



ZIAUDDIN UNIVERSITY
EXAMINATION BOARD

**Higher Secondary School
Certificate (HSC)**

**Examination Syllabus
&
Model Paper
(For the Year 2024)**

ACCOUNTING – XII

Prepared by:

**Mr. Wynberg Leal
Manager Academics - Commerce**

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You can Approach us:

Address: Ziauddin University Examination Board

D / 20 Block 1 Clifton Karachi

Phone: 92 21 35148594

E-mail: info@zueb.edu.pk

Website: www.zueb.edu.pk

Preface

Ziauddin University Examination Board (ZUEB) was established by the Sindh ACT XLI 2018, with the aim of improving the quality of education. The Board administers examinations for the Secondary School Certificate (SSC) and Higher Secondary School Certificate (HSSC) based on the latest Reviewed National Curriculum by Directorate Curriculum Assessment and Research (DCAR) Sindh. ZUEB has a mandate by Ordinance to offer such examination services to English /Urdu and Sindhi medium candidates for SSC and HSSC from private schools in Sindh. This examination syllabus exemplifies ZUEB's commitment to provincial educational goals.

The Examination Board has prepared with the help of subject professors, subject wise syllabus. It is important to make the difference between syllabus and curriculum. The syllabus of a subject is considered as a guide for the subject teacher as well as the students. It helps the students understand the subject in detail. It also helps students to anticipate what is expected from them while preparing for the exams.

This examination syllabus brings together all those cognitive outcomes of the Provincial Curriculum statement which can be reliably and validly assessed. While the focus is on the cognitive domain, particular emphasis is given to the application of knowledge and understanding.

The examination syllabus is uploaded on the ZUEB website. This is done to help affiliated schools in planning their teaching. It is the syllabus, not the prescribed textbook which is the basis of the ZUEB examinations. In addition, the ZUEB examination syllabus is used to develop learning support materials for students and teachers. The examination board stand committed to all students who have embarked upon the SSC, and HSSC courses in facilitating their learning outcomes. Our examination syllabus document ensures all possible support.

On the Ziauddin University Examination Board website, a tab e –resource is made available which provides resource material in all subjects both in text form in line with the curriculum and also videos on topics to give students access to learn at their own pace and own time. These 15 to 20 minutes videos are prepared around subject concept / topics. These videos are available to the students for revisiting a lesson taught by their teacher or watch it prior to the lesson and as a reinforcement strategy. The work on videos is in progress and new titles will be uploaded.

Please look out for the videos on the given website.

Humbly Yours;



Shahbaz Nasim
Academic Head

Aims of the syllabus of Principles of Accounting II:

The Aims of teaching Principles of Accounting to students at Higher Secondary School Level are to:

- Introduce them to the expertise of recording, classifying and summarizing business transactions and activities.
- Help them prepare various financial statements.
- Providing them with the required accounting knowledge to interpret financial results, therefore, educating them on financial decision making and its impact on business.
- Creating interest in accounting, and fostering the development of a solid foundation for future specialized study and career path in the field of Accounting, Financial Accounting, Auditing, Finance and related fields.

		<p>Record in general journal the distribution of income.</p> <p>Explain the distribution of income using fluctuating capital and fixed capital method.</p> <p>Prepare journal entries, income distribution summary, statement of division of net income for various cases.</p> <p>Prepare partner's current account.</p> <p>Prepare partner's capital account.</p> <p>Prepare equity section of balance sheet of partnership.</p> <p>Describe the possible ways of retirement of a partner. i.e., Sale, Transfer, withdrawal of Interest etc.</p> <p>Prepare revaluation account before retirement of a partner.</p> <p>Prepare journal entries to show retirement.</p> <p>Prepare balance sheet after retirement of partner under various conditions.</p> <p>Explain the causes of dissolution of partnership.</p> <p>Discuss the liquidation process of partnership.</p> <p>Explain the concept of realization.</p> <p>Prepare journal entries and partners' capital account and realization account.</p> <p>Prepare liquidation summary.</p>		*	*
Accounting for Company	<p>Issuance of shares.</p> <p>Issuance of Debentures.</p> <p>Disposal of net income.</p> <p>Financial Statement.</p>	<p>Define Company.</p> <p>Distinguish b/w Public and private company</p> <p>Define shares issued at par, premium, discount, and consideration other than cash.</p> <p>Define debenture.</p> <p>Define Debentures issued at par, premium, and discount.</p> <p>Define profit and loss appropriation account.</p> <p>Explain kinds of capital of a company</p> <p>Define shares.</p> <p>Explain the kind of share capital.</p> <p>Explain how shares are allotted.</p> <p>Prepare Journal entries for issuance of shares against cash at par,</p> <p>Issued at Premium,</p> <p>Issued at Discount.</p>	*	*	*

		<p>Prepare Journal entries for issuance of shares in consideration of other than cash. Prepare a Balance Sheet of the Company.</p> <p>Define debentures Differentiate between shares and debentures. Distinguish between shareholders and debenture holders Prepare journal entries for issuance of debentures against cash, Prepare journal entries for issuance of debentures for consideration other than cash. Prepare journal entries for debentures issued and redeemed at par, issued at discount and redeemed at par, issued at premium and redeemed at par, issued at par and redeemed at premium, issued at discount and redeemed at premium.</p> <p>Define Reserves Explain types of reserves Define funds Differentiate between reserves and funds. Define retained earnings. Prepare journal entries to transfer the net income to retained earnings account. Setup retained earning account. Prepare statement of retained earnings.</p> <p>Prepare adjusting entries. Prepare Income statement. Prepare Statement of Retained Earnings. Prepare Balance Sheet.</p>	*	*	*
Depreciation	<p>Definition</p> <p>Cost determination.</p> <p>Capital and Revenue Expenditures</p> <p>Methods of computing depreciation.</p>	<p>Define Depreciation, service life of plant asset, salvage value, book value. Differentiate between Revenue and Capital expenditure. Differentiate between amortization, depletion and depreciation. Explain the various methods of depreciation. Calculate cost of fixed assets Calculate depreciable cost. Calculate depreciation expense under Straight line method, Diminishing balance method, Working hours method, Units of production method.</p>	*	*	*

		<p>Prepare journal entries to record purchase depreciation, disposal of fixed assets.</p> <p>Prepare ledger accounts of depreciation expense and allowance for depreciation</p> <p>Prepare adjusting and closing entries under each method of depreciation.</p> <p>Prepare partial balance sheet under each method.</p>			<p>*</p> <p>*</p> <p>*</p> <p>*</p>
Non-Profit Concern	<p>Receipt and Payments Account</p> <p>Statement of Income & Expenditure Account</p> <p>Balance Sheet of Non-profit organizations</p>	<p>Define non-trading organizations</p> <p>Describe the sources of funds of a non-trading organization</p> <p>List the accounts used by non-trading organizations</p> <p>Differentiate between receipt and payment account, and income and expenditure account.</p> <p>Prepare adjusting entries of non-profit organization.</p> <p>Prepare Income and expenditure account of non-profit organization.</p> <p>Prepare balance sheet of non-profit organization.</p>	<p>*</p> <p>*</p>	<p>*</p> <p>*</p>	<p>*</p> <p>*</p> <p>*</p>

Table of Specification (TOS)

Table 1: Number of Student Learning outcomes (SLOs) and their cognitive distribution

Topic No.	Topic	Student Learning Outcomes			Total
		K	U	A	
1	Single Entry System	2	6	1	9
2	Partnership	1	8	18	27
3	Accounting for Company	10	8	19	37
4	Depreciation	1	3	10	14
5	Non-Profit concern	2	2	3	7
	Total	16	27	51	94
	Percentage (%)	17%	29%	54%	100%

Note:

1. Table 1 identifies the Student Learning objectives and their cognitive distribution (Knowledge, Understanding, Application).
2. The table illustrates that the share of knowledge is 17% with 16 SLOs, Understanding is 29% with 27 SLOs and Application is 54% with 51 SLOs
3. Higher emphasis has been given to application of learnt concepts. Students having good understanding of the concepts can apply them in a concrete manner to solve accounting problems.
4. Please note that Table 1 does not translate to marks distribution in the exam paper and weightage of each topic is calculated separately in Table 3

Table 2: No. of SLOs and their % Share per Topic

Topic No	Topic	Total SLOs	% Share of SLOs
1	Single Entry System	9	10%
2	Partnership	27	29%
3	Accounting for Company	37	39%
4	Depreciation	14	15%
5	Non-Profit concern	7	7%
	Total	94	100%

Note:

1. Table 2: Shows the % share of SLOs per Topic.
2. The Topic of Accounting for company has the highest % share of SLOs at 39%, followed by Partnership with 29%. Non-profit concern has the lowest % share of SLOs at 7%.
3. Please note that Table 2 does not translate to marks distribution in the exam paper and weightage of each topic is calculated separately in Table 3

**Table 3: Exam Paper Specification, Topic Difficulty, Types of Questions,
No. of Questions per Topic, Marks Allocation per Section**

Topics	Difficulty Level	Section A MCQs @ 1 mark each	Section B CRQ/SAQs @ 10 marks each	Section C ERQ/DAQs @ 20 marks each
Single Entry System	Moderate	2	2	1
Non-Profit concern	Moderate	3		
Depreciation	Moderate	3		
Partnership	Moderate Difficult	6	2	1
Accounting for Company	Moderate Difficult	6	2	1
Total question to be given		20	6	3
Total question to be attempted		20	4	2
Maximum marks obtainable		20	40	40

Note:

1. Table 3 displays Paper specification, Topic difficulty level, 3 types of Questions used in the paper, and their marks distribution.
2. The Exam Paper consists of 3 Sections:
 - a. Section A = Multiple Choice Questions (MCQs)
 - b. Section B = Short Answer Questions / Constructive Response Questions (CRQs)
 - c. Section C = Detailed Answer Questions / Extended Response Questions (ERQs); require more detailed answers necessitating a broader understanding of concepts, and complex calculations compared to CRQ

ZIAUDDIN UNIVERSITY EXAMINATION BOARD
GRADE XII – ACCOUNTING
SCHEME OF ASSESSMENT

Maximum Marks: 100

Section ‘A’: Multiple Choice Questions (20%) 20 Marks **(1x20=20)**
Multiple Choice Question will cover the complete Syllabus

- Each MCQ carries 1 mark
- Given MCQs will be = 20 MCQs
- All MCQs to be answered

Section ‘B’: Short Answer Questions (40%) 40 Marks **(4x10=40)**

- Short Answer Question must be given from the prescribed Syllabus all content is to be followed.
- Six (6) Short Answer Questions may be given. Each Question having (10 Marks). In this Section Student shall attempt (4 Questions).

Section ‘C’ (Detailed Answer Questions) (40%) 40 Marks **(2x20=40)**

- Three (03) Detailed Answer Questions may be given in this section and (2 Questions) are to be answered and each Question having (20 Marks).

DEFINITIONS OF COGNITIVE LEVELS

Remember

Remembering is the act of retrieving knowledge and can be used to produce things like definition or lists. The student must be able to recall or recognize information and concepts. The teacher must present information about a subject to the student, ask questions that require the student to recall that information and provide written or verbal assessment that can be answered by remembering the information learnt.

Question Stems

Can you name all the ...?
Describe what happens when ...?
How is (are) ...?
How would you define ...?
How would you identify ...?
How would you outline ...?
How would you recognize...?
List the ... in order.
What do you remember about ...?
What does it mean?
What happened after?
What is (are) ...?
What is the best one?
What would you choose ...?
When did ...?
Where is (are) ...?
Which one ...?
Who spoke to ...?
Who was ...?
Why did ...?

Understand

The next level in the taxonomic structure is Understanding, which is defined as the construction of meaning and relationships. Her the student must understand the main idea of material heard, viewed, or read and interpret or summarize the ideas in their own words. The teacher must ask questions that the student can answer in their own words by identifying the main idea.

Question Stems

Can you clarify...?
Can you illustrate ...?
Condense this paragraph.
Contrast ...
Does everyone think in the way that ... does?
Elaborate on ...
Explain why ...
Give an example
How can you describe
How would you clarify the meaning
How would you compare ...?
How would you differentiate between ...?
How would you describe...?
How would you generalize...?
How would you identify ...?
Is it valid that ...?
Is this the same as ...?
Outline ...
Select the best definition
State in your own words
This represents ...
What are they saying?
What can you infer from ...?
What can you say about ...?
What could have happened next?
What did you observe?
What does this mean?
What expectations are there?
What information can you infer from
What is the main idea of ...?
What restrictions would you ad
What seems likely?

	<p>What seems to be ...? What would happen if ...? What would happen if ...? Which are the facts? Which statements support ...?</p>
<p>Apply The third level in Bloom's taxonomy, Applying marks a fundamental shift from the pre-Bloom learning era because it involves remembering what has been learnt, having a good understanding of the knowledge, and applying it to real-world exercises, challenges or situation. Students must apply an abstract idea in a concrete case to solve a problem or relate it to prior experience. The teacher must provide opportunities for students to use theories and problem-solving techniques in new situations and review and check their work. Assessment questions should be provided that allow students to define and solve problems.</p> <p>Question Stems</p> <p>Can you group by characteristics such as...? Choose the best statements that apply Clarify why ... Do you know of another instance where...? Draw a story map Explain why a character acted in the way that he did From the information given, can you develop a set of instructions about ...? How could you develop ...? How would you change ...? How would you demonstrate...? How would you develop ... to present How would you explain ...?</p>	<p>Analyze Analyzing is the cognitive level where students can take the knowledge they have remembered, understood and applied, then delve into that knowledge to make associations, discernments or comparisons. Students should break down a concept or idea into parts and show relationship between these parts. Teachers must give student time to examine concepts and their requisite elements. Students are required to explain why they chose a solution.</p> <p>Question Stems</p> <ul style="list-style-type: none"> • Can you distinguish between ...? • Can you explain what must have happened when ...? • Determine the point of view, bias, values, or intent underlying the presented material • Discuss the pros and cons of ... • How can you classify ... according to ...? • How can you compare the different parts? • How can you sort the different parts...? • How is ... connected to ...? • How is ... similar to ...? • How would you categorize...? • How would you explain? • If ... happened, what might the ending have been? • State the point of view of ... • What are some of the problems of ...? • What assumptions ...? • What can you infer about...? • What can you point out about? • What conclusions ...? • What do you see as other possible outcomes? • What does the author assume? • What explanation do you have for ...? • What ideas justify the conclusion? • What ideas validate...? • What is the analysis of ...? • What is the function of ...?

	<ul style="list-style-type: none">• What is the problem with ...?• What motive is there?• What persuasive technique is used?• What statement is relevant?• What was the turning point?• What were some of the motives behind...?• What's fact? Opinion?• What's the main idea?• What's the relationship between?• Which events could not have happened?• Why did ... changes occur?• Why do you think?
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BLOOMS TAXANOMY WITH EXAMPLES

If you are a teacher looking for ways to engage your students in learning, this LIST of questions might be interesting for your classroom practice. Bloom's Taxonomy question stems can help elicit higher-order thinking skills and promote critical thinking among learners at different taxonomy levels. These question stems can also encourage students to think about their knowledge through reflection before answering questions.

ACTION WORDS FOR COGNITIVE LEVELS

Knowledge	Understand	Apply	Analyze	Evaluate	Create
define	explain	solve	Analyze	reframe	design
identify	describe	apply	Appraise	criticize	compose
describe	interpret	illustrate	judge	evaluate	create
label	paraphrase	modify	support	order	plan
list	summarize	use	compare	compare	combine
name	classify	calculate	decide	classify	formulate
state	compare	change	discriminate	contrast	invent
match	differentiate	choose	recommend	distinguish	hypothesize
recognize	discuss	demonstrate	summarize	infer	substitute
select	distinguish	discover	assess	separate	write
examine	extend	experiment	choose	explain select	compile
locate	predict	relate	convince	categorize	construct
memorize	associate	show	defend	connect	develop
quote	contrast	sketch	estimate	differentiate	generalize
recall	convert	complete	grade	divide	integrate
reproduce	demonstrate	construct	measure	order	modify
tabulate	estimate	dramatize	predict	prioritize	organize
tell Copy	express	interpret	rank	survey	prepare
discover	identify	manipulate	score	calculate	produce
duplicate	indicate	paint	select	conclude	rearrange
enumerate	infer	prepare	test	deduce	rewrite
listen	relate	act	conclude	devise	adapt
observe	restate	collect	consider	diagram	anticipate
omit	select	compute	critique	dissect	arrange
read	translate	explain list	debate	estimate	assemble
recite record	ask	operate	distinguish	evaluate	choose
repeat retell	cite	practice	editorialize	experiment	collaborate
visualize	discover	simulate	justify	focus	facilitate
	generalize	transfer write	persuade	illustrate	imagine
	group		rate	organize	intervene
	illustrate		weigh	outline	make
	judge			plan	manage
	observe			question	originate
	order			test	propose
	report				simulate solve
					support test

	represent research review rewrite, show				validate
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HSC PART II EXAMINATION
MARKS BREAKUP GRID FOR EXAMINATION 2024

GROUP: PRE-MEDICAL-II

SUBJECT	THEORY	PRACTICAL	TOTAL
ENGLISH	100	-	100
URDU NORMAL / SINDHI NORMAL	100	-	100
PAKISTAN STUDIES	50	-	50
PHYSICS	85	15	100
CHEMISTRY	85	15	100
BOTANY	45	7	52
ZOOLOGY	40	8	48
TOTAL	505	45	550

GROUP: PRE-ENGINEERING-II

SUBJECT	THEORY	PRACTICAL	TOTAL
ENGLISH	100	-	100
URDU NORMAL / SINDHI NORMAL	100	-	100
PAKISTAN STUDIES	50	-	50
PHYSICS	85	15	100
CHEMISTRY	85	15	100
MATHEMATICS	100	--	100
TOTAL	520	30	550

GROUP: COMPUTER SCIENCE/ GENERAL SCIENCE

SUBJECT	THEORY	PRACTICAL	TOTAL
ENGLISH	100	-	100
URDU NORMAL / SINDHI NORMAL	100	-	100
PAKISTAN STUDIES	50	-	50
PHYSICS	85	15	100
COMPUTER SCIENCE	75	25	100
MATHEMATICS	100	--	100
TOTAL	510	40	550

GROUP: COMMERCE-II (Private/Regular)

SUBJECT	THEORY	PRACTICAL	TOTAL
ENGLISH	100	-	100
URDU NORMAL / SINDHI NORMAL	100	-	100
PAKISTAN STUDIES	50	-	50
BANKING	75	-	75
COMMERCIAL GEOGRAPHY	75	-	75
ACCOUNTING	100	--	100
STATISTICS	50		50
TOTAL	550	---	550

GROUP: HUMANITIES-II (Private/Regular)

(Any Three Elective)

SUBJECT	THEORY	PRACTICAL	TOTAL
ENGLISH	100	-	100
URDU NORMAL / SINDHI NORMAL	100	-	100
PAKISTAN STUDIES	50	-	50
COMPUTER STUDIES	75	25	100
CIVICS	100		100
MATHEMATICS	100	-	100
SOCIOLOGY	100	--	100
ECONOMICS	100		100
EDUCATION	100		100
TOTAL	550	---	550



ZIAUDDIN UNIVERSITY

EXAMINATION BOARD

Total Time 3 hours

Total Marks: 100

Class: XII

HIGHER SECONDARY SCHOOL CERTIFICATE EXAMINATION 2024

Time Allowed: 25 minutes

SUBJECT: ACCOUNTING

Q1:

SECTION "A"

Marks : 20

Note: Attempt all question from this section. Each question carries one mark

- _____ is impossible to prepare under single entry system.
a. Trial Balance b. Balance Sheet c. Purchase Account d. Creditor's Account
- The excess of total assets over total liabilities of an organization is known as its:
a. Income b. Expenses c. Net worth d. Drawings
- In _____, single entry system of accounting is not allowed.
a. Sole-proprietorship b. Partnership c. Companies d. both a and b
- The maximum limit of partners in a partnership is:
a. 50 b. 30 c. 40 d. 20
- Samad a partner in a firm had a balance of Rs. 75,000 in his capital account at the beginning of the year and Rs. 100,000 At the end of the year. Interest on capital is provided at 6% p.a. he will provide an interest on capital for the year:
a. 4500 b. 5400 c. 540 d. 450
- When a newly admitted partner pays cash for his share of goodwill, it will be credited to old partners as per:
a. Old sharing ratio b. New sharing ratio c. shared equally d. none of these
- When old partner's capital is unchanged, it shows:
a. Bonus to new partner b. Bonus to old partner c. Goodwill to old partner d. Goodwill to new partner
- When a partner retires, full goodwill is credited to the account of:
a. Remaining partners b. retiring partner c. all partners d. none of these
- When a firm is _____, it is unable to pay its debt.
a. Insolvent b. Solvent c. Profitable d. none of these
- If the selling price of a share is equal to its nominal value that means the share is sold at:
a. Premium b. Par c. Premium d. none of these
- A group of people that manage a company are called:
a. Employees b. Board of Directors c. Staff d. Committee
- A private company is _____ to issue shares to public according to its Articles of Association
a. Authorized b. Allowed c. Prohibited d. none of these
- Expenses which must be incurred for the purpose of forming a new company are known as.
a. Administrative expenses b. Operating expenses c. Preliminary expenses d. promotional expenses
- _____ can be appropriated from retained earning account;
a. Dividend b. Reserves c. both a and b d. neither a and b
- In General Journal, declaration of dividend will be recorded as:
a. Debit R/E & Credit Dividend payable b. Debit Bank & Credit Dividend payable
c. Debit Cash & Credit Dividend Payable d. Debit Dividend Payable & Credit R/E
- _____ is an example of intangible asset
a. Vehicle b. Office supplies c. Printer d. Patent
- _____ is shown as current asset in balance sheet
a. Purchases b. closing merchandise inventory c. opening merchandise inventory d. none of these

Required:

- i. Determine the amount of Accumulated Fund before adjustments.
- ii. Prepare Balance Sheet (Income and expenditure account showed surplus of Rs. 87,000 for the period)

4. The following is the balance sheet of Muzammil, Waqas and Mansoor under the name of Indus Traders, at the end of the current year December 31, 2022.

Sun Traders			
Balance Sheet			
As on December 31, 2023			
Assets		Equities	
Cash	75,000	Account Payable	25,000
Account Receivable	37,000	Muzammil Capital	55000
Equipment	53,000	Waqas Capital	65000
Furniture	<u>40,000</u>	Mansoor Capital	<u>60000</u>
	<u>205,000</u>		<u>205,000</u>

They share profit and loss in the ratio of 2:3:2. It is agreed that Mansoor is to retire from the firm on that date.

Required:

Give the entries in general journal and prepare balance sheet to record the retirement of Mansoor in each of the following cases separately: -

- i. Mansoor is paid Rs. 65,000 from the firm's fund for his share. The remaining partners agreed to recognize in full the goodwill indicated by this payment.
- ii. Mansoor is paid Rs. 53,000/- cash in full settlement of his share
- iii. Mansoor with the consent of other partners, transfers his interest to his son Asad.

5. Jawaid and Kashif are sole proprietors running their own business. On January 1, 2022, they decided to form a partnership under the name of J&K Traders by merging their businesses on that date. Their balance sheets were as follows:

	<u>Jawaid</u>	<u>Kashif</u>
Cash	50,000	65000
Account receivable	164,000	200,000
Furniture	125,000	65,000
Merchandise Inventory	146,000	86,000
Equipment	95,000	125,000
Accounts payable	104,000	131,000
Loan payable	62,000	--

The following valuations were agreed upon:

- i. Jawaid's Account receivable was estimated to realize Rs. 150,000. His furniture was valued at Rs. 55,000, Equipment at Rs. 100,000 and merchandise inventory at Rs. 136,000.
- ii. Kashif's Account receivable was estimated to realize Rs. 175,000. His Furniture was valued at Rs. 30,000 merchandise inventory was valued at Rs. 95,000 and equipment at Rs. 91,000.

Required:

- a. Give Journal entries in the book of Sun Traders to record formation of partnership
- b. Prepare initial balance sheet of Pak traders.

6. ABC Company limited completed the following transactions. The par value of Company's shares is Rs. 10 each.

- i. Issued 4000 shares at Rs. 10 each for cash.
- ii. Issued 10,000 shares for 13 each for cash
- iii. Issued 1,000 shares for 9 each for machinery
- iv. Issued 4000 shares at Rs. 10 each for office equipment purchased worth Rs. 38,000
- v. Declared a stock dividend of Rs. 100,000 and issued shares in payment of the same.
- vi. Issued 3500 shares at par value to the promoters of the company
- vii. Debenture payable of Rs. 70,000 were settled by the issue of shares of RS. 10 each
- viii. Purchased land costing Rs. 570,000 issuing shares of Rs. 10 each. The market value of the shares was Rs. 12 per share

Required:

Record the above transactions in the General Journal of the company.

7. On December 31, 2023 the Retained Earnings Accounts shows a Credit balance of Rs. 300,000 in the books of Sea shell Company Limited. The expense and revenue summary for the year ending December 31, 2023 shows Net Income of Rs. 500,000 which is transferred to retained earnings account. At this date Directors decided as follows:

- i. To declare a cash dividend at 10% on Rs. 300,000
- ii. Established a Reserve for plant extension in the amount of Rs. 100,000
- iii. established a Reserve for income tax in the amount of Rs. 30,000
- iv. appropriate Rs. 70,000 the reserve for sinking fund account.

Required:

- a) Entries in General Journal to record the above transactions
- b) Posting in the ledger using T-account
- c) Prepare Partial Balance sheet showing equity side

Q3. SECTION "C" DETAILED ANSWER QUESTIONS

40 marks

Note: Attempt the following question:

8. Imad and Amir are partners having capital balances of Rs. 340,000 and Rs. 260,000 respectively. They share net income in the ratio of 3:2. They agreed to admit Asif as a partner.

Required:

Give the necessary Journal entries and prepare balance sheet in each of the following cases separately.

- i. Asif invest Rs. 300,000 cash and receiving a $\frac{1}{3}$ interest.
- ii. Asif invest Rs. 260,000 cash and receiving $\frac{1}{4}$ interest. His capital is to be credited of the entire amount of his investment.
- iii. Asif invest Rs. 90,000 cash for $\frac{1}{5}$ interest. Old partners are not ready to reduce their capital balance.
- iv. Asif invest 150,000 cash.

9. Five Star Company purchased machinery on 1st January, 2020 at a list price of Rs. 200,000 with a trade discount of 2%. The terms of payments were 3/10, 2/30, including sales tax of 2%. The company availed the concession period of payment. The company incurred the following expenses.

Transportation charges	Rs. 900
Installation and testing charges	Rs. 1,500
Package charges	Rs. 300
Insurance in transit	Rs. 3,000

The Company's driver also paid police fine for breaking a traffic signal Rs. 250 while transporting the machinery. During installation work of the machinery, a part was damaged and repair cost paid Rs. 1000. License fee paid for the operation of the machinery Rs. 500 for the current year. An amount of Rs. 4000 was paid as fire insurance premium on a three years policy.

After successful operation of four months the machine was cleaned, overhauled and lubricated at a cost of Rs. 3,500. It is estimated that the machinery has a scrap value of Rs. 30,000 at the end of its estimated service life of 10 years. It is also estimated that the machine will have a service life of 35,000 working hours and producing approximately 300,000 units.

Required:

- a. Calculate the total cost of machinery
- b. Compute and record the depreciation expense for the first two years assuming that the following depreciation methods were used:
 - i. Straight line method
 - ii. Diminishing balance method by using 15% rate
 - iii. Working hours method operated in 1st year 2000 hours, operated in 2nd year 3000 hours.
 - iv. Production method produced in 1st year 40,000 units, produced in 2nd year 50,000 units.

10. Balance extracted from the ledger of Woodcraft Company on June 30, 2021 before adjustments were as follows:

Cash Rs. 10,500, Account Receivable Rs. 50,000, Office equipment Rs. 25,000, Sales Revenue 150,000, Merchandise Inventory Rs. 25,000, Purchases 75,000, Carriage inwards Rs. 12500, Salaries expenses Rs. 40,000, Shop rent expense 27,000, Prepaid insurance Rs. 12,000, Account Payable Rs. 30,500, Capital Rs. 96,500

Data for adjustments on June 30, 2021:

- i. Merchandise Inventory on June 30, 2021 was valued Rs. 37,000
- ii. Allowance for depreciation on equipment was estimated at Rs. 2,500
- iii. Allowance for bad debts was estimated at Rs. 5,700
- iv. Unpaid salaries amounted to Rs. 9,000
- v. Insurance was prepaid to the extent of Rs. 2,000

Required:

- a. Prepare Income Statement for the year ended June 30, 2021
- b. Prepare Balance sheet for the year ended June 30, 2021