Time allowed: 25 Minutes

| Answer Sneet No. | |
|---------------------|--|
| Sig. of Invigilator | |

PRINCIPLES OF ACCOUNTING HSSC-II

SECTION - A (Marks 20)

| NOTE: | on t | the qu | a is compulsory and comprises pa estion paper itself. It should be cor perintendent. Deleting/overwriting | npleted in t | Il parts of this section are to be answered the first 25 minutes and handed over to the red. Do not use lead pencil. | |
|-------|---|--|---|--------------|--|--|
| Q. 1 | Circle the correct option i.e. A / B / C / D. Each part carries one mark. | | | | | |
| | (i) Due to fresh capital introduced during the year, the closing capita | | | | osing capital will | |
| | | A. | Increase | B. | Decrease | |
| | | C. | Remain constant | D. | Multiply | |
| | (ii) | To calculate the true net profit or net loss in single entry system, it is necessary that the am | | | | |
| | | draw | rings should be added in | | | |
| | | A. | Fresh capital | B. | Opening capital | |
| | | C. | Closing capital | D. | Adjusted closing capital | |
| | (iii) | Rece | eipts and payments account is a sumr | mary of | | |
| | | A. | Cash Book | B. | Purchases Book | |
| | | C. | Sales Book | D. | Purchases Returns Book | |
| | (iv) | In Re | eceipts and Payments Account | | | |
| | | A. | No narration is written | | | |
| | | B. | No ledger reference is recorded | | | |
| | | C. | Daily cash balance can not be aso | ertained | | |
| | | D. | All of these | | | |
| | (v) | How | many parties are involved in consign | ment? | | |
| | | A. | 2 | В. | 3 | |
| | | C. | 4 | D. | None of these | |
| | (vi) | The | relationship between consigner and c | onsignee is | that of | |
| | | A. | Principal and Agent | B. | Debtor and Creditor | |
| | | C. | Buyer and Seller | D. | None of these | |
| | (vii) Consignee | | | | | |
| | | A. Bears expenses and losses in consignment | | | | |
| | | B. Shares profit made on the sale of goods | | | | |
| | | C. | Receives his commission from the | consignor | | |
| | | D. | All of these | | | |
| | (viii) | Joint | Stock Company is framed under | | | |
| | | Α. | Finance Society Act 1913 | B. | Partnership Act 1932 | |
| | | C. | Companies Ordinance 1984 | D. | Common Carrier Act 1865 | |
| | (ix) | Com | panies Ordinance defines the compa | ny under se | ction | |
| | | A. | 1(7) | B. | 2 (7) | |
| | | C. | 3 (7) | D. | 2 (8) | |
| | (x) Shareholders are | | | | | |
| | | A. | Owners | B. | Directors | |
| | | C. | Managers | D. | Employees | |

DO NOT WRITE ANYTHING HERE

| | | | Mark | s Obtained: | | |
|---------|--|---|-------------|----------------------------------|--|--|
| | Total Marks: | | l Marks: 20 | | | |
| or Ex | amine | r's use only: | | | | |
| | C. | Insolvent Partner's Capital Account | D. | None of these | | |
| | A. | Realization Account | В. | All partners capital Account | | |
| (xx) | Joint | life policy reserve at the time of dissolutio | n is trai | nsferred to | | |
| | C. | Profit and Loss Account | D. | None of these | | |
| | A. | Realization Account | B. | Cash Account | | |
| (xix) | In case of dissolution, assets sold for cash are debited to | | | | | |
| | C. | Share in profit | D. | All of these | | |
| | A. | Take part in the conduct of business | B. | Inspect the books of the firm | | |
| (xviii) | A par | tner has a right to | | | | |
| | D. | All of these | | | | |
| | C. Ratio of profit and losses shared by partners | | | | | |
| | B. Nature of partnership business | | | | | |
| | A. Name of partnership business | | | | | |
| (xvii) | Partnership agreement contains | | | | | |
| | C. | Rs. 15 | D. | Rs. 5 | | |
| | A. | Rs. 25 | B. | Rs. 10 | | |
| | drawings @ 6% p.a. will be | | | | | |
| (xvi) | Mr. A drew a cash of Rs. 1000/- from business for 3 months. The amount of interest on | | | | | |
| | D. None of these | | | | | |
| | C. | May have a debit balance or a credit b | alance | | | |
| | B. | Will always have a debit balance | | | | |
| | A. | Will always have a credit balance | | | | |
| (xv) | The current account of a partner | | | | | |
| | C. | Either fixed or fluctuating | D. | Variable | | |
| | A. | Fixed | В. | Fluctuating | | |
| (xiv) | Curre | ent accounts of the partner should be ope | ned wh | en the capitals are | | |
| | C. | Rs. 900 | D. | Rs. 729 | | |
| | A. | Rs.1000 | В. | Rs. 810 | | |
| | after | two years will be | | | | |
| (iiix) | Suppose cost of asset is Rs. 1,000/- and rate of depreciation 10% p.a. The book value of asset | | | | | |
| | C. | Is a regular loss | D. | All of these | | |
| | Α. | Reduces productive activity | В. | Reduces value of asset gradually | | |
| (xii) | Depreciation | | | | | |
| | C. | Liability | D. | Capital | | |
| | Α. | Expense | В. | Revenue | | |

---- 2HA 1415 ----



(i)

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.

- $(10 \times 3 = 30)$
- (ii) Define Statement of Affairs.
- (iii) What do you mean by non profit making organization?

What is meant by Double entry system?

- What is 'Life Membership Fee'? (iv)
- (V) What is the difference between Consignment inward and Consignment outward?
- (vi) Write two main features of Public Limited Company.
- (vii) What do you know about 'Article of Association'?
- (viii) What is Garner vs Murray rule?
- (ix) What will be the entry when debentures are issued for cash at Premium?
- What is the difference between Convertible and Non-convertible debentures? (x)
- (xi) What is Depletion and Amortization?
- (xii) When is Revolution Account prepared?

SECTION - C (Marks 50) (PART-1)

Note: Attempt any ONE question.

 $(1 \times 20 = 20)$

Saleem, Karim and Rahim were partners. Their Balance sheet showed as follows on 31st December 2010: Q. 3

| Assets | Assets Rs. Liabilites | | Rs. Liabilites | | Rs. |
|--|-----------------------|-------------------|----------------|--|-----|
| Cash at Book | 12,500 | Sundary Creditors | 1,10,000 | | |
| Debtors | 25,000 | Reserve fund | 15,000 | | |
| Stock in hand | 75,000 | Capitals: | | | |
| Investment | 65,000 | Saleem 65,000 |) | | |
| Machinery | 3,500 | Rahim 10,000 | 75,000 | | |
| Karim's capital(overdrawn) | 19,000 | | | | |
| The same of the sa | 2 00 000 | | 2 00 000 | | |

The firm was dissolved on that date. For the purpose of dissolution, the investments were realized at Rs.60,000 and Stock at Rs.40,000. Saleem purchased machinery at book value. The debtors realized Rs.18,000.The sundry creditors were paid Rs.1,07,000 in full satisfaction of their claims. Expenses of realization came to Rs.400. In addition, Rahim is entitled to Commission of 10% on amounts waived by creditors. Assuming that Karim is insolvent and is unable to bring in anything in respect of his debit to the firm.

Show the Realization account, Capital accounts and Cash account of all partners. The final adjustments are to be made in accordance with the decision in Garner vs Murray. Assume the capitals are not fixed.

Following is the balance sheet of A, B and C as on 30th Sept. 1995: Q. 4

| As | sets | Equities | |
|-----------|--------|-------------|--------|
| Cash | 1,000 | A/C Payable | 40,000 |
| Assets | | A's loan | 12,000 |
| Capital C | 10,000 | Capital A | 5,000 |
| | | Capital B | 3,000 |
| | 60,000 | | 60,000 |

Owing to the inability to pay creditors, the firm is dissolved. B and C are insolvent and can not pay anything. A can only contribute Rs. 1500/- from his private estate. The assets were sold for Rs. 32,500/-, the expenses of dissolution were Rs. 3,000/-

Prepare General Journal entries and ledger Account to close the books of the firm. Required:

Note:

Attempt any THREE questions.

 $(3 \times 10 = 30)$

Q. 5 Arif keeps his books by single entry system. His financial position is as follows:

| | 01-01-2005 | 31-12-2005 |
|----------------|------------|------------|
| Cash in hand | 20 | 80 |
| Cash at bank | 100 | 200 |
| Debtors | 300 | 320 |
| Stock in trade | 1800 | 1500 |
| Furniture | 200 | 200 |
| Creditors | 600 | 400 |

During the year cash received from debtors Rs. 4400 and paid Rs. 3000/- to creditors. He also paid Rs. 840/- for wages, which include Rs. 10/- per week to himself. The creditors figure Rs. 3000/- include Rs. 300/- for goods for own use of Arif. He paid Rs. 400/- for sundry expenses.

Required:

Prepare trading Profit and loss A/C for the year ended on 31st Dec. 2005 and the balance sheet on that date.

Q. 6 Below is given the Receipt and Payment Account of Leo's Club, Lahore. Prepare Income and Expenditures Account as on 1st December 2005 and a Balance sheet as on that date:

| | Rs. | | Rs. |
|---------------------|------|--------------|------|
| Balance B/d | 2476 | General exp. | 1084 |
| Annual subscription | 3260 | Salaries | 1100 |
| Life membership fee | 500 | Furniture | 1600 |
| Entrance fee | 466 | Rent | 1120 |
| Interest | 80 | Printing | 250 |
| | | Repairs | 300 |
| | | Balance C/d | 1728 |
| Total | 7182 | | 7182 |
| 1 | | I | 1 |

On 31st Dec 2005, the annual subscription in arrears amounted to Rs. 700/-.

Rs. 200/- is to be written off as depreciation on furniture. Capitalize the membership fee.

- Q. 7 Pass the Journal entries for issuance of debenture:
 - **a.** 6000 debentures of Rs. 100 each issued at par for cash.
 - b. 5000 debentures of Rs. 100 each issued at discount of Rs. 5/- for cash.
 - c. 4000 debentures of Rs. 100 each at 10% premium for cash.
 - **d.** To a vendor from whom furniture purchased for Rs. 50,000/-, 5500 debentures of Rs. 10 each issued for settlement.
 - e. Issued Rs. 180,000 debentures as collateral security for a loan of Rs. 150,000 from bank.
- Q.8 On 1st January 2001 a firm purchased machinery worth of Rs. 50,000/-. On 1st July 2003 it buys additional machinery worth Rs. 10,000/- and spends Rs. 1,000/- on its erection. The accounts are closed each year on 31st Dec. Assuming the normal depreciation to be 10% per annum, show the machinery account for four years under fixed installment method.