

Roll No. 

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Answer Sheet No. \_\_\_\_\_

Sig. of Candidate. \_\_\_\_\_

Sig. of Invigilator. \_\_\_\_\_

20

## 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) Loss on the sale of machinery should be written off against \_\_\_\_\_  
A. Share premium Account                      B. Sales Account  
C. Depreciation Fund Account                D. Scrap Account
- (ii) Depreciation arises because of \_\_\_\_\_  
A. Fall in the market value of an asset      B. Damage during work  
C. Physical wear and tear                      D. Fall in the market value of money
- (iii) A prospectus for shares can be issued only by \_\_\_\_\_  
A. A public limited company                  B. A private company  
C. A firm    D. A single-member company
- (iv) Debentures represent \_\_\_\_\_  
A. The asset of the company                    B. The investment of equity shareholders  
C. Directors' share in a business              D. Long term liabilities of a business
- (v) Share capital in the Balance Sheet is shown under \_\_\_\_\_  
A. Asset    B. Liabilities  
C. Income    D. None of these
- (vi) Unrecorded liability when paid on dissolution of a firm is debited to \_\_\_\_\_  
A. Realization Account                          B. Partners' Capital Account  
C. Liability Account                              D. Assets Account
- (vii) A new partner may be admitted to a partnership \_\_\_\_\_  
A. With the consent of all the old partners  
B. With the consent of two third of the old partners  
C. Without the consent of the old partners  
D. With the consent of any one of the partners
- (viii) In the books of consignee the expenses incurred by him on consignment are debited to \_\_\_\_\_  
A. Purchases account                            B. Consignment account  
C. Cash account                                  D. Consignor's account
- (ix) In the books of consignor the balance of the consignment stock account would be shown \_\_\_\_\_  
A. As an asset in the balance sheet          B. As a liability in the balance sheet  
C. On the credit side of the trading account    D. On the debit side of profit and loss account
- (x) In single entry system only \_\_\_\_\_  
A. Personal accounts are opened            B. Real accounts are opened  
C. Nominal accounts are opened              D. Real and nominal accounts are opened
- (xi) Admission fee income should be \_\_\_\_\_  
A. Capitalized                                      B. Treated as revenue  
C. Treated as liability                            D. Added in assets

DO NOT WRITE ANYTHING HERE

- (xii) Non-trading institutions prepare \_\_\_\_\_
- A. Profit and loss account                      B. Manufacturing account  
C. Income and expenditure account            D. Trial balance
- (xiii) The value of asset after its useful life is called \_\_\_\_\_
- A. Replacement value                              B. Resale value  
C. Residual value                                    D. Market value
- (xiv) A document which contains the rules for the internal management of the company is called \_\_\_\_\_
- A. Memorandum of Association                B. Articles of Association  
C. Prospectus                                        D. Partnership Deed
- (xv) Investors of the corporation business are called \_\_\_\_\_
- A. Manager    B. Promoters  
C. Debenture holder                                D. Shareholders
- (xvi) Revaluation Account is prepared at \_\_\_\_\_
- A. Formation of partnership  
B. Retirement of a partners  
C. Admission of a new partner  
D. Dissolution of partnership
- (xvii) When any partner draws money from business, the account to be debited is \_\_\_\_\_
- A. Capital    B. Drawings  
C. Cash     D. Loan
- (xviii) Revaluation Account is debited for \_\_\_\_\_
- A. Increase in value of asset                      B. Decrease in value of asset  
C. Decrease in value of liability                D. Increase in value of goodwill
- (xix) At the time of admission of a new partner, General Reserve is \_\_\_\_\_
- A. Debited to the capitals of old partners  
B. Credited to the capitals of old partners  
C. Credited to the capital of new partner  
D. Allowed to remain in the balance sheet
- (xx) The capital in the beginning of the accounting year is ascertained by preparing \_\_\_\_\_
- A. Cash Account                                    B. Opening Statement of Affairs  
C. Total Creditors Account                      D. Total Debtors Account

For Examiner's use only:

Total Marks:

20

Marks Obtained:

— 2HA 1215 —





# 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)

- What is Income and Expenditure Account? Who prepares it?
- Define Subscriptions.
- Write three defects of 'Single Entry System'.
- Write about 'Statement of Affairs'.
- Write four important points of any 'Partnership Deed'.
- Who are "Consignor" and "Consignee"?
- What entry is passed when the goodwill is raised in case a new partner does not pay cash of his share of goodwill?
- Name three accounts prepared at the time of retirement of a partner.
- List three manners by which a firm can be dissolved.
- Write briefly about "Memorandum of Association".
- Differentiate between 'Debenture' and 'Share'.
- Give the formula for calculating annual depreciation under Straight line Method.

## SECTION – C (Marks 50) (PART – I)

Note:- Attempt any ONE question.

(1 x 20 = 20)

Q. 3 The following is the Balance Sheet of A, B and C on 31-12-2008:

Assets	Rs.	Liabilities	Rs.
Cash in hand	300	Sundry Creditors	4,500
Cash at Bank	7,500	Reserve Funds	4,800
Inventory	9,000	Capital:	
Accounts Receivable	9,000	A 15,000	
Furniture	12,000	B 7,500	
Tools	1,500	C 7,500	30,000
	39,300		39,300

C died on 31<sup>st</sup> March 2009. Under the terms of the Partnership deed the executor of a deceased partner was entered to:

- Amount standing to the C Capital Account
- Interest on capital @ 5% per annum
- Share of Goodwill on the basis of twice the average of the past three years' profits
- Share of profits from the closing of the last financial year to the death on the basis of the last year profit.

Profits for the years 2006 Rs.9,000, for 2007 Rs. 12,000 and for 2008 Rs. 10,500.

Profit was shared in the ratio of capitals.

- Required:**
- Pass the necessary journal entries.
  - Find out the amount payable to the heir of C by Preparing his Capital Account.
  - Show the calculation of Goodwill credited to C's Account.
  - Show the calculation of profit credited to C's Account

Q. 4 Following is the balance sheet of Noor and Ehsan as on January 1<sup>st</sup> 2009:

Assets	Rs.	Liabilities	Rs.
Cash at Bank	15,000	Sundry Creditors	21,000
Sundry Assets	1,05,000	General Reserve	9,000
		Capital:	
		Noor 50,000	
		Ehsan 40,000	90,000
	120,000		120,000

Noor and Ehsan were sharing profit and loss in the ratio of 2:1. On the above date Waleed was admitted as partner on the conditions that:

- He brings Rs. 30,000 as capital and Rs. 15,000 as his share of goodwill.
- Noor and Ehsan withdrew half of their share of goodwill.
- New profit sharing ratio is 3/5, 1/5, 1/5.

- Required:**
- Give journal entries.
  - Ledger Accounts (Capital Accounts, goodwill Account and Bank Account).
  - Balance Sheet after Waleed's admission.



(PART – II)

Note:- Attempt any THREE questions.

( 3 x 10 = 30 )

Q. 5 Ali sent out a consignment of the value of Rs. 5,000 to Bashir drawing on the latter for Rs.4,000 as an advance against the same. Ali paid Rs.400 for freight etc. Bashir cleared the goods paying Rs.200 for duty. He sold on credit half the lot for Rs.4,000 and half of the remaining sold for cash Rs.2,200. Bashir's remuneration is 2-1/2 per cent on gross proceeds. Bashir sent out an account sales and a draft to Ali for the balance as shown therein. Rs. 1,250 worth of goods are in hand with Bashir.

**Required:** Open the consignment Account and Bashir's Account in the book of Ali to record the above transactions.

Q.6 The treasurer of Sargodha Club has prepared the following Receipt and Payment account for the year ended on 31<sup>st</sup> December 1995:

Receipts	Rs.	Payments	Rs.
Cash in hand	1,575	Social event expenses	730
Cash at Bank	2,630	Insurance	350
Annual subscription	5,600	Secretary's salary	1,850
Donation for Building Fund	12,000	General Expenses	208
Social events Receipts	1,214	Purchases of Stationary	400
Misc. Receipt	1,200	Advance against Contract for Building	8,500
		Cash in hand	4,381
		Cash at Bank	7,800
	24,219		24,219

Following is the additional information:

a. The assets and liabilities of the club are as under:

	1 <sup>st</sup> January 1995 Rs.	31 <sup>st</sup> December 1995 Rs.
Creditors for stationary	325	340
General expenses accrued	125	235
Prepaid insurance	145	188
Accrued Annual Subscriptions	75	90

b. On 1<sup>st</sup> July 1995, the club had inaugurated a Building Fund which is to be used for construction of the new building.

**Required:** (i) Prepare Income and Expenditure Account.  
(ii) Calculate Accumulated surplus at the beginning of the year.  
(iii) Balance Sheet as on that date.

Q. 7 Reproduce and complete the following table on your answer book:

	Cost (Rs.)	Scrap value (Rs.)	Annual Depreciation under fixed Installment Method Rs	Life (Years)
i	8000	200	?	10
ii	?	500	800	12
iii	5300	?	1000	5
iv	6000	400	700	?
v	3000	Nil	?	15

Q. 8 a. A company issued 1000 6% debentures of Rs.100 each. Pass Journal entries in each of the following cases:

- Debentures are issued at a discount of 5% but redeemable at par.
- Debentures are issued at a premium of 5% but redeemable at par.
- Debentures are issued at a discount of 4% but redeemable at a premium of 5%.

b. A company issued 10,000 shares of Rs.10 each to the public for subscription at par value. Applications for 14000 shares were received. No allotment was made for extra money received but refunded to the applicants and remaining money was transferred to share Capital Account.

**Required:** Pass necessary journal entries in the books of company.