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Answer Sheet No. 31

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) The opening balance of debtors can be ascertained by preparing:
A. Total Creditors account B. Cash account
C. Balance sheet D. Total Debtors account
- (ii) In increased Net Worth Method, profit or loss is calculated by preparing:
A. Income and expenditure account B. Profit and loss account
C. Statement of profit or loss D. Balance sheet
- (iii) General reserve or accumulated profits at the time of dissolution is transferred to:
A. Realization account B. Solvent partners capital account
C. Insolvent partners capital account D. All partners capital accounts
- (iv) The end or termination of partnership is called:
A. Admission B. Retirement C. Death D. Dissolution
- (v) Subscription received relating to current year is:
A. An income B. An expense C. An asset D. A liability
- (vi) Receipts and payments account is a:
A. Nominal account B. Personal account
C. Real account D. Impersonal account
- (vii) In the book of consignee, Del-credere commission should be debited to:
A. Commission account B. Consignor's account
C. Del-credere commission account D. Cash account
- (viii) A person to whom the goods are sent is known as:
A. Consignor B. Consignee C. Drawer D. Drawee
- (ix) 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
- (x) The sum of the par value of shares of the company is called:
A. Share B. Working capital C. Reserve capital D. Share capital
- (xi) The decrease in the value of mines, quarries etc is termed as:
A. Depreciation B. Construction C. Depletion D. Amortization
- (xii) The book value of machinery on January 01st 2003 is Rs.20,000/-. Two years later, the book value is Rs.10,000/-. The straight line depreciation rate of charge each year is:
A. $7\frac{1}{2}\%$ B. $17\frac{1}{2}\%$ C. 25% D. $33\frac{1}{2}\%$
- (xiii) The interest on capital account in partnership is debited to:
A. Interest on capital account B. Interest on drawings account
C. Partners capital account D. Partners loan account
- (xiv) When capital accounts are fixed, then all adjustments are made in:
A. Partner's capital account B. Partner's current account
C. Partner's fixed account D. partner's nominal account
- (xv) On admission of a partner, the decrease in the value of assets should be debited to:
A. Revaluation account B. Realisation account
C. Assets account D. New partner's capital account
- (xvi) Accumulated profit on the admission of a new partner should be credited to:
A. Accumulated profit account B. All partners capital account
C. New partners capital account D. Old partners capital account
- (xvii) The balance of memorandum revaluation account is transferred to capital accounts of all partners in:
A. Capital ratio B. Sacrifice ratio
C. Old profit sharing ratio D. New profit sharing ratio
- (xviii) Suppose A, B & C are partners, sharing profits in the ratio of 2:2:1 respectively. What will be the new ratio if "C" retires in the absence of an agreement?
A. 2:2 B. 2:1 C. 2:3 D. 1:2
- (xix) Goods sent on consignment is a nature of:
A. Personal account B. Real account
C. Nominal account D. Fixed account
- (xx) Due to drawings made during the year, the closing capital will:
A. Increase B. Decrease C. Be Constant D. Multiply

For Examiner's use only:

Total Marks:

20

Marks Obtained:

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PRINCIPLES OF ACCOUNTING HSSC-II

32

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) Differentiate between Statement of Affairs and Balance Sheet.
- (ii) What is special subscription?
- (iii) What do you understand by Proforma Invoice?
- (iv) Write the three differences between consignment and sales.
- (v) Differentiate between Par value, Book value and Market value of shares.
- (vi) Define the term Amortization.
- (vii) Pass journal entry for capital introduced by different partners in partnership.
- (viii) Define Goodwill.
- (ix) Pass the journal entry for interest on capital of deceased partner.
- (x) Pass journal entry for transferring loss on realization in case of dissolution of firm.
- (xi) What is the formula of gaining ratio and how gaining ratio can be calculated?
- (xii) What is difference between donation and subscription?

SECTION – C (Marks 50)

(PART – I)

Note: Attempt any ONE question.

(1 x 20 = 20)

Q. 3 Umar and Ali are partners sharing profits as 2:1. The position of the firm as on 31st December 2015, when they decide to dissolve the business was as follow:

Assets	Rs.	Liabilities	Rs.
Plant and Machinery	25,000	Sundry Creditors	15,000
Furniture	4,000	General Reserve	10,000
Stock	10,000	Capital accounts	
Sundry Debtors	20,000	Mr. Umar	22,000
Cash at bank	10,000	Mr. Ali	22,000
	69,000		44,000
			69,000

The realisation shows the following result:

- (a) Mr. Umar took over plant, machinery and furniture at book value less 10%.
- (b) Mr. Ali took over the stock and goodwill at Rs.17,500/-
- (c) Sundry debtors realised Rs.18,500/-
- (d) Sundry creditors were settled at a discount of 5%

Requirement: Close the Books of the firm

Q. 4 Noman and Khalid are partners sharing profits and losses in the proportion of 3:2 with capitals of Rs.1,00,000/- each. Each partner is entitled to 5% interest on his capital. Noman is entitled to a salary of Rs.1500/- per month. During the year 2015, the drawings of the partners in anticipation of their shares of profit and salary are Noman-Rs.10,000/- and Khalid-Rs.10,000/-. The profits for the year prior to calculation of interest on capital but after charging salary of partner amounted to Rs.80,000/- The above figure of profit is before charging depreciation at $7\frac{1}{2}\%$ on furniture valued at Rs.50,000/- and writing off a bad debts of Rs.1500/-.

Requirement: Prepare Partners Accounts when capitals are fixed.

PART – II)

Note: Attempt any THREE questions.

(3 x 10 = 30)

Q. 5 Given below is the Receipts and Payments account of the National club for the year ending 31st December 2015:

Receipts	Rs.	Payments	Rs.
Balance b/d	10,250	Salary	6000
Subscriptions:		General Expenses	750
2014	400	Drama Expenses	4500
2015	20,500	Newspaper etc	1500
2016	600	Municipal Taxes	400
Donations	5400	Charity	3500
Proceeds of Drama tickets	9500	Investment	20,000
Sale of waste paper	450	Electricity Charges	1450
		Balance c/d	9000
	47,100		47,100

Prepare the club's Income and Expenditure account for the year ended 31st December, 2015 and its Balance Sheet as on that date, after taking the following information into account:

- a. There are 500 members, each paying an annual subscription of Rs.50/-.
- b. Municipal Taxes amounting to Rs.400 per annum have been paid upto 31st march 2016 and Rs.500 for salaries is outstanding.
- c. Building stood in the books at Rs.50,000 and it is required to write off depreciation at 5%.
- d. 3% interest has accrued on investment for five months.

Q. 6 A firm purchased a second hand truck for Rs.5,00,000/- on 1st January, 2012 and spent Rs.2,00,000/- on its overhauling. Depreciation is written off 10% p.a on the reducing balance. On 30th June, 2015 the truck was sold for Rs.3,00,000/- being unsuitable.

Requirement: Prepare the truck account from 2012 to 2015 assuming that accounts are closed on 31st December every year.

Q. 7 Saleem of Lahore consigned 100 cases of candles to Aslam of Multan which cost him Rs.50 per case. He incurred the following costs: Packing Rs.100/-, Carriage Rs.150/- and Railway freight Rs.200/-. Some of the cases were damaged in transit and Aslam took delivery of 90 cases only. Aslam spent Rs.50/- for cartage and Rs.300/- for Godown rent and sold the consignment at Rs.60/- per case. He sent the net amount to Saleem after deducting his expenses and commission at the rate of 5% on the sale proceeds together with his account sales. Saleem also received Rs.300/- from the railway for damages.

Requirement: Show how the consignment account would appear in books of Saleem.

Q. 8 X company Ltd purchased the business of Naeem Bros. for a purchase consideration of Rs.7,70,000/-. The book value of the assets were Rs.782,000/- and those of liabilities Rs.30,000/-. The company issued debentures of Rs.100/- each to Naeem Bros.

Pass the journal entries in the books of the company if:

- (a) Debentures were issued at Par.
- (b) Debentures were issued at 10% discount
- (c) Debentures were issued at 10% premium.