

2017

Roll No.

Answer Sheet No. _____

Sig. of Candidate. _____

Sig. of Invigilator. _____

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PRINCIPLES OF ACCOUNTING HSSC-II

SECTION – A (Marks 20)

Time allowed: 25 Minutes

NOTE:- Section-A is compulsory and comprises pages 1-2 . 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) If cash paid to creditors Rs.33,075/-, returns outward Rs. 225/-, credit purchases Rs. 67,500/- cash purchases Rs. 25,000/-, then the value of closing creditors will be _____.
- A. 34,300 B. 34,500 C. 34,200 D. 34,000
- (ii) The closing balance of debtors can be located from _____.
- A. Total debtors Account B. Balance Sheet
C. Bills Receivable Account D. Cash Book
- (iii) Delcredre commission is calculated on _____.
- A. Cash sales B. Credit sales
C. Total sales D. Cash and Credit sales
- (iv) When goods are sent on consignment, debit is given to _____.
- A. Consignee's Account B. Consignment Account
C. Consignor's Account D. Sales Account
- (v) Under the net worth method any addition to capital during the accounting period must be _____.
- A. Added to profit B. Subtracted from profit
C. Added to capital D. Subtracted from capital
- (vi) Dissolution of the firm by consent of all the partners is called _____.
- A. Dissolution by agreement
B. Dissolution by court
C. Dissolution by notice
D. Dissolution on the happening of certain contingencies
- (vii) Which of the following is prepared to find out the result of dissolution?
- A. Realization Account B. Revaluation Account
C. Profit and Loss Account D. Profit and Loss appropriation Account
- (viii) The credit balance of income and expenditure account indicates _____.
- A. Excess of income over expenditure
B. Excess of expenditure over income
C. Excess of receipts over cash payment
D. Excess of cash payments over cash receipt
- (ix) In case of retirement, amount of general reserve or any other profit is credited to all the partners in _____.
- A. Old profit sharing ratio B. New profit sharing ratio
C. Sacrifice ratio D. Gaining ratio
- (x) In case of dissolution, the sale of unrecorded asset is debited to _____.
- A. Realization Account B. Sales Account
C. Asset Account D. Cash Account
- (xi) Retirement of a partner dissolves _____.
- A. Partnership B. Firm
C. Business D. Both B and C

DO NOT WRITE ANYTHING HERE

- (xii) In the absence of an agreement, the share of new partners in the partnership will be _____
- A. In the proportion of capital B. Equally
C. According to Work D. None of these
- (xiii) The benefit and advantage of the good name or reputation of a business is _____
- A. Liability B. Goodwill
C. Amortization D. Depreciation
- (xiv) Under straight line method, the amount of depreciation(is) _____
- A. Decreases every year B. Increases every year
C. Both A and B D. Constant every year
- (xv) Reducing Balance method is also known as _____
- A. Diminishing Balance Method B. Book value Method
C. Written down value Method D. All of these
- (xvi) If original cost of the asset is Rs. 10,000/- rate of depreciation is 10%, then value of depreciation under diminishing balance method after 3rd year will be _____
- A. Rs. 1000/- B. Rs. 900/-
C. Rs. 700/- D. Rs. 810/-
- (xvii) Discount on issue of shares is a _____
- A. Revenue loss B. Capital profit
C. Capital loss D. Revenue profit
- (xviii) The debentures which are secured by charge upon the whole or portion of the assets of the company are called _____
- A. Naked debentures B. Unsecured debentures
C. Mortgage debentures D. Pledge debentures
- (xix) In which of the following members are personally liable for the debts of the company?
- A. Company limited by shares B. Unlimited Company
C. Company limited by guarantee D. Association not for profit
- (xx) Current Accounts of the partners should be opened when the capitals are _____
- A. Fluctuating B. Fixed
C. Either fixed or fluctuating D. Variable

For Examiner's use only:

Total Marks:

20

Marks Obtained:

— 2HA-1115 —

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PRINCIPLES OF ACCOUNTING HSSC-II

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Time allowed: 2:35 Hours

Total Marks Sections B and C:

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) How many methods are available for the determination of profit or loss under single entry system?
- (ii) What is meant by life membership fee?
- (iii) For what purpose are the non-profit organizations established?
- (iv) What is the difference between dissolution of partnership and dissolution of the firm?
- (v) Define Revaluation account.
- (vi) Pass Journal Entry for liabilities taken over by partner in case of dissolution of firm.
- (vii) What is Memorandum Revaluation Account?
- (viii) What is meant by fixed and fluctuating capital in partnership?
- (ix) What is the difference between Deprecation and Fluctuation in market price?
- (x) Define Collateral Security.
- (xi) Write three types of debentures used by a company.
- (xii) If unsold stock is 200 cases @ Rs. 75 each. Expenses paid by consignor Rs. 600, unloading expenses paid by consignee Rs. 300, total cases sent on consignment are 600, then calculate the value of unsold stock.

SECTION – C (Marks 50)

(PART – I)

Note:- Attempt any ONE question.

(1 x 20 = 20)

Q. 3 The following was the balance sheet of A and B who were sharing profits 2/3 and 1/3 on 31st March, 2005:

Assets	Rs.	Liabilities	Rs.
Building	25,000	Capital	
Plant and machinery	17,500	A	15,000
Stock	10,000	B	10,000
Sundry Debtors	4,850	Sundry Creditors	32,950
Cash in hand	600		
	57,950		57,950

They agreed to admit C into partnership on the following terms:

- a. C was to bring Rs. 7500 as his capital and Rs. 3000 as goodwill for one – fourth share in the firm.
- b. That the values of the stock and plant and machinery were to be reduced by 5%
- c. That a reserve was to be created in respect of sundry debtors Rs 375.
- d. That the building account was to be appreciated by 10%.

Required:

Pass necessary journal entries to give effect to the above arrangements, prepare Revaluation Account, the Capital accounts and the new Balance sheet.

Q. 4 A,B and C were partners in a firm. They shared profits and losses: A 40%, B 30%, C 30%. The firm was dissolved and B was appointed to realize assets and distribute the proceeds. B is to receive 5% commission on the amounts realized from sale of assets and to bear all expenses of realization.

The balance sheet on the date of dissolution was as under:

Assets	Rs.	Liabilities	Rs.
Cash	450	Creditors	17,700
Debtors 13,650		A's Capital	9,000
Less: provision 750	12,900	B's Capital	6,000
Stock	18,000		
C's Capital overdrawn	1,350		
	32,700		32,700

Debtors realized Rs. 10,500, Stock Rs. 13,500, goodwill Rs. 600. Creditors were paid Rs. 17,250 in full settlement. In addition outstanding creditors Rs. 150 were also paid; the expenses amounted to Rs. 180. A and B agreed to receive Rs. 900 in full settlement from C.

Required:

Show the Realization Account, Cash Account and Capital Accounts of the partners.

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(PART – II)

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Note:- Attempt any THREE questions.

(3 x 10 = 30)

- Q. 5** Mr. Kashif keeps his books under Single Entry system. His capital on 31st March 2004 was Rs. 59,200. On 1st October 2004, Kashif introduced Rs. 10,000 as further capital in the business and withdrew on the same date Rs. 7000 out of which he spent Rs. 5000 on the purchase of a machine for the business. On 31st March, 2005 his financial position was as follows:

Cash in hand Rs. 2100, Cash at Bank Rs. 27,500, Stock Rs. 31,500, Debtors Rs. 24,200,
Furniture Rs. 5000, Creditors Rs. 25,200, Prepaid Insurance Rs. 200/

Adjustments:

- (a) Depreciate furniture and Machine @ 10% p.a
- (b) Write off bad debts Rs 1200 and provide 5% for doubtful debts.
- (c) Goods taken away by Mr. Kashif for personal use Rs 1500.

Required:

Prepare necessary statements showing the profit or loss for the 31st March, 2005.

- Q.6** On 1st January 2005 Razzaq & Co. of Lahore consigned to Mushtaq & Co. of Mardan 100 cycles at Rs. 500 each. Razzaq & Co. had paid Rs.200 for packing etc., Rs.50 for insurance and Rs. 250 for carriage. On 1st March, 2005 Mushtaq & Co. sold 75 cycles for Rs 45000. The expenses thereon being Rs. 2000. Mushtaq and Co. are entitled for commission of 5% and 2% (delcredre) on sales and they remitted Rs.30,000 on account. One customer who purchased 5 cycles failed to pay his debts due to his insolvency.

Required:

Prepare the necessary ledgers Accounts in the books of Razzaq & Co.

- Q. 7** Ali industries Ltd issued 5000 10% debentures of Rs. 1000 each. What entries will be passed if:
- (i) Debentures are issued at par and redeemable at par.
 - (ii) Debentures are issued at 7% discount and redeemable at par.
 - (iii) Debentures are issued at 8% premium and repayable at par.
 - (iv) Debentures are issued at par and redeemable at 4% premium.
 - (v) Debentures are issued at 5% discount and redeemable at 4% premium.

- Q. 8** On 1st January 2002 a firm purchased a truck for Rs. 15000. Depreciation is charged @ 20% p.a. on the written down value method. On 31st December 2005 it was arranged to replace the old Truck with a new one cost Rs. 18000 and an allowance of Rs. 4500 being made from the purchase price of new one.

Required

Show the truck Account for four years.

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