

DO NOT WRITE ANYTHING HERE

- (xi) Double entry system means:
A. The recording of same things twice
B. Double accounting
C. The two sides of every transaction are recorded
D. Entry at two dates
- (xii) Consignee is:
A. Principal
B. Agent
C. Creditor of the consignee
D. None of these
- (xiii) Decline in the value proportionate to the quantum of production, e.g. mine, quarry, etc. is called:
A. Amortization
B. Depletion
C. Depreciation
D. Wear and tear
- (xiv) Premium on issue of shares may be used to write off:
A. Preliminary expenses
B. Discount on issue of shares
C. Commission paid on issue of shares
D. All of these
- (xv) If a share of Rs. 10 is issued at 10% premium, then issue price of share will be:
A. Rs. 9
B. Rs. 11
C. Rs. 12
D. Rs. 10
- (xvi) Debenture holders are the:
A. Debtors of the company
B. Creditors of the company
C. Owners of the company
D. Directors of the company
- (xvii) Current accounts of the partners should be opened when the capitals are:
A. Fluctuating
B. Fixed
C. Both A and B
D. Variable
- (xviii) Suppose the actual net profit of a business is Rs. 7500, normal rate of return 10%, the net tangible assets Rs. 50,000, then the value of goodwill will be:
A. Rs. 5000
B. Rs. 15000
C. Rs. 25000
D. Rs. 35000
- (xix) On retirement of a partner in partnership it is necessary to calculate:
A. New profit sharing ratio
B. Goodwill
C. Revaluation of assets and liabilities
D. All of these
- (xx) In case of dissolution, the payment of liabilities should be credited to:
A. Realization account
B. Cash account
C. Profit and loss account
D. Liabilities account

For Examiner's use only:

Total Marks:

20

Marks Obtained:

----- 2HS 1615 -----



PRINCIPLES OF ACCOUNTING HSSC-II

39

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 x 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 x 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.	Liabilities		Rs.
Machinery		40,500	Capital accounts:		
Stock-in-trade		28,380	A	40,000	
Debtors	9300		B	20,000	60,000
Less: Provision for Doubtful Debts	600	8700	Mrs. A Loan		10,000
Current Account C		11,500	Creditors		38,500
Cash at Bank		19,420			
		108,500			108,500

'A' agrees 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.	Liabilities		Rs.
Cash at Bank		12,000	Creditors		40,000
Plant and machinery		50,000	Capitals:		
Furniture		10,000	A	48000	102000
Stock		40,000	B	54000	
Debtors		30,000			
		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.

(PART – II)

Note: Attempt any THREE questions.

(3 x 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: 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:
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 sheet as on that date.

Q. 7 Waheed sent on consignment ten refrigerators to Fahad costing Rs. 10,000 each and paid transportation 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 original 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