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# MODEL PAPER OF "PRINCIPLES OF ACCOUNTING"

## Intermediate Part-II Examination

### OBJECTIVE

**Time: 30 Minutes** **Marks: 20**

**Q.No.1: Write answers to the questions on the objective answer sheet provided. You have four choices for each objective type question as A,B,C and D. The choice which you think is correct; fill the circle in front of that question Number. Use marker or pen to fill the circles. Cutting or filling two or more circles will result in zero mark in that question. Attempt as many questions as given in objective-type question paper and leave the others blank.**

(i) The capital under single entry system is ascertained by preparing:
(A) Cash account (B) statement of affairs
(C) Total debtors account (D) Total creditors account

(ii) In single entry system it is not possible to prepare:
(A) Trial balance (B) Trading account
(C) Profit and loss account (D) Balance sheet

(iii) Credit purchase can be ascertained through:
(A) Total debtors accounts (B) Total creditors account
(C) Statement of affairs (D) Cash account

(iv) Non-trading concerns prepare:
(A) Profit and loss account (B) Income and expenditure account
(C) Manufacturing account (D) Trading account

(v) Income and expenditure account shows:
(A) Surplus or deficit (B) Net profit or net loss
(C) Capital account (D) Cash in hand

(vi) Receipt and payment account is:
(A) Nominal account (B) Real account
(C) Personal account (D) An expense account

(vii) The relationship between consignor and consignee is that of:
(A) Buyer and seller (B) Debtor and creditor
(C) Wholesaler and retailer (D) Principal and agent

(viii) The status of consignor is:
(A) An agent (B) A principal
(C) A seller (D) A buyer

(ix) Account sales is prepared by:
(A) Consignor (B) Consignee
(C) Consignment (D) Principal

(x) The liability of the shareholders of a public limited company is:
(A) Unlimited (B) Limited
(C) Compulsory (D) None of these

(xi) A person who purchases the shares of the company becomes its:
(A) Shareholder (B) Debenture holder
(C) Underwriter (D) Promoter

(xii) The maximum number of members in case of public limited company can be:
(A) Forty (B) Fifty

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(C) Sixty (D) Unlimited

(xiii) The charter of the company containing the objectives is called:

(A) Articles of association (B) Prospectus

(C) Memorandum of association (D) None of these

(xiv) The process of writing off intangible assets is called:

(A) Depreciation (B) Fluctuation

(C) Depletion (D) Amortization

(xv) Depreciation is:

(A) An income (B) An expense

(C) A loss (D) A liability

(xvi) Without charging depreciation, the profit will be:

(A) Over-stated (B) Under-stated

(C) Balanced (D) None of these

(xvii) Partnership is formed under the Act of:

(A) 1984 (B) 1932

(C) 1912 (D) 1962

(xviii) Goodwill is valued when:

(A) Business is started

(B) Loss is suffered

(C) One year of business is completed

(D) A partner is admitted or retired

(xix) In case of dissolution, the payment of unrecorded liability is debited to:

(A) Realization account (B) Liability account

(C) Revaluation account (D) Cash account

(xx) Any asset taken by a partner is debited to:

(A) Realization A/c (B) Revaluation A/c

(C) Partner's capital A/c (D) None of these

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# MODEL PAPER OF "PRINCIPLES OF ACCOUNTING"

## Intermediate Part-II Examination

## SUBJECTIVE

**Time: 2:30 Hours** **Marks: 80**

## PART - I

**Q.2 Write Short answers to any FIVE (5) questions:** **10**

(i) What is single entry system?
(ii) What is statement of affairs?
(iii) Define non-trading organization.
(iv) Define receipt and payment account.
(v) Define surplus.
(vi) What is legacy?
(vii) Define consignor.
(viii) What is meant by account sales?

**Q.3 Write Short answers to any FIVE (5) questions:** **10**

(i) Define joint stock company.
(ii) Define share capital.
(iii) Define the term depreciation.
(iv) Write the name of any two methods of depreciation.
(v) What is obsolescence.
(vi) What is meant by dissolution of partnership.
(vii) What is goodwill.
(viii) Define sacrificing ratio.

## PART - II

**Note: Attempt any THREE of the following questions.** **(20 × 3 = 60)**

**Q.4** Mr. Abdullah started business on 1st January, 2016 with a capital of Rs. 8,000/- on 1st April, 2016, he borrowed a sum of Rs. 2,000/- from his friend Mr.Tahir @ 9% per annum and introduced a further capital of his own amounting Rs. 4000. On 31st December 2016, his assets and liabilities (beside above) were following:

Cash Rs. 6,000, Stock Rs. 9,400/-, Debtors Rs. 7,100, Creditors Rs. 4,200.

Mr. Abdullah withdrew during the year Rs. 2,000/- for his personal use.

Ascertain the profit or loss of Mr. Abdullah during year 2016 after considering the following adjustments:

(1) Charge interest on capital @ 10 % p.a.
(2) Interest is unpaid on Mr. Tahir Loan.

**Q.5** From the following receipts and payments account for the year ended 31st March 2016, prepare the Income and expenditure account and a balance sheet.

| *Receipts* | *Rs.* | *Payments* | *Rs.* |
|---|---|---|---|
| Balance 1-4-2015 | 2,480 | Salaries and wages | 1,100 |
| Subscription | 3,260 | Rent | 1,000 |
| Life membership fee | 500 | General expenses | 1,100 |
| Interest | 360 | Furniture | 1,600 |
| Admission fee | 480 | Printing expenses | 250 |
| Misc. receipts | 100 | Repairing charges | 300 |
| Donation for building fund | 20,000 | Balance 31-3-2016 | 21,830 |
| | 27,180 | | 27,180 |

- The subscription in arrears amounted to Rs.700.
- Depreciation on furniture is 10 %
- Life membership fee to be credited to revenue.

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**Q.6** Zahid Radio House of Lahore consigned 100 radios to Khurram of Faisalabad at Rs. 200 each (cost price 150 each). He paid Rs. 300 as freight and packing. The consignee is entitled to commission at 10% of gross sale proceeds. Consignee paid Rs. 1,150 as all inclusive expenses and also sent a draft of Rs. 10,000 as an advance to consignor. Khurram sold all the radios at invoice price of Rs. 200 each and submitted a final cheque with the account sales.

Pass Journal Entries and prepare necessary accounts in the books of the Consignor.

**Q.7** A company issued 1000, 12% debentures of Rs.100 each. Pass Journal entries if the company issues the debentures:

(a) At par, redeemable at par
(b) At 5% discount, redeemable at par.
(c) At 5% premium, redeemable at par.
(d) At 5% discount, redeemable at 5% premium.
(e) At par, redeemable at 5% premium.

**Q.8** A limited company purchased on 1st July 2001 a machinery costing Rs. 160,000/-. The books are closed on 31st December every year. On 30th June 2004, 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.

Prepare the machinery account up to 2004 in the books of company.

**Q.9** Saleem, Kaleem and Rahim trading in partnership and sharing profits and losses in the proportion of 1/2, 1/3 and 1/6 respectively agree to take Asif into the partnership on the following terms:

(a) Asif should be given 1/4 share and he should bring Rs. 10,000 as goodwill and Rs. 128,000 as capital.
(b) A reserve for bad and doubtful debts should be created at 5 %.
(c) The value of Land and Building should be brought up to Rs. 620,000.
(d) Stock should be taken at Rs. 322,600.

The following is the Balance Sheet of the firm of Saleem, Kaleem and Rahim on the date of Asif's admission.

BALANCE SHEET AS ON 31.12.2016

| *Assets* | *Rs.* | *Liabilities* | | *Rs.* |
|---|---|---|---|---|
| Cash in hand | 8,000 | Sundry creditors | | 50,000 |
| Debtors | 252,000 | Partner's Capitals: | | |
| Stock | 360,000 | Saleem | 570,000 | |
| Land and Building | 480,000 | Kaleem | 320,000 | |
| | | Rahim | 160,000 | 10,50,000 |
| | 11,00,000 | | | 11,00,000 |

Pass Journal entries in the books of the new firm, and draft the balance sheet.

| Question Type | Weight-age |
|---|---|
| MCQ's | 20 |
| Short Question | 20 |
| Long Questions | 60 |
| **Total** | **100** |

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