



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 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) Single entry system is suitable where \_\_\_\_\_
- A. Small amount of cash transactions are more  
B. Large amount of cash transactions are more  
C. Small amount of credit transactions are more  
D. Large amount of credit transaction are more
- (ii) If the capital at the end Rs. 30,000, drawings Rs. 1250/- and beginning capital is Rs. 15,000/- the amount of net profit will be \_\_\_\_\_
- A. Rs. 43,750  
B. Rs. 16,250  
C. Rs. 13,750  
D. Rs. 43,500
- (iii) Cash paid to the creditors is ascertained by preparing \_\_\_\_\_
- A. Total debtors' account  
B. Total creditors' account  
C. Balance sheet  
D. None of these
- (iv) Non-profit making organization is also known as \_\_\_\_\_
- A. Non-profit seeking concern  
B. Non-trading concern  
C. Trading concern  
D. Both A and B
- (v) Receipts and payments account is a summary of \_\_\_\_\_
- A. Cash book  
B. Purchases book  
C. Sales book  
D. Purchases returns book
- (vi) Subscription received in advance is \_\_\_\_\_
- A. An income  
B. An expense  
C. Both A and B  
D. None of these
- (vii) Abnormal loss occurs due to \_\_\_\_\_
- A. Loss by fire  
B. Accident  
C. Theft  
D. All of these
- (viii) In the book of consignor, profit on consignment should be credited to \_\_\_\_\_
- A. Profit and loss account  
B. Cash account  
C. Consignee's account  
D. Consignment account
- (ix) The value which is printed on shares is called \_\_\_\_\_
- A. Face value  
B. Market value  
C. Book value  
D. Purchase value
- (x) Premium on issue of shares is shown on the \_\_\_\_\_
- A. Debit side of trading account  
B. Debit side of profit and loss account  
C. Asset side of the balance sheet  
D. Liability side of balance sheet

DO NOT WRITE ANYTHING HERE

- (xi) Depreciation is charged against \_\_\_\_\_  
A. Expense B. Revenue  
C. Liability D. Capital
- (xii) Depreciation occurs \_\_\_\_\_.  
A. Up to one year  
B. Up to two years  
C. Till the last day of the estimated life of asset  
D. Up to the replacement of old asset
- (xiii) In the absence of an agreement, interest on drawings is to be charged by the firm at the rate of \_\_\_\_\_.  
A. 5% per annum B. 6% per annum  
C. 8% per annum D. None of these
- (xiv) Partner's current account is opened when Capital accounts are \_\_\_\_\_.  
A. Fluctuating B. Fixed  
C. Current D. Nominal
- (xv) The Partnership Act is \_\_\_\_\_.  
A. 1932 AD B. 1912 AD  
C. 1962 AD D. 1984 AD
- (xvi) Sacrifice ratio is \_\_\_\_\_.  
A. Old ratio + New ratio B. Old ratio – New ratio  
C. New ratio – Old ratio D. New ratio + Old ratio
- (xvii) Goodwill is a/an \_\_\_\_\_.  
A. Tangible asset B. Intangible asset  
C. Wasting asset D. Fictitious asset
- (xviii) Retirement of partner dissolves \_\_\_\_\_.  
A. Partnership B. Firm  
C. Business D. Both A and B
- (xix) On retirement of a partner in partnership, it is necessary to calculate \_\_\_\_\_.  
A. New profit sharing ratio B. Goodwill  
C. Revaluation of assets and liabilities D. All of these
- (xx) The end of termination of partner is called \_\_\_\_\_.  
A. Admission B. Retirement  
C. Death D. Dissolution

For Examiner's use only:

Total Marks:

20

Marks Obtained:

---- 2HA 1315 ----



# PRINCIPLES OF ACCOUNTING HSSC-II

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) For what purposes are non-profit organizations established?
- (ii) What is Capital fund?
- (iii) Write any three differences between Receipts and Payment Account and Income and Expenditure Account
- (iv) What is the difference between Private limited company and Public limited company?
- (v) What is meant by Articles of Associations?
- (vi) What is the difference between Normal loss of stock and Abnormal loss of stock?
- (vii) What is Overriding commission?
- (viii) Define **Depletion**, **Depreciation** and **Obsolescence**.
- (ix) What is **Gaining ratio** and **Sacrifice ratio**?
- (x) What is the difference between Dissolution of the firm and Dissolution of the partnership?
- (xi) What is Realization account?
- (xii) What is Garner vs Murray decision?

## SECTION – C (Marks 50) ( PART – I )

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

**Q. 3** On 1<sup>st</sup> January 2005 A and B enter into partnership contributing Rs. 200,000 and Rs. 150,000, respectively and sharing profit in the ratio of 3:2. B is to be allowed a salary of Rs. 5,000/- per year. Interest on capital is to be allowed @ 10% per annum. 5% interest is to be charged on drawing. During the year 'A' withdrew Rs. 6,000/- and B Rs. 10,000/- interest on drawings being 'A' Rs. 100/- and 'B' Rs. 200/- Profit in 2005 before making any of the above adjustments was Rs. 48,000/-. Show how the profit is distributed if:

- a. The Capital is fixed                      b. The Capital is fluctuating

**Q. 4** A and B are carrying on a business in partnership sharing profits and losses in the ratio of 2:3, respectively. Their balance sheet on Dec. 31<sup>st</sup> 2005 was as under:

<b>Assets</b>	<b>Rs.</b>	<b>Liabilities</b>	<b>Rs.</b>
Cash in hand	1,420	Sundry creditors	24,870
Cash at bank	23,850	Capital Accounts	
Sundry debtors	11,000	A	68,100
Stock	36,000	B	68,100
Furniture	8,800		
Building	80,000		
	161,070		161,070

On that date they admitted 'C' into partnership and gave him one-third share in future profit on the following terms

- (i) Stock and furniture are to be reduced in value by 12 ½ %.
- (ii) Buildings are to be appreciated by Rs. 15,000/-.
- (iii) A provision of Rs. 5% is to be created on sundry debtors for doubtful debts.
- (iv) C is to bring cash Rs. 60,000/- as his capital and Rs. 40,000/- as goodwill, which sum is to remain in the business
- (v) The values of assets and liabilities other than cash are not to be altered.

**Required:**

- (i) Give general journal entries
- (ii) Show the opening Balance sheet of the new firm

(PART – II)

Note: Attempt any THREE questions.

( 3 x 10 = 30 )

Q. 5 Jamil does not maintain proper books of account. From the following particulars, prepare the trading and profit and loss account for the year ended on 31<sup>st</sup> Dec 2005 and the balance sheet as on that date:

	31-12-2004	31-12-2005
Debtors	9,000	12,500
Stock	4,900	6,600
Furniture	500	750
Creditors	3,000	2,250
Cash	2,500	750
Capital	7,250	

Analysis of the other transactions is as follows:

Cash collected from debtors	Rs. 30,400
Cash paid to creditors	Rs. 22,000
Drawings	Rs. 1,500
Cash sales	Rs. 750
Cash purchase	Rs. 2,500
Discount received	Rs. 350
Discount allowed	Rs. 150
Return inwards	Rs. 500
Return outwards	Rs. 400
Bad debt	Rs. 100

Q.6 A Trading Corporation was formed with an authorized capital of Rs. 50,000/- ordinary shares of Rs.10/- each. On 1<sup>st</sup> Jan, 2005, the company issued 30,000 shares to the general public and 5,000 shares were issued to a vendor, Mr. Asghar whom company had acquired machinery worth Rs. 50,000/-. Applications were received on 10<sup>th</sup> Jan 2005 only for 25,000 shares. On the 20<sup>th</sup> Jan 2005 shares were allotted to the applicants.

**Required:**

Pass the Journal entries in the books of the company and show the Balance sheet.

Q. 7 Below is given the Receipts and Payments Account of Eagle Club Rawalpindi for the year ending on 31<sup>st</sup> Dec, 2010:

	Rs.		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
Miscellaneous Receipts	466	Printing	250
Interest	80	Repairs	300
		Balance c/d	1728
Total	7,182	Total	7,182

On 31<sup>st</sup> Dec, 2010 the annual subscriptions in arrears amounting to Rs. 700/- Rs. 200 is to written off as depreciation on furniture. Capitalize the membership fee.

Q. 8 ABC Company purchased machinery for Rs. 70,000, on 1<sup>st</sup> July, 2002. They spent Rs. 8,000 on its installation. Prepare the machinery account for the first four years under straight line method of depreciation. Depreciation is written off @ 10% per annum. Assume the Accounts are closed every year on 31<sup>st</sup> Dec.