



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) In single entry system:
- A. Personal accounts are maintained      B. Real accounts are maintained  
C. Nominal accounts are maintained      D. None of these
- (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) If rent received during the year is Rs. 5000 and the amount of pre-received rent is Rs. 600 then the amount credited to income and expenditure account will be:
- A. Rs. 4400      B. Rs. 5600  
C. Rs. 5000      D. Rs. 6200
- (iv) Entrance fee Rs. 8000 which is 90% capitalized, the amount to be credited to income and expenditure account is:
- A. Rs. 800      B. Rs. 7600  
C. Rs. 7200      D. Rs. 8000
- (v) Receipt and payment account records transactions relating to:
- A. Past year      B. Future year  
C. Present year      D. All of these
- (vi) Depreciation on the diminishing balance method of Rs. 2000 at the rate of 10% p.a after three years will be:
- A. Rs. 1400      B. Rs. 1458  
C. Rs. 542      D. None of these
- (vii) Depreciation of an asset should not exceed the:
- A. Original cost      B. Depreciable value  
C. Market price      D. Scrap value
- (viii) The relationship between consignor and consignee is that of:
- A. Principal and agent      B. Debtor and creditor  
C. Buyer and seller      D. None of these
- (ix) \_\_\_\_\_ is paid to the agent to work hard to push a new line of product in the market.
- A. Commission      B. Delcredre commission  
C. Overriding commission      D. Ordinary commission
- (x) Share holders are:
- A. Owners      B. Directors  
C. Managers      D. Employees
- (xi) If a share of Rs. 100 is issued at Rs. 110 then it is to be issued at:
- A. 5% Discount      B. 5% Premium  
C. 10% Discount      D. 10% Premium





# PRINCIPLES OF ACCOUNTING HSSC-II

41

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) How is statement of affairs different from a balance sheet?
- (ii) How will you deal with each of these while preparing income and expenditure account and balance sheet:
  - a. Legacies
  - b. Donation for specific purpose
  - c. Life membership fee
- (iii) What is admission fee or entrance fee?
- (iv) What are the causes of external depreciation?
- (v) What do you mean by reserve and provision?
- (vi) Calculate the value of adjusted per unit cost in case of normal loss from the following particulars:
  - Original cost of goods consigned Rs. 300,000
  - Direct expenses Rs. 5,000
  - Total units of goods 1,000
  - Unit lost 20
- (vii) What is an account sales?
- (viii) Define "Underwriters" and "Promoters".
- (ix) Write any three accounting problems on retirement of a partner.
- (x) Pass the Journal entry in case of retirement, when good will is raised at full value.
- (xi) Why does the necessity of the valuation of goodwill arise?
- (xii) What is meant by Fixed Capital and Fluctuating Capital?

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

Note: Attempt any ONE question.

(1 x 20 = 20)

Q. 3 A and B are partners in the firm sharing profits and losses as 5:3. The position of the firm as on 31<sup>st</sup> March 2005. is as follows:

Assets	Rs.	Liabilities	Rs.
Plant and machinery	40,000	Capital accounts:	
Stock	30,000	A: 30,000	
Sundry debtors	20,000	B: 20,000	50,000
Bills receivable	10,000		
Cash at bank	7,500	Sundry creditors	15,000
		Bank overdraft	42,500
	1,07,500		1,07,500

C now joins them on the condition that he will share  $\frac{3}{4}$  th of the future profits. The balance of profits is being shared by A and B as 5:3. He introduces Rs. 40,000 by way of capital in cash and pays off the overdraft. He also pays Rs. 4000 by way of premium for goodwill of the business and this amount is to remain in business. The partners agree to depreciate plant by 10% and raise a reserve against sundry debtors by 5%. Journalise the entries in the books of the firm and the resultant balance sheet and also show how the partners will share the future profit.

- Q. 4** X, Y and Z are partners sharing profit and losses in the proportion of 5:3:2. They decide to dissolve the partnership firm on 1.1.2005. while the balance sheet is as noted below:

Assets	Rs.	Liabilities	Rs.
Cash	18,000	Sundry creditors	1,82,000
Sundry debtors	1,52,000	Capital accounts:	
Stock in trade	60,000	X: 3,30,000	
Furniture and fixtures	10,000	Y: 1,30,000	4,60,000
Plant and machinery	2,90,000		
Land and buildings	80,000		
Z's capital account	32,000		
	6,42,000		6,42,000

The assets realized: land and buildings Rs. 1,00,000; plant and machinery Rs., 2,50,000; Sundry debtors Rs. 1,21,000; Stock Rs. 47,000. Furniture and Fixtures Rs. 9,200. Expenses of dissolution Rs. 3600. Draw up Realisation account and partners' capital account.

(PART - II)

**Note:** Attempt any THREE questions.

(3 x 10 = 30)

- Q. 5** Sagheer is not writing his books properly. From the following information prepare A statement showing profit or loss and statement of affairs for the year ending 30<sup>th</sup> June 2005:

	01-07-2004	30-06-2005
Cash in hand	900	2,800
Debtors	22,800	21,400
Creditors	31,200	28,400
Stock	33,400	37,400
Bill receivable	30,500	28,800
Bank over draft	40,800	39,200
Motor van	4,200	4,200
Furniture	3,400	3,400

Drawing Rs. 4,800; Depreciate furniture at 10%; write off Rs. 800 on motor van. Provide Rs. 1000 as Bad debts and 5% as reserve on debtors. Provide reserve of Rs. 1600 on bills receivable.

- Q. 6** A transport company purchased 10 motor trucks at Rs. 90,000 each, on 1<sup>st</sup> April 2002. On 1<sup>st</sup> October 2004 one of the truck got an accident and was completely destroyed. Rs. 54000 are received from the insurer in full settlement. On the same day another truck was purchased for the sum of Rs. 100,000. The company wrote off depreciation @ 20% on the original cost per annum and observed the calendar year as its financial year.

Give the motor truck account from 2002 to 2004.

- Q. 7** Rizwan of gujranwala sent 100 sewing machines to Aslam of Hong Kong at Rs. 650 per machine. The consignor paid Rs. 2000 for packing and dispatching charges. Aslam immediately after receiving the consignment accepted a bill for Rs. 40,000. After some time Aslam reported that 80 machines were sold for Rs. 875 each and expenses being on freight Rs. 3000, on go down rent Rs. 250, and on insurance Rs. 500. Aslam is entitled to a commission of 9% on sales. Due to insolvency of a customer who purchased 4 machines failed to pay anything. Show consignment account, Aslam account and goods sent on consignment account.

- 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 book of the company if:

- Debentures were issued at par
- Debentures were issued at 10% discount
- Debentures were issued at 10% premium