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Version No.				
4	0	3	4	1

ROLL NUMBER						

PRINCIPLES OF ACCOUNTING HSSC–II

SECTION – A (Marks 20)

Time allowed: 25 Minutes

Section – A is compulsory. All parts of this section are to be answered on this page and handed over to the Centre Superintendent. Deleting/overwriting is not allowed.

Do not use lead pencil.

حصہ اوّل لازمی ہے۔ اس کے جوابات اسی صفحہ پر دیے گئے نظم مرکز کے حوالے کریں۔ کاٹ کر دوبارہ لکھنے کی اجازت نہیں ہے۔ لیڈ پنسل کا استعمال ممنوع ہے۔

Answer Sheet No. _____

ہر سوال کے سامنے دیے گئے، کریکولم کے مطابق درست دائرہ کو پُر کریں۔ **Invigilator Sign.** _____

Fill the relevant bubble against each question according to curriculum: **Candidate Sign.** _____

	Question سوال	A	B	C	D	A	B	C	D
1.	Subscription received relating to current year is a/an:	Income	Asset	Expense	Liability	○	○	○	○
2.	Income and expenditure account shows:	Cash in hand	Cash at bank	Surplus or deficit	Capital	○	○	○	○
3.	Donations Rs. 9000, 4/5th capitalized, the amount to be credited to income and expenditure A/C is:	Rs. 1800	Rs. 7200	Rs. 9000	Rs. 900	○	○	○	○
4.	Due to drawings made during the year. The closing capital will:	Increase	Decrease	Remain unchanged	Be doubled	○	○	○	○
5.	Cash paid to creditors can be ascertained by preparing:	Total debtors A/C	Total Creditors A/C	Balance sheet	Profit and loss A/C	○	○	○	○
6.	If the cost of goods sold is Rs. 350,000 and gross profit on cost is 15% then the value of sales will be Rs.	42500	402500	42250	40500	○	○	○	○
7.	Depreciation is a charge against:	Expense	Revenue	Liability	Capital	○	○	○	○
8.	In fixed installment method, depreciation is calculated on:	Book value	Original cost	Market value	Net realizable value	○	○	○	○
9.	Value of an asset at the end of working life is called:	Original cost	Book value	Scrap value	Market value	○	○	○	○
10.	Fixed installment method is also knowns as:	Reducing Balance method	Diminishing balance method	Revaluation method	Straight line method	○	○	○	○
11.	Which of the following is a possible loss, the amount of which cannot be determined exactly?	Reserve	Provision	Depreciation	Fluctuation	○	○	○	○

	Question سوال	A	B	C	D	A	B	C	D
12.	Portion of profit which is not paid to proprietor, but is kept aside for meeting some losses, is called:	Reserve	Provision	Depreciation	Expense	○	○	○	○
13.	Normal loss occurs due to:	Accident	Fire	Theft	Loss in weight due to nature	○	○	○	○
14.	In books of consignor, commission on consignment should be credited to:	Commission A/C	Cash A/C	Consignment A/C	Consignee's A/C	○	○	○	○
15.	It is paid to consignee if he takes the risk of bad debts:	Ordinary commission	General commission	Delcredere commission	Added commission	○	○	○	○
16.	In the absence of an agreement the partners are entitled to interest on loan at the rate of:	6% p.a.	8% p.a.	10% p.a.	15% p.a.	○	○	○	○
17.	Partners current accounts should be opened when capital accounts are:	Fixed	Fluctuating	Current	Nominal	○	○	○	○
18.	Shareholders are the _____ of the business:	Owners	Debtors	Creditors	Promoters	○	○	○	○
19.	The value which is printed on shares is called:	Net value	Market value	Book value	Face value	○	○	○	○
20.	The official signature of the company are called:	Common Act	Companies Act	Common seal	Partnership deed	○	○	○	○

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PRINCIPLES OF ACCOUNTING HSSC–II

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Time allowed: 2:35 Hours **Total Marks Sections B and C: 80**

SECTION – B (Marks 30)

Q. 2 Write brief answers of any TEN parts. **(10 x 3 = 30)**

(i) What is a receipts and payments account?

(ii) Give formula for calculation of profit under net worth method.

(iii) What is meant by single entry system?

(iv) Differentiate between fixed instalment method and reducing balance method of depreciation.

(v) Give names of three such assets whose values decrease due to efflux of time.

(vi) Differentiate between general reserve and specific reserve.

(vii) What is meant by the term provision?

(viii) What is meant by over-riding commission?

(ix) State any three rules applicable in absence of a partnership agreement.

(x) What are preliminary expenses?

(xi) Briefly explain redeemable debentures.

(xii) What is a 'company limited by guarantee'?

SECTION – C (Marks 50)

(PART – I)

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

Q. 3 A and B were in partnership sharing profits and losses in the proportions $\frac{3}{4}$ and $\frac{1}{4}$ respectively. Their balance sheet as on 31st December, 2017 was as follows:

Balance Sheet

Assets	Rs.	Liabilities	Rs.
Cash	22500	Creditors	37500
Bills receivable	3000	Capital:	
Debtors	16000	A	40000
Stock	20000	B	10000
Furniture	1000		
Building	25000		
	87500		87500

They admitted C into partnership on 1st January, 2018 on these terms:

(i) C pays Rs. 10000 as his capital for 1/5th share in future profits.

(ii) Goodwill for Rs. 20000 is raised in the books.

(iii) Stock and furniture are reduced by 10% and 5% provision is made for likely bad debts.

(iv) Value of buildings is increased by 20%.

(v) The capital accounts of A and B are readjusted as per their profit sharing ratios.

Requirement: Pass necessary journal entries, prepare revaluation account and new balance sheet.

Q. 4 P and Q are partners sharing profits and losses in the ratio of 3 : 2 respectively. P provided loan Rs. 10000 to the firm. Sundry creditors are amounting to Rs. 20000. Total assets of the firm realized Rs. 120000.

Requirement: Provide journal entries, prepare realization, Cash and Capital accounts.

(PART – II)

Note: **Attempt any THREE questions.** **(3 x 10 = 30)**

Q. 5 The following is the receipts and payments account of the Reader's Library for the year ended 31st December, 2018.

Receipts	Rs.	Payments	Rs.
Balance b/d	11638	Rent	1336
Entrance fees	1510	Salaries	7900
Subscription	18200	Electricity	1100
Sale of old furniture	15000	Books	15000
		Furniture	8000
		Misc. Expenses	1664
		Balance c/d	11348
	46348		46348

At the beginning of the year the library possessed books worth Rs. 10000. Subscriptions in arrear at the beginning of the year amounted to Rs. 500 and at the end of the year Rs. 700. Depreciate books by Rs. 2000 and furniture by Rs. 500. Prepare the Income and Expenditure account and Balance Sheet as on 31st December, 2018.

Q. 6 X, who keeps his books on single entry system, tells you that his capital on 31st December, 2018 was Rs. 56100 and his capital on 1st January, 2018 was Rs. 57600. He further informs that during the year he withdrew Rs. 25260 for his household purposes. He sold his investments of Rs. 6000 at 2% premium and brought the money into business.

Requirement: Prepare a statement of profit and loss.

Q. 7 On 1st January, 2018 Zubair and Co. of Karachi consigned 100 cases of dry milk to Tariq agencies of Lahore. The goods were charged at cost price of Rs. 100 per case. On the same date the consignors paid Rs. 600 for freight and insurance. On 1st July, the consignee paid clearing charges Rs. 1000 and carriage Rs. 200. On 1st August, they sold 80 cases for Rs. 10500 and sent a remittance for the balance due to the consignor after deducting commission at 5% on gross sales proceeds.

Requirement: Show the consignment A/C and Tariq agencies A/C in Zubair and Co's books.

Q. 8 On 1st July, 2015 Azam purchased a second-hand machine for Rs. 18000 and spent Rs. 2000 on its repairs and installation. On 30th June, 2018 the machine was disposed off for a sum of Rs. 13600. Assuming the books are closed on 31st December, each year and taking the rate of depreciation at 10% p.a. on diminishing balance, show the machinery account.