

**MODEL PAPER “PRINCIPLE OF ACCOUNTING”**  
**Intermediate Part-II Examination, 2008 & Onward**

Roll No. \_\_\_\_\_  
In Figures \_\_\_\_\_  
In Words \_\_\_\_\_

**OBJECTIVE**

**Time: 30Minutes**

**Marks: 20**

**Note: Write your Roll No. in space provided. Over-writing, Cutting, Erasing, Using lead pencil will result in loss of marks.**

**Q.No.1. Each question has four possible answers. Choose the correct answer and encircle it. 20**

- (i) A company is formed by:  
(a) Owner                      (b) Promoters                      (c) Directors                      (d) Government
- (ii) The face value of share is called:  
(a) Book value                      (b) Par value                      (c) Market value                      (d) None of them
- (iii) The minimum number of members in public limited company are:  
(a) 2                      (b) 7                      (c) 20                      (d) 50
- (iv) Discount on issue of share is shown in the balance sheet as an:  
(a) Asset                      (b) Liability  
(c) Deduction from paid up capital                      (d) Deduction from asset side
- (v) A banking partnership business can have not more than \_\_\_\_\_ members:  
(a) 10                      (b) 20                      (c) 50                      (d) 100
- (vi) In the absence of an agreement profit and loss are divided by partners in the ratio of:  
(a) Capital                      (b) Equally  
(c) Time devoted by each partner                      (d) None of them
- (vii) Any partner who invests in the business but does not take active part in the business is:  
(a) Secret partner                      (b) Sleeping partner                      (c) Active partner                      (d) Nominal partner
- (viii) The written agreement of partnership is called:  
(a) Partnership deed                      (b) Articles of association  
(c) Memorandum of association                      (d) Certificate of incorporation
- (ix) At the time of dissolution:  
(a) All assets are transferred to realization A/c  
(b) Only current assets are transferred to realization  
(c) Non cash assets are transferred to realization A/c  
(d) Only liquid and current assets are transferred to realization A/c
- (x) Provision is created for:  
(a) Known liability                      (b) Unknown liability  
(c) Increase working capital                      (d) None of them
- (xi) Reserves are shown in the balance sheet:  
(a) Asset side                      (b) Liability side  
(c) Deducted from asset                      (d) Deducted from liability

- (xii) Secret reserves are created by:  
(a) Increase in the value of asset (b) Excessive depreciation of assets  
(c) Decrease in the value of liability (d) Increase in the value of good will
- (xiii) The maximum number of members in public limited company are:  
(a) 50 (b) 20 (c) 10 (d) Unlimited
- (xiv) The person who takes the risk of issuing shares are known as:  
(a) Directors (b) Promoters (c) Public (d) Under writers
- (xv) A document which governs the company's relationship with out side public is called:  
(a) Articles of association (b) Memorandum of association  
(c) Prospectus (d) Statement in lieu of prospectus
- (xvi) The consignee is:  
(a) Principal (b) Agent (c) Buyer (d) Seller
- (xvii) Account sales is submitted by:  
(a) Consignor (b) Consignee  
(c) Principal to his agent (d) Debtor to creditor
- (xviii) In the case of delcreder commission, the liability for bad debt, is on:  
(a) Consignor (b) Consignee  
(c) Customer (d) None of the above
- (xix) The amount of depreciation charged on a machinery will be debited to:  
(a) Machinery A/c (b) Depreciation A/c (c) Cash A/c (d) Repair A/c
- (xx) Receipts and payments A/c shows:  
(a) Cash receipts only (b) Cash payments only  
(c)Both cash receipts and payments (d) Income and expenditures

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**Intermediate Part-II Examination, 2008 & Onward**

**SUBJECTIVE**

**Time: 2:30Hours**

**Marks: 80**

**Note: - Attempt any TWENTY FIVE (25) questions from Section -I and any THREE (3) questions from Section-II.**

**SECTION -I**

**Q.No.1. Attempt any TWENTY FIVE (25) questions.**

**(25x2)=50**

- (i) Single entry system of book-keeping.
- (ii) Non-trading concerns.
- (iii) Consignment account.
- (iv) Proforma invoice.
- (v) Public limited company.
- (vi) Receipts and payments account.
- (vii) Income and expenditures account.
- (viii) Define partnership.
- (ix) Define partnership deed.
- (x) Define Good-will.
- (xi) Memorandum of association.
- (xii) Depreciation.
- (xiii) Preliminary expenses.
- (xiv) Debenture.
- (xv) Articles of association.
- (xvi) Private limited company.
- (xvii) Revaluation account.
- (xviii) Realization account.
- (xix) What are the factors of good will?
- (xx) Write down the names of different methods of calculating good will.
- (xxi) Name four methods of depreciation.
- (xxii) Define legacy.
- (xxiii) X and Y are sharing profit in the ratio of 4 : 3. Z joins and the new ratio among X, Y & Z is 7 : 4 : 3. calculate sacrifice ratio of X and Y.
- (xxiv) Define provision.
- (xxv) Under straight line method of depreciation, what formula is used to ascertain the annual depreciation?
- (xxvi) Explain the decision in Garner-vs-Marrey rule.
- (xxvii) Pass journal entry to record depreciation.

- (xxviii) When good will is raised, what entry is passed in the firm's book?
- (xxix) Write down the formula to calculate profit or loss under single entry system.
- (xxx) Calculate opening stock, if sale is Rs.2,40,000, purchases. Rs. 1,75,000, closing stock Rs.30,000, percentage of gross profit on sale is 20%
- (xxxi) Define share.
- (xxxii) Who are the promoters?
- (xxxiii) Authorized capital
- (xxxiv) Paid up capital.
- (xxxv) Prospectus of the company.
- (xxxvi) Consignor.
- (xxxvii) Why general reserve is created?

## SECTION -II

**Note: - Attempt any THREE questions.**

**(10x3)=30**

**Q.No2.** The following is the receipts and payments account of Raja Club for the year ended 30<sup>th</sup> June, 2004: 10

Receipts	Rs.	Payments	Rs.
Balance	67400	Salaries	25600
Subscription	40000	Rent	4460
Entrance fee	5600	Printing charges	1540
Lockers rent	5000	Creditors (1-7-2003)	8000
Sundry receipts	5000	Utensils	2400
		Misc. Expenses	10000
		Balance	71000
	123000		123000

Assets on 1<sup>st</sup> July, 2003:

Furniture Rs. 30,000; Utensils Rs.2600. Charge 10% depreciation on furniture.  
Prepare income and expenditure account and also a balance sheet as on 30<sup>th</sup> June,2004.

**Q.No3. (a)** Sabir traders purchased a truck for Rs. 100000 on 1<sup>st</sup> January,2000. 10

They charge depreciation at 15% per annum.

Prepare truck account for the first five years if they apply fixed Installment method.

(b) Aslam and Akram are partners sharing profits and losses in the ratio of 3:1. They admit Akbar as new partner who pays Rs.30,000 as capital. The new ratio is to be 3:1:1. The goodwill of the firm is to be based on 3 years purchase of the average of four years profits which are: Rs.15,000; Rs.12,000; Rs.18,000; and Rs.19,000

Pass journal entries if:

(a) Akbar pays for goodwill in cash.

(b) Akbar is unable to bring cash for goodwill.

**Q.No4.** Aziz Ltd. Was formed with a capital of Rs.900000 divided into 90000 shares of Rs.10 each. The company issued 40000 shares to the public. Applications were received for 60000 shares. No allotment was made to applicants for 20000 shares and their application money was refunded. Give journal entries and prepare balance sheet in the books of company. 10

**Q.No5.** A trader keeps his books by single entry system. His position were given **10** below:

	<b>1-1-2006</b>	<b>31-12-2006</b>
	<b>Rs.</b>	<b>Rs.</b>
Stock in trade	16,700	18,100
Creditors	15,400	19,200
Debtors	11,200	10,600
Cash in hand	250	1,400
Bank overdraft	19,200	—
Bill Receivable	16,000	5,000
Fixture and filling	1,500	1,500
Motor van	1,900	—
Bank balance	—	2,900

The drawings during the year amounted to Rs.3000. Depreciate fixture by 10% provide 5% Reseve for doubtful debts and Reserve of Rs.200 in respect of bills receivable is required.

From the above information, prepare a statement showing profit and loss and made by firm.

**Q.No.6.** Manzoor sends 100 Radio sets to Rashid to be sold on consignment basis. **10** He spends Rs.300 on packing etc. The cost of each set is Rs. 150. Rashid sends a bank draft as a advance to Manzoor for Rs. 10,000. He spends Rs.800 on freight Rs.200 as a salesman salary and Rs. 150 as a rent and insurance. Rashid sells all the sets at Rs.200 each. He is entitled to commission of 10% on sale. He settles his account show the various accounts in the books of Manzoor.