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Version No.				
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ROLL NUMBER						

PRINCIPLES OF ACCOUNTING HSSC–II

SECTION – A (Marks 20)

Time allowed: 25 Minutes

Candidate Sign. _____

Invigilator Sign. _____

Answer Sheet No. _____

کاٹ کر دوبارہ لکھنے کی اجازت نہیں ہے۔ لیڈ پنسل کا استعمال منوع ہے۔

Deleting/overwriting is not allowed. ***Do not use lead pencil.***

ہر سوال کے سامنے دیے گئے، کریکولم کے مطابق درست دائرہ کو پر کریں۔

Fill the relevant bubble against each question according to curriculum:

	Question سوال	A	B	C	D	A	B	C	D
1.	To calculate the value of capital both at the beginning and at the end of year in single entry system we prepare:	Balance sheet	Trading account	Trial balance	Statement of affairs	○	○	○	○
2.	In "increased net worth method", Profit or loss is calculated by preparing:	Income and expenditure account	Trading account	Statement of profit or loss	Balance sheet	○	○	○	○
3.	If the capital at the end Rs 30000; drawings Rs 1250; capital in the beginning Rs 15000; then the amount of net profit will be:	43750	16250	13750	43500	○	○	○	○
4.	If the capital at the end Rs 125000; drawings Rs 12000; capital in the beginning Rs 60000; profit during the year Rs 27000; then the amount of fresh capital introduced will be:	Rs 87000	Rs 50000	Rs 77000	Rs 170000	○	○	○	○
5.	If the capital in the beginning Rs 65650; Fresh capital 16250; Net loss 11375; then the capital at the end will be:	Rs 70525	Rs 93275	Rs 38025	Rs 48075	○	○	○	○
6.	Receipt and payment account is a summary of:	Cash book	Purchase book	Sales book	Purchase return book	○	○	○	○
7.	It is prepared by non-profit making organizations to determine surplus or deficit.	Trading account	Profit and loss account	Receipts and payments account	Income and expenditures account	○	○	○	○
8.	The act of sending goods by owner to his agent for sale is called:	Consignment	Sales	Purchases	Partnership	○	○	○	○
9.	Consignment outward book treatment is similar to:	Purchases book	Cash book	Sales book	Pass book	○	○	○	○
10.	The amount paid to consignee if he takes the risk of bad debts is known as:	Commission	Overriding commission	General commission	Delcredre commission	○	○	○	○

	Question سوال	A	B	C	D	A	B	C	D
11.	In consignment, Normal loss occurs due to:	Loss by fire	Loss in weight due to nature	Accident	Loss by theft	○	○	○	○
12.	The document which contains the rule and regulations for the internal management of company is called:	Articles of association	Partnership deed	Memorandum of association	Prospectus	○	○	○	○
13.	The amount of share capital with which a company is registered is called:	Authorized capital	Issued capital	Paid up capital	Called up capital	○	○	○	○
14.	The value of a share as quoted on the stock exchange; is called:	Book value	Par value	Face value	Market value	○	○	○	○
15.	Decrease in the value of an asset due to change in habit or taste of people is called:	Efflux of time	Accident	Obsplescence	Wear and tear	○	○	○	○
16.	The decrease in the value of intangible assets is known as:	Amortization	Depreciation	Depletion	Appreciation	○	○	○	○
17.	If original cost of an asset is Rs 10000, rate of depreciation 10%, then the value of depreciation under diminishing balance method after third year will be:	Rs 1000	Rs 900	Rs 700	Rs 810	○	○	○	○
18.	In the absence of an agreement, interest on drawings is to be charged by the firm at the rate of:	0% (zero)	5%	6%	10%	○	○	○	○
19.	The amount payable to retiring partner is shown in the "Balance sheet" of partnership business as a:	Capital	Loan	Asset	Investment	○	○	○	○
20.	In case of dissolution of partnership, partners personal assets are first used for the payment of:	Personal liabilities	Firm's liabilities	Court liabilities	Realization expenses	○	○	○	○

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PRINCIPLES OF ACCOUNTING HSSC–II

Time allowed: 2:35 Hours **Total Marks Sections B and C: 80**

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". (Any three)

(ii) Briefly explain "Three" disadvantages of single entry system.

(iii) Write any "Three" differences between "Cash book" and "Receipt and Payment account".

(iv) Briefly explain "Proforma invoice".

(v) In respect to consignment briefly explain "Normal" and "Abnormal" loss of stock.

(vi) Briefly explain "Direct" and "Indirect" expenses in respect to consignment.

(vii) Write any three types of companies capital. (only names)

(viii) Write names of "types of debentures". (Any three)

(ix) Differentiate between "Depreciation" and "Fluctuation". (Any three)

(x) Compere "Fixed instalment method" and "Reducing balance method". (Any three points)

(xi) Write differences between "Capital Reserve" and "General Reserve". (Any three)

(xii) Briefly explain "Garner Vs Murray" decision.

SECTION – C (Marks 50)

(PART – I)

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

Q. 3 The balance sheet of A, B, C and D (who shared Profits and losses in the ratio of 4:3:2:1) was as follows on 31st Marach, 2022.

Balance Sheet

Assets	Rs.	Liabilities+capital		Rs.
Cash	1000	Creditors		20000
Stock	8000	Capital:	Rs.	
Debtors	15000	A	60000	
Plant & equipment	80000	B	40000	
Goodwill	20000	C	6000	106000
D's capital	2000			
	126000			126000

The partners decide to wind up the business as C and D become insolvent. A sum of Rs 1000 is realised. From C's separate resources while D has no separate assets or liabilities. Stock and debtors realise Rs 4000 and Rs 9000. Plant and equipment are sold for Rs 50,000 while goodwill is valueless. The costs of realisation amount to Rs 6000 while sundry creditors have to be paid their claims in full. Close the books of the firm by showing the relevant important ledger accounts.

Q. 4 On 1st January 2022, A and B enter into Partnership contributing Rs 400,000 and Rs 300,000 respectively and sharing profit in the ratio of 3:2. B is to be allowed a salary of Rs. 10,000 per year. Interest on capital is to be allowed at 10% P.A, 5% interest is to be charged on the drawings. During the year A withdrew Rs 12000 and B Rs 20,000, interest on drawings being A Rs 200 and B Rs 400. Profit in 2022 before making any of the above adjustments was Rs 96,000.

Requirement: Show how the profit is to be distributed. Also show the capital accounts.

(a). If they are fixed. (b) If they are fluctuating.

(PART – II)

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

Q. 5 On 1st January 2022 Zubair & Co. of Karachi consigned 100 cases of dry milk to Tariq agencies of Lahore. The goods were charged at cost of Rs 200 per case, on the same date the consignor paid Rs 1200 for freight and insurance, on 1st July, the consignee paid clearing charges Rs 2000, carriage Rs 400. On 1st August, they sold 80 cases for Rs 21000 and sent a remittance for the balance due to the consignor after deducting commission at the rate of 5% on gross sale proceeds.

Show the consignment account and Tariq Agencies Account in Zubair & Co's Books.

Q. 6 From the following receipts and payment account of the crown club, prepare an income and expenditure account for the year ended 31st December 2022.

Receipts and payments account for the year ended 31st December 2022

Receipts	Rs	Payment	Rs
Balance B/D	260	Rates	5000
Entrance fees	420	Stationary	680
Subscription	22020	General expenses	7220
Locker rent	600	Capital expenditure on building	5000
Miscellaneous fees	3320	Repairs	600
		Balance C/D	8120
	26620		26620

The following further information is available.

1. Locker rent Rs 40 referred to the previous year and Rs 60 is still owing.
2. Rates Rs 1240 refereed to the previous year and Rs 1240 is still owing.
3. Subscription unpaid for the current year Rs 420.
4. The capital expenditure of building up to 31st December 2021 was Rs 135000.
5. Depreciation is to be provided on building including additions at 5%.

Q. 7 A company purchased a second hand machine on 1st January 2019 for Rs 74000 and immediately spent Rs 4000 on its repairs and Rs 1000 on its erection. On 1st July 2020 it purchased another machine for Rs 20000. Depreciation was provided on machinery @ 10% P.A on the original cost annually on 31st December. In 2020, however, the company changed the method of providing depreciation and adopted the written down value method, rate of depreciation being 15% P.A. Give the machinery account for four years commencing from acquisition of first machine.

Q. 8 A company purchased assets of Book value of Rs 594000 from a firm, named Iqbal & Sons. It was agreed that purchase consideration be paid by issuing 12% debentures of Rs 100 each assuming that:

a. Debentures have been issued at par.

b. Debentures have been issued at 10% discount.

c. Debentures have been issued at 10% premium.

Give necessary Journal entries.