

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. 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) Premium on issue of shares is shown on:
A. Debit side of trading account B. Debit side of profit and loss account
C. Asset side of balance sheet D. Liability side of balance sheet
- (ii) The forwarding letter sent by consignor to consignee is a substitute of:
A. Voucher B. Journal C. Invoice D. Consignment account
- (iii) In consignee's book, the payment of expenses by consignee should be debited to:
A. Consignment account B. Consignor account
C. Cash account D. Expenses account
- (iv) A receipts and payments account is similar to:
A. An income and expenditure account B. A statement of affairs
C. A cash or a bank account D. A profit or loss account
- (v) The amount paid to persons who are invited to deliver lectures in a club is known as:
A. Salary B. Wages C. Honorarium D. Income
- (vi) The closing balance of creditors can be ascertained by preparing the:
A. Bills receivable account B. Bills payable account
C. The debtors account D. The creditors account
- (vii) The physical deterioration in assets due to use in business is called:
A. Depletion B. Obsolescence C. Wear and tear D. Accident
- (viii) Current accounts of the partners should be opened when the capitals are:
A. Fluctuating B. Fixed
C. Either fixed or fluctuating D. Variable
- (ix) The debit balance of interest on loan account is transferred to:
A. Partner's capital account B. Profit or loss account
C. Partner's loan account D. Trading account
- (x) When the incoming partner pays the firm for goodwill in cash, the amount should be debited in firm's books to:
A. Goodwill account B. Capital account of the incoming partner
C. Cash account D. Old partners capital accounts
- (xi) In case of death of a partner, the amount received from insurance company is equal to:
A. 50% of policy amount B. 25% of policy amount
C. 75% of policy amount D. 100% of policy amount
- (xii) In case of dissolution, the payment of liabilities should be credited to:
A. Realization account B. Cash account
C. Profit and Loss account D. Liabilities account
- (xiii) In case of dissolution, the transfer of undivided profit should be debited to:
A. Realization account B. Revaluation account
C. Profit and loss account D. Partners capital account
- (xiv) Donations Rs.9000, $\frac{4}{5}$ th capitalized, the amount which should be credited to income and expenditure account is:
A. Rs.1800 B. Rs.7200 C. Rs.8500 D. Rs.900
- (xv) A person who is elected to run the club is called:
A. Treasurer B. Secretary C. Chairperson D. President
- (xvi) If cost of goods sold Rs.350,000/-, gross profit on cost 15%, then the value of sales will be:
A. Rs.425,000 B. Rs.402,500 C. Rs.422,500 D. Rs.405,000
- (xvii) 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
- (xviii) The conversion of debentures into debenture stock is made by:
A. Promoters B. Shareholders C. Directors D. Underwriters
- (xix) Which one of the following is a tangible asset?
A. Goodwill B. Trademark C. Copyright D. Machinery
- (xx) _____ is paid to agent to work hard to push a new line of product in market.
A. Commission B. Delcredre commission
C. Overriding commission D. Ordinary commission

For Examiner's use only:

Total Marks:

20

Marks Obtained:



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) What do you mean by Legacy?
- (ii) What is unlimited company?
- (iii) What is obsolescence?
- (iv) What are the rules, which are applicable in absence of agreement in partnership?
- (v) What is revaluation account?
- (vi) Differentiate between "gaining ratio" and "sacrifice ratio".
- (vii) What is Garner vs Murray decision?
- (viii) Show the formula to calculate the value of adjusted per unit cost in case of normal loss.
- (ix) Define the following:
 - (a) Commission
 - (b) Delcredre commission
 - (c) Overriding commission
- (x) What is scrap value of Asset?
- (xi) What is meant by Non-profit making concerns?
- (xii) Define conversion method in Single Entry system.

SECTION – C (Marks 50) (PART – I)

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

Q. 3 Tahir and Sulman carrying on business in partnership and sharing profits and losses in the ratio of 3: 2 and their balance sheet stood as follows:

Assets	Rs.	Liabilities	Rs.
Cash	1500	Creditors	11800
Stock	28000	Tahir's capital	51450
Debtors	19500	Salman's capital	36750
Furniture	2500		
Machinery	48500		
	1,00,000		1,00,000

They admit Sadees into partnership and give him $\frac{1}{8}$ th share in future profits on the following terms

- (a) Goodwill of the entire firm be valued at twice the average of the last three years profits which amounted to Rs.21000, Rs.24000 and Rs.25560.
- (b) Sadees to bring in cash for the amount of his share of goodwill.
- (c) He is to bring in cash Rs.15000 as his capital.

Requirement: Give journal entries and draw out the balance sheet of the new firm and state the future profit sharing ratio.

Q. 4 Saleem, Tahir and Ali were partners sharing profits and losses in the ratio of 3: 2: 1. Their balance sheet on 31st December 2015 was as follows:

Assets	Rs.	Liabilities	Rs.
Cash at bank	3500	Sunday creditors	15000
Bills receivable	2000	Bills payable	5000
Investments	6500	Capitals:	
Debtors	6000	Saleem	10,000
Stock	5000	Tahir	10,000
Furniture	2000	Ali	10,000
Buildings	25000		30000
	50,000		50,000

Ali retired on the above date and the partners agreed that:

- (a) Goodwill should be calculated on the basis of two years profits of the average of the preceding three years profits. The profits for the years 2012, 2013 and 2014 were Rs.16000, Rs.12000 and Rs.14000 respectively.
- (b) Rs.510 to be provided for doubtful debts.
- (c) Stock to be reduced by 10%.
- (d) There was an appreciation in the value of building by 5%.

Requirement: Show the Revaluation Account and the balance sheet of the continuing partners

(PART – II)

Note: Attempt any THREE questions.

(3 x 10 = 30)

Q. 5 Nadeem keeps his books on single entry system. His financial position was as follow:

	Jan 01, 2015	Dec 31, 2015
	Rs.	Rs.
Sundry debtors	4250	7000
Cash in hand	100	150
Cash at bank	1500	1000
Stock	10,000	9500
Motor vehicles	7000	7000
Machinery	900	900
Furniture	8000	8000
Sundry Creditors	11,000	14,500

During the year, he withdrew for personal use Rs.7000. He introduced additional capital on 1st July 2015 Rs.9000. Charge depreciation on machinery, motor vehicle and furniture @ 10% p.a. Allow interest on capital @ 6% p.a.

Requirement: Ascertain the profit or loss made by him under Net Worth Method for the year ended 31st Dec. 2015.

Q. 6 Zahid & Co. purchased a machinery for Rs.160,000 on 1st July 2010. The books are closed on 31st December every year. On 30th June 2013, it was sold for Rs.70,000 and new machinery was purchased for Rs.180,000 on the same date. Depreciation is charged at the rate of 15% p.a. on original cost method.

Requirement: Prepare the machinery account up to 2013 in the books of company.

Q. 7 M/s Kaleem Traders sent 100 machines to Habeeb on consignment. The cost of each machine was Rs.12000. The expenses of M/s Kaleem traders were, Freight Rs.7000 and insurance Rs.3000. During transit one machine was destroyed and the insurance company admitted Rs.9000 towards that claim. Habeeb sold 7 machines at Rs.15000 each and paid for storage and insurance Rs.3400. Habeeb then accepted a bill for Rs.90,000 at 3 months drawn by M/s Kaleem traders, which they discounted immediately with their bank at 6% p.a. It was agreed that Habeeb is to get 5% commission.

Requirement: Give the consignment account in the books of M/S Kaleem Traders.

Q. 8 Imran Textile Ltd. acquired the business of M/S Noor & Sons. The assets and liabilities of M/s Noor & Sons at book value are given below:

Assets	Rs.	Liabilities	Rs.
Land and Building	50,000	Sundry Creditors	10,000
Machinery	40,000		
Furniture	14,000		
Debtors	5000		

The purchase consideration is to be paid by the company in fully paid up shares of Rs.10 each. Pass journal entries if the shares are issued:

- At Par
- At 10% Discount
- At 10% Premium