



Roll No.

Answer Sheet No. 48

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) Legacies are generally:
- | | |
|---------------------------|----------------------|
| A. Capitalized | B. Treated as income |
| C. Treated as expenditure | D. None of these |
- (ii) In income and expenditure account:
- | |
|--|
| A. Expenses are recorded on debit side |
| B. Revenues are recorded on credit side |
| C. Does not start with any opening balance |
| D. All of these |
- (iii) If the amount of prepaid rent is Rs. 150 and amount debited to income and expenditure account is Rs. 3,250 then rent paid during the year will be:
- | | |
|--------------|--------------|
| A. Rs. 3,400 | B. Rs. 3,100 |
| C. Rs. 3,500 | D. Rs. 3,000 |
- (iv) Loss on the sale of machinery should be written off against:
- | | |
|------------------------------|------------------|
| A. Share premium account | B. Sales account |
| C. Depreciation fund account | D. None of these |
- (v) The period during which the asset will help in earning income of business is known as:
- | | |
|-------------------|-----------------|
| A. Consumed life | B. Expired life |
| C. Exhausted life | D. Working life |
- (vi) If original cost of an asset is Rs. 10,000, rate of depreciation 10 % p.a. then the value of depreciation under diminishing balance method after third year will be:
- | | |
|-------------|------------|
| A. Rs. 1000 | B. Rs. 900 |
| C. Rs. 700 | D. Rs. 810 |
- (vii) In consignment the risk attached to goods delivered is with:
- | | |
|--------------|--------------|
| A. Seller | B. Buyer |
| C. Consignor | D. Consignee |
- (viii) In books of consignee, the cash received from sundry debtors should be debited to:
- | | |
|---------------------------|------------------------|
| A. Consignor's account | B. Cash account |
| C. Sundry debtors account | D. Consignee's account |
- (ix) Cash paid to creditors can be ascertained by preparing:
- | | |
|---------------------------|-----------------------------|
| A. Total debtor's account | B. Total creditor's account |
| C. Balance sheet | D. None of these |
- (x) Net worth is equal to:
- | | |
|--------------------------|-------------------------|
| A. Assets – liabilities | B. Liabilities – Assets |
| C. Liabilities + capital | D. Capital + Assets |

DO NOT WRITE ANYTHING HERE

- (xi) The interest on capital account in partnership is credited to:
- A. Interest on capital account B. Profit and loss account
C. Partner's capital account D. Cash account
- (xii) In the absence of an agreement, interest on loan advanced by a partner to the firm is allowed at the rate of:
- A. Six percent B. Five percent
C. Twelve percent D. Seven percent
- (xiii) At the time of admission of a new partner, good will raised should be written off in:
- A. new profit sharing ratio B. Old profit sharing ratio
C. Sacrificing ratio D. Gaining ratio
- (xiv) Sacrifice ratio is equal to:
- A. Old ratio + New ratio B. Old ratio – New ratio
C. New ratio – Old ratio D. New ratio + Old ratio
- (xv) Revaluation account is prepared to determine the profit or loss on the revaluation of assets and liabilities when a:
- A. Partner dies B. Partner retires
C. New partner enters D. All of these
- (xvi) Suppose A, B and 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
- (xvii) Un-recorded liability when paid on dissolution of a firm is debited to:
- A. Realization account B. Partner's capital account
C. Liability account D. None of these
- (xviii) The balance left in the capital accounts in case of dissolution is transferred to:
- A. Revaluation account B. Realization account
C. Bank account D. Profit and loss appropriation account
- (xix) Which of the following is the value of a share as quoted on the stock exchange?
- A. Book value B. Par value
C. Face value D. Market value
- (xx) Debenture suspense account is shown on:
- A. Asset side of balance sheet B. Liability side of balance sheet
C. Credit side of profit and loss account D. Debit side of profit and loss account

For Examiner's use only:

Total Marks:

20

Marks Obtained:

----- 2HA 1615 -----



PRINCIPLES OF ACCOUNTING HSSC-II

49

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) Write any three characteristics of depreciation.
- (ii) What are the causes of internal depreciation?
- (iii) Define "Specific reserve" and "Capital reserve".
- (iv) Write down any three differences between Provision and Reserve.
- (v) What do you understand by increased net worth method of single entry system?
- (vi) What is special subscription?
- (vii) Write the formula to calculate the value of good will according to capitalized method.
- (viii) Write any three accounting problems on retirement of a partner.
- (ix) Pass the journal entry in case of retirement when good will is raised at full value.
- (x) Write any three differences between consignment and sale.
- (xi) What is meant by perpetual existence of a joint stock company?
- (xii) What is partnership agreement?

SECTION - C (Marks 50) (PART - I)

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

Q. 3 Zulfiqar and Fayyaz are partners in a firm sharing profits and losses as Zulfiqar $\frac{3}{4}$ and Fayyaz $\frac{1}{4}$.

On 1st January 2005, their position was as given below:

Assets	Rs.	Liabilities	Rs.
Plant	40,000	Capital accounts:	
Stock	10,000	Zulfiqar 50,000	
Debtors	30,000	Fayyaz 30,000	80,000
Cash at Bank	20,000	Sundry creditors	20,000
	1,00,000		1,00,000

Riaz is now to join the partnership. He agrees to pay the partner Rs. 20,000 by way of good will and introduce $\frac{3}{5}$ of the combined capital of the two existing partners after depreciating plant and stock at 20% and 10% respectively and raising a reserve of 10% against sundry debtors. The new partner is to be allowed $\frac{1}{4}$ share of the profit of the firm.

Requirement: Record the above transactions in the books of the firm and give the resultant balance sheet of the new firm.

Q. 4 Sun and Moon sharing profit and losses as to 4:3 respectively decide to wind up the partnership business on 31st December 2005 on which date Sun's capital was Rs. 12,000, Moon's capital was Rs. 300. As per the books, there were sundry creditors outstanding to the extent of Rs. 3,000 and there was a cash balance of Rs. 300. Expenses of winding up came to Rs. 250. Sundry assets realized Rs. 13,150.

Requirement: Close the books of the firm.

(PART – II)

Note: Attempt any THREE questions.

(3 x 10 = 30)

Q. 5 X and Y carrying on business in partnership keep their books by single entry. On 1st January 2005, the statement of their position was:

Assets	Rs.	Liabilities and Capital	Rs.
Cash in hand	270	Bill payable	6,460
Cash at bank	2,190	Sundry creditors	20,280
Bill receivable	4,060	Capital accounts:	
Sundry debtors	48,670	X	73,400
Stock	32,850	Y	73,400
Plant and Machinery	80,200		1,46,800
Furniture	5,300		
	1,73,540		1,73,540

The following was the state of affairs on 31st December 2005.

Cash in hand Rs. 400, cash at bank Rs. 5810, debtors Rs. 56,280, bill receivable Rs. 6840, stock Rs.36,730, creditors Rs. 21,470, bills payable Rs. 5,950.

The partners have drawn Rs. 4,800 each and were entitled to interest on capital at 6% p.a. No interest was payable on drawings. It was agreed to depreciate plant and machinery at 10% and furniture at 6%.

Requirement: Draw up a statement of profit and loss for the year ended 31st December 2005 and also a statement of affairs as on that date.

Q. 6 A sends out a consignment of the value of Rs. 5000 to B drawing on the letter for Rs. 4000 as an advance against the same. A also pays Rs. 450 for freight etc. B clears the goods paying Rs. 250 for duty, dock dues. etc. B sells on credit half the lot for Rs. 4000 and half of the remaining is sold for cash Rs. 2200. B's remuneration is $2\frac{1}{2}$ % on gross proceeds.

B sends out an account sales and a draft to A for the balance as shown there in. Rs. 1,250 worth of goods are on hand with B.

Requirement: Open the necessary accounts in the books of A to record the above transactions.

Q. 7 From the particulars given below prepare the income and expenditure account and the balance sheet of a music club started on 1-4-2004 for the year ended on 31st March 2005.

Receipts	Rs.	Payments	Rs.
Donations	12,000	Land and buildings	12,000
Entrance fees	3,000	Concert expenses	9,200
Subscriptions	6,000	Purchase of public address system	4,000
Rent on a part of the building let out	600	Salaries	800
Annual grant from the state Government	9,600	Annual award for the musician of the year	2,200
		Cash in hand	1,000
		Cash at bank	2,000
	31,200		31,200

One-third of the entrance fees received was to be credited to revenue and donations is to be capitalized.

Depreciate land and buildings by 5% and public address system by 2%. Outstanding subscriptions for the year 2004-2005 are Rs. 200 and advance receipt of subscriptions on account of the year 2005-2006 is Rs. 400. Salaries unpaid for the year 2004-2005 amount to Rs. 125.

Q. 8 Pass the following entries of debentures in each case:

- Debentures issued at Rs. 90 and redeemable at Rs. 100.
- Debentures issued at Rs. 100 and redeemable at Rs. 110.
- Debentures issued at Rs. 110 and redeemable at Rs. 100.
- Debentures issued at Rs. 90 and redeemable at Rs. 110.
- Debentures issued at Rs. 100 and Redeemable at Rs. 100.