Answer Sheet No	
Sig. of Invigilator	33

PRINCIPLES OF ACCOUNTING HSSC-II

	SECTION - A (Marks 20)						
Time NOTE:			5 Minutes	e 1_2 A	Il narte of this section are to be answered		
NOTE:	Section—A is compulsory and comprises pages 1-2. 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)	Whic	ch of the following is NOT an asset?				
		A.	Buildings	B.	Cash balance		
		C.	Accounts receivable	D.	Loan from Mr. A		
	(ii)	Whic	h of the following best describes the me	aning of I	Purchases?		
		A.	Items bought	B.	Goods bought on credit		
		C.	Goods bought for resale	D.	Goods paid for		
	(iii)	ls it t	rue that trial balance totals of both sides	should a	gree?		
		A.	No, not always	B.	No problem if it does not agree		
		C.	Yes, always	D.	No, because it is not a balance sheet		
	(iv)	Net p	profit is calculated in the:				
		A.	Trading account	B.	Profit and loss account		
		C.	Trial balance	D.	Balance sheet		
	(v)	A firn	n bought a machine for Rs. 16000. It is	expected	to be used for five years then sold for		
Rs. 1000. What will be the annual amount of depreciation under straight line method					tion under straight line method?		
		A.	Rs. 3200	B.	Rs . 3100		
		C.	Rs. 3750	D.	Rs . 3000		
	(vi)	In ca	se of delcredre commission, the liability	for bad d	lebts will be on:		
		A.	Consignee	B.	Consignor		
		C.	Insurance company	D.	None of these		
	(vii) In receipts and payments account:						
		A.	Credit transactions are recorded	B.	Non cash items are recorded		
		C.	Both A and B	D.	Cash transactions are recorded		
	(viii)	Donations Rs. 9000, $\frac{4}{5}$ th capitalized, the amount credited to income and expenditure account is:					
		A.	Rs. 1800	B.	Rs. 7200		
		C.	Rs. 9000	D.	Rs. 900		
	(ix)	To calculate true net profit or net loss in single entry system it is necessary that the amount of					
		draw	rings should be added in:				
		A.	Fresh capital	B.	Opening capital		
		C.	Closing capital	D.	Adjusted closing capital		
	(x)	() If the capital at the end is Rs. 45000, fresh capital introduced during the year is Rs. 15000; capit					
	in the beginning is Rs. 32500, then the amount of loss will be:						

B.

D.

Rs. 27500

Rs. 45000

A.

C.

Rs. 2500

Rs. 62500

DO NOT WRITE ANYTHING HERE

Amortization Depreciation Depreciation Demium on issue of shares may be used to Preliminary expenses Commission paid on issue of shares a share of Rs. 10 is issued at 10% premiur Rs. 9 Rs. 12 Debenture holders are the: Debtors of the company Owners of the company Owners of the partners should be of Fluctuating Both A and B Deprose the actual net profit of a business is seets Rs. 50,000, then the value of goodwill Rs. 5000 Rs. 25000 In retirement of a partner in partnership it is New profit sharing ratio Revaluation of assets and liabilities case of dissolution, the payment of liabilitie Realization account Profit and loss account	B. D. write off: B. D. n, then iss B. D. sees should B. D. sees should B. D.	Rs. 11 Rs. 10 Creditors of the company Directors of the company nen the capitals are: Fixed Variable O, normal rate of return 10%, the net tangible Rs. 15000 Rs. 35000 Ty to calculate: Goodwill All of these
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Amortization	В.	•
•		Dehierion
ecline in the value proportionate to the qua	ntum of pi	Donlation
		oduction, e.g. mine, quarry, etc. is called:
Creditor of the consignee	D.	None of these
Principal	B.	Agent
onsignee is:		
Entry at two dates		
The two sides of every transaction a	e recorde	ed
Double accounting		
The recording of same things twice		
ouble entry system means:		
)	The two sides of every transaction an Entry at two dates nsignee is: Principal	Double accounting The two sides of every transaction are recorded. Entry at two dates. Insignee is: Principal Creditor of the consignee D.

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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. 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.

 $(10 \times 3 = 30)$

- (i) Define double entry system.
- (ii) What is meant by life membership fee?
- (iii) Define consignment outward.
- (iv) Define the term issued capital.
- (v) Give journal entry for issuing debentures as a collateral security.
- (vi) Describe reducing balance method of depreciation.
- (vii) What is meant by depletion?
- (viii) Why is profit and loss appropriation account prepared in partnership accounts?
- (ix) Why is realization account prepared under partnership accounts?
- (x) What is meant by normal loss of stock?
- (xi) What is a company limited by guarantee?
- (xii) What do you know about prospectus of company?

SECTION - C (Marks 50) (PART - I)

Note:

Attempt any ONE question.

 $(1 \times 20 = 20)$

Q. 3 A, B and C sharing profits in the ratio of 3:2:1, agreed upon dissolution of their partnership on 31st December, 2005, on which date their balance sheet was as under:

Assets	Rs.	Liabilites	Rs.
Machinery	40,500	Capital accounts:	
Stock-in-trade	28,380		
Debtors 9300		B 20,000	60,000
Less: Provision for Doubtful Debts 600	8700	,	
Current Account C	11,500	Mrs. A Loan	10,000
Cash at Bank		Creditors	38,500
	108,500		108,500

^{&#}x27;A' aggress to discharge his wife's loan. 'B' taken over all stocks at Rs. 27000 and debtors at Rs. 6150. Machinery is sold for Rs. 55000. The expenses of realization amount to Rs. 600.

Required:

Show the necessary ledger accounts including the capital accounts on completion of dissolution.

Q. 4 Following is the balance sheet of A and B, sharing profits equally, as at 31st December, 2002:

Assets	Rs.	Liabllites	Rs.
Cash at Bank	12,000	Creditors	40,000
Plant and machinery	50,000	Capitals:	
Furniture	10,000	•	
Stock	40.000	A 48000	1 0 2000
Debtors	30,000	B 54000	
	142000		142000

The partners decided to revalue the assets and liabilities as follows, on the admission of partner 'C', on 1-1-2003, who brings in Rs. 30,000 as capital:

Plant and machinery Rs. 60,000, Debtors Rs. 27,000, Furniture Rs. 9,500 and Stock Rs. 36,000.

An amount of Rs. 3,000 included in creditors is no longer a liability and hence requires to be properly adjusted and Rs. 2,000 is to be paid to the creditors which is not recorded in the books,

A contingent liability of Rs. 500, not included in the above balance sheet, had to be paid.

Required:

Show the revaluation account, partner's capital accounts and the balance sheet after C's admission.

Note:

Attempt any THREE questions.

 $(3 \times 10 = 30)$

Q. 5 Nayyer keeps his books on single entry system. His statement of assets and liabilities as on 31st December, 2005, is as follows:

Assets	Rs.	Liabilities and Capital	Rs.
Land and Building	20,000	Sundry creditors	65,000
Furniture and Fixtures	3,000	Loan from money lender	56,600
Plant and Machinery	55,000	Other liabilities	13,400
Stock	9,200		
Sundry Debtors	75,500		
Cash	8,300		
······································	1,71,000		1,35,000

His drawings during the year amount to Rs. 3000, Land and building are to be depreciated by 2%, furniture and fixtures by 5% and plant and machinery by 10%. Sundry debtors are to be reduced by 2%. He has used Rs. 800 worth of stock of his business for private purpose. During the year 2005 he sold some of his household furniture for Rs. 1000 and paid this into his business bank account. His capital at the beginning of the year was Rs. 30,000.

Required: Drav

Draw up his statement of profit and loss for the year ended 31st December, 2005.

Q. 6 Karachi Sports Club prepared the following receipts and payments account for the year ended 31-12-2002:

Receipts	Rs.	Payments	Rs.
Balance b/d	3800	Sports Equipment	12,000
Subscriptions:		Tournament Expenses	2,000
2001	1000	Electricity	800
2002	19500	Salaries	5500
2003	500		
Entrance Fees	1200	Balance c / d	7200
Interest	1500		
	27,500		27,500

(i) Fixed assets on 1-1-2002 included the following:

sheet as on that date.

- Sports equipment Rs. 15500, Ground Rs. 62000, Furniture Rs. 2000.
- (ii) Subscriptions for 2002 collected in 2001 Rs. 500.
- (iii) Unpaid subscription for 2002 Rs. 300.
- (iv) Depreciation to be provided on sports equipment @10% and Furniture @5% p.a.
- (v) Entrance fees are to be capitalized.
- (vi) Sports equipment (as given in receipts and payments account) was purchased on 1-09-2002.

Required: Prepare Income and Expenditure account for the year ended 31-12-2002 and a balance

Q. 7 Waheed sent on consignment ten refrigerators to Fahad costing Rs. 10,000 each and paid transportatio charges Rs. 1000. Consignee spent Rs. 2000 for storage and insurance. Fahad sold all the refrigerators at Rs. 12,000 each. Consignee settled the account after deducting 15% commission on sales.

Required: Pass the journal entries in the books of Waheed and prepare the consignment account.

- Q. 8 Show machinery account under orginal cost method for three years from the information given below:
 - a. Machinery Cost Rs. 200,000
 - b. Estimated life 3 years
 - c. Rate of depreciation $33\frac{1}{3}$ % p.a.
 - d. Residual value Rs. 20,000