Version No.				
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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 دے کر نگرانِ 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.	In single entry system, nominal accounts and some assets accounts balances are not available, so it is not possible to prepare:	Debtors account	Creditors account	Trial Balance	Statement of affairs	○	○	○	○
2.	Single entry system is suitable where _____ transaction are more.	Small amount of cash	Large amount of cash	Small amount of credit	Large amount of credit	○	○	○	○
3.	A person who is elected to run the club is called:	Treasurer	Secretary	Chairperson	President	○	○	○	○
4.	Receipts and payment account record the transaction of _____ nature.	Revenue	Capital	Both revenue and capital	Capitalized	○	○	○	○
5.	The amount received from any source by way of gift is describe as:	Legacy	Subscription	Donation	Life membership fee	○	○	○	○
6.	Consignee is _____ of consignor.	Principal	Agent	Creditor	Partner	○	○	○	○
7.	The Book which is maintained by consignor to keep full record of the goods consigned is called _____ book.	Consignment outward	Consignment inward	Consignment production	Consignment purchase	○	○	○	○
8.	In consignment, abnormal loss does not occur due to:	Loss by fire	Accident	Theft	Leakage	○	○	○	○
9.	The Journal entry for share application money refunded will be:	Bank account Dr. ordinary share application account Cr.	Bank account Dr. ordinary share capital account Cr.	Ordinary share application account Dr Bank account Cr.	Ordinary share capital account Dr bank account Cr.	○	○	○	○
10.	If shares are issued at face value by a company then it is called:	Shares issued at par	Shares issued at premium	Shares issued at discount	Shares issued at book value	○	○	○	○

	Question سوال	A	B	C	D	A	B	C	D
11.	Discount on issue of shares is a:	Revenue loss	Capital profit	Capital loss	Revenue profit	○	○	○	○
12.	Decline in the value proportionate to the quantum of production e.g. mine, quarry etc. is called:	Amortization	Depletion	Depreciation	Wear and tear	○	○	○	○
13.	Depreciation of an asset should not exceed:	Original cost	Depreciable value	Market price	Scrap value	○	○	○	○
14.	The decrease in the value of trade mark, copy right, patent right etc. is termed as:	Depreciation	Amortization	Depletion	Reconstruction	○	○	○	○
15.	Which one of the following asset is to be appreciated in value?	Land	Building	Furniture	Machinery	○	○	○	○
16.	Diminishing balance method is suitable for those assets which have:	Long life	Short life	Average life	Temporary life	○	○	○	○
17.	In partnership business current accounts of the partners should be opened when the capitals are:	Fluctuating	Fixed	Either Fixed or Fluctuating	Variable	○	○	○	○
18.	Suppose the profit of a partnership after charging manager's commission is Rs.10560, then the amount of manager's Commission will be @ 5% on profit amounted to:	Rs. 503	Rs. 506	Rs. 528	Rs. 603	○	○	○	○
19.	The end or termination of partnership is called:	Admission	Retirement	Death	Dissolution	○	○	○	○
20.	In case of dissolution, partners personal assets are first used for the payment of:	Personal liabilities	Firm's liabilities	Court liabilities	External liabilities	○	○	○	○

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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. Write your answers neatly and legibly.

SECTION – B (Marks 30)

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

(i) Differentiate between statement of affairs and balance sheet.
(ii) What are the disadvantages of single entry system? (Any three)
(iii) Write three differences between "Cash Book" and "Receipts and Payment account".
(iv) Write three differences between "Receipts and Payment account" and "Income and Expenditure account".
(v) What is the difference between "Donation" and "Subscription"? (Any three)
(vi) Pass the Journal entry for shares taken up by promotors against preliminary expenses.
(vii) Differentiate between amortization and depletion.
(viii) What Journal entry will have to be made when profit is earned on sale of asset?
(ix) Briefly explain 'scrap value' of an asset.
(x) What rules are applicable in the absence of agreement in partnership? (any three)
(xi) Explain 'realization account' briefly.
(xii) Briefly explain "Garner and Murray" decision.

SECTION – C (Marks 50)

(PART – I)

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

Q. 3 Mr Hashir and Mr. Ashir are partners sharing profits as 2:1. The position of the firm as on 31st December 2022 when they decided to dissolve the business was as follows:

Balance Sheet

Assets	Rs.	Liabilities		Rs.
Plant and Machinery	50000	Sundry creditors		30000
Furniture	8000	General reserve		20000
Stock	20000	Capital Accounts:		
Sundry debtors	40000	Hashir	44000	
Cash at bank	20000	Ashir	44000	88000
	138000			138000

The realisation shows the following resuits:
(i) Mr Hashir took over plant and machinery and furniture at book value less 10%.
(ii) Mr Ashir took over the stock and goodwill at Rs. 35000.
(iii) Sundry debtors realised Rs. 37000.
(iv) Sundry creditors were settled at a discount of 5%.

Requirement: Close the books of the firm.

Q. 4 Zulfiqar and Qamar are partners in a firm sharing profits and losses as Zulfiqar $\frac{3}{4}$ and Qamar $\frac{1}{4}$ on 1st January 2022, their position was as given below:

Balance Sheet

Assets	Rs.	Liabilities		Rs.
Plant	80000	Sundry creditors		40000
Stock	20000	Capital Accounts:		
Debtors	60000	Zulfiqar	100,000	
Cash at bank	40000	Qamar	60000	160000
	200000			200000

Rehman is now to join the partnership. He agrees to pay the partners Rs. 40000 by way of goodwill and introduce $\frac{3}{5}$ of the combined capital of the two existing partners after depreciating plant and stock at 20% and 10% respectively and raising a reserve of 10% against sundry debtors. The new partner is to be allowed $\frac{1}{4}$ share of the profits of the firm.

Requirement: You are asked to record the above transactions in the books of the firm and give the resultant balance sheet of new firm.

(PART – II)

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

Q. 5 On 1st Jan 2022 Razaq & Co of Lahore consigned to Obaid & Co. of Faisalabad 100 cycles at Rs 1000 each. Razaq & Co. had paid Rs 400 for packing etc. Rs 100 for insurance and Rs 500 for carriage. On 1st march 2022, Obaid & Co. sold 75 cycles for Rs 90000, the expenses thereon being Rs 4000. Obaid & Co. are entitled for commission of 5% and 2% (delcredere) on sales and they remitted Rs 60,000 on account. One customer who purchased 5 cycles failed to pay his debts due to his insolvency.
Requirement: Prepare necessary ledger account in books of Razaq & Co.

Q. 6 X and Y carrying on business in partnership keep their books by single entry. On 1st January 2022, the statement of their position was:

Assets	Rs.	Liabilities		Rs.
Cash in hand	270	Bills payable		6460
Cash at bank	2190	Creditors		20280
Bills receivable	4060	Capital accounts:		
Debtors	48670	X	73400	
Stock	32850	Y	73400	146800
Plants machinery	80200			
Furniture	5300			
	173540			173540

The following was the state of affairs on 31st December 2022.
Cash in hand Rs 400, cash at bank Rs 5810, Debtors Rs 56280, Bills Receivable Rs 6840, stock Rs 36730, creditors Rs 21470, bills payable Rs 5950. The partners have drawn Rs 4800 each and entitled to interest on capital at 6% per annum. No interest was payable on drawings it was agreed to depreciate plant and machinery at 10% and furniture at 6%.
Requirement: Draw up a statement of profit and loss for the year ended 2022, 31st December, and also statement of affairs as on that date.

Q. 7 A transport company purchases 10 motor trucks at Rs 180,000 each on 1st April 2019. On 1st October, 2021 one of the trucks got an accident and was completely destroyed. Rs 108000 were received from the insurer in full settlement. On the same day another truck was purchased for the sum of Rs 200,000. The company wrote off depreciation at 20% on the original cost per annum and observed the calendar year as its financial year.
Requirement: Give the motor trucks account from 2019 to 2021.

Q. 8 Pass the following entries of debentures in each case:

(i) Debentures issued at Rs 90 and redeemable at Rs 100.

(ii) Debentures issued at Rs 100 and redeemable at Rs 110.

(iii) Debentures issued at Rs 110 and redeemable at Rs 100.

(iv) Debentures issued at Rs 90 and redeemable at Rs 110.

(v) Debentures issued at Rs 100 and redeemable at Rs 100.