiv) Depreciation arises because of _____.
- A. Fall in the market value of an asset B. Physical wear and tear
C. Fall in the value of money D. Increase in the value of money
- (xv) Goodwill is valued when _____.
- A. Profit is earned B. Loss is suffered
C. One year is completed D. New partner is admitted
- (xvi) On admission of a partner, the increase in the value of assets should be debited to _____.
- A. Revaluation account B. Realization account
C. Assets account D. Partner's capital account
- (xvii) Amount of general reserve at the time of admission of a partner is debited to _____.
- A. General Reserve account B. Revaluation account
C. New partner's capital account D. Old partner's capital account
- (xviii) When interest is allowed on capitals of the partners, it is calculated on the _____.
- A. Capital in the beginning of the year B. Capital at the end of the year
C. Capital at the endless drawing if any D. Average capital
- (xix) What account is prepared to ascertain the closing balance of creditors?
- A. Bills Receivable Account B. Accounts Receivable Account
C. Bills payable Account D. Accounts payable Account
- (xx) On retirement of a partner, who takes his share?
- A. New partner B. Legal representatives of retiring partner
C. Remaining partners D. Government

For Examiner's use only:

Total Marks:

20

Marks Obtained:

2010



PRINCIPLES OF ACCOUNTING HSSC-II

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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. (10 x 3 = 30)

- (i) Define Single Entry System.
- (ii) What is the basic objective of non-profit making organization?
- (iii) Differentiate between:
 - a. Receipt and Payment Accounts
 - b. Income and Expenditure Accounts
- (iv) Define Performa Invoice.
- (v) Write down any three main differences between Shareholder and Debenture-holder.
- (vi) For what purpose is underwriting commission paid?
- (vii) Define Depreciation.
- (viii) Under "straight line method" what would be the annual rate of depreciation if cost price of an asset is Rs. 100,000 and its scrap value is Rs.10,000 and estimated life of asset is 5 years.
- (ix) Differentiate between Gaining ratio and Sacrifice ratio.
- (x) Define Preliminary expenses.
- (xi) What is Account sales?
- (xii) Define Authorized capital.

SECTION – C (Marks 50) (PART – I)

Note:- Attempt any ONE question. (1 x 20 = 20)

Q. 3 Rameez and Raja are partners sharing profits in the ratio of 3:2. Their balance sheet stood as under on 31-12-2005:

Liabilities + Capital	Rs.	Assets	Rs.
Creditors	38,500	Cash	2,000
Outstanding liabilities Capitals	4,000	Stock	15,000
Rameez	29,000	Prepaid insurance	1,500
Raja	15,000	Debtors	9,400
		Less: provision 400	9,000
		Machinery	19,000
		Buildings	35,000
		Furniture	5,000
	86,500	Total	8,6500

Rahim is admitted as a new partner introducing a capital of Rs. 16,000. The new profit sharing ratio is decided as 5:3:2. Rahim is unable to bring in any cash for goodwill. So it is decided to raise goodwill account, amount being calculated on the basis of Rahim's share in profits and the capital contributed by him. Following revaluations are made:

- a. Stock to be depreciated 5%.
- b. Provision for doubtful debts to be increased to Rs.500.
- c. Furniture to be depreciated by 10%.
- d. Building is valued at Rs. 40,000.

Required:

Show the necessary ledger Accounts and the balance sheet of the new firm.

Q. 4 A,B and C are partners sharing profits and losses in the proportion of one-half, one-third and one-sixth, respectively. The firm's balance sheet as on 31-12-2005 was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	31,500	Cash at bank	14,000
Loan on Mortgage	4,500	Debtors	32,600
A's capital	30,000	Stock	22,400
B's capital	20,000	Fixed Assets	15,000
		C's capital overdrawn	2,000
	86,000		86,000

It was resolved to dissolve the partnership as on this date. The fixed assets and stock realized Rs.35,000. Bad debts and discount allowed amounted to Rs. 1,600. The mortgage loan was paid off. The creditors were paid less discount of 5%. There was a claim for damages pending against the firm which was settled at Rs. 5,600. The expenses of realization amounted to Rs. 375.

After realization of assets C was adjudicated as insolvent and a dividend of 25 paise in the rupee was received, in respect of the firm's claim against his estate.

Required:

Close the books of the firms in accordance with the decision in Garner vs. Murray.

Note:- Attempt any THREE questions.

- Q. 5** Mr. Saleem Hassan commenced business on 01-01-2005 with a capital of Rs. 50,000. He immediately purchased furniture for Rs. 12,000. On April 1, 2005 he borrowed Rs. 30,000 from his friend Mr. Nasir @ 10% p.a. and introduced a further capital of his own amounting to Rs. 19,000. He had withdrawn Rs. 1,800 at the end of each month for family expenses. On December 31, 2005 his position was as follows: Cash in hand Rs. 1,200, cash at bank Rs. 15,600, sundry debtors Rs. 28,800, stock Rs. 40,800, Bills receivable Rs. 9,600, sundry creditors Rs. 3,000, rent due Rs. 900. Ascertain profit or loss made by him after making the following adjustments:
- Depreciation on furniture @10% p.a.
 - Charge interest on capital @10%
 - Interest is unpaid on Mr. Nasir Loan
 - Write off Rs. 2,800 from sundry debtors
- Q.6** Below is given the Receipts & payments account of Leo's club. Prepare Income and Expenditure account as on December 31, 2005 and a balance sheet as on that date:

Receipts	Rs.	Payments	Rs.
Balance b/d	2,476	General Expenses	1,084
Annual subscription	3,260	Salaries	1,100
Life membership fee	500	Furniture	1,600
Entrance fee	400	Rent	1,120
Misc. Receipts	466	Printing	250
Interest	80	Repairs	300
		Balance c/d	1,728
	7,182		7,182

On December 31, 2005 the annual subscriptions in arrears amounted to Rs. 700. Rs. 200, is to be written off as depreciation on furniture.

- Q. 7** Suzuki Motors Ltd. consigned to their selling agents Star Motors in Lahore two cars costing Rs. 20,000 for sale on the basis of 8% commission plus 2% delcredre commission. Star Motors paid selling expenses amounting to Rs. 1,300. Suzuki Motors Ltd. paid for carriage, freight and insurance Rs. 1,700. Consignee sold one car for Rs. 13,000 and remitted Rs. 11,500 on account. The second car was sold for Rs. 13,500, but Rs. 13,500 were not realized and become a bad debt.
- Show the ledger Accounts in the books of consignor assuming that Star Motors settled the account with Suzuki Motors Ltd.
- Q. 8** Ali Industries Ltd. issued 5000 10% debentures of Rs. 1000 each. What entries will be passed if:
- Debentures are issued at par and redeemable at par.
 - Debentures are issued at 7% discount and redeemable at par.
 - Debentures are issued at 8% premium and redeemable at par.
 - Debentures are issued at par and redeemable at 4% premium.
 - Debentures are issued at 5% discount and redeemable at 4% premium.