

Class: XII HIGHER SECONDARY SCHOOL CERTIFICATE EXAMINATION 2023

Time Allowed: 25 minutes SUBJECT : ACCOUNTING

Q1: SECTION "A"

Marks : 20

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

1. A following is a system of bookkeeping in which is a rule only records of cash and personal accounts are maintained;
 - a) Double entry system (b) Single entry System c) Non trading concern (d) Partnership concern.
2. The system of recording transactions based on dual aspect concept is called;
 - a) Double entry (b) Single entry c) Single account (d) Double account
3. In appearance, the statement of Affairs, is similar to a:
 - a) Balance sheet (b) Profit and loss account c) Trading account (d) Bank reconciliation.
4. Unearned income shows in Balance sheet:
 - a) Current assets (b). Non-current assets c) Current liabilities (d) Owner's equity
5. Under the diminishing balance method. Depreciation is calculated on
 - a) The original cost (b) The scrap values c) Book value (d) Both (a) & (b)
6. An alternative term used for accumulated depreciation expenses?
 - a) Provision for depreciation (b) Cumulative depreciation c) Targeted depreciation (d) Depletion
7. . In Pakistan, limited companies are registered under:
 - a) Companies Act 1913 (b) Partnership Act 1932 c) Income Tax Ordinance 2001 d) Companies Ordinance 1984
8. Dividends are paid from the
 - a) Retained earnings (b) Internal transactions c) Operating Transactions approach d) Non-Operating Transactions
9. Number of partners in a partnership firm may be:
 - a) Maximum Two (b) Maximum Ten c) Maximum One Hundred (d) Maximum Fifty
10. If a retired partner is paid more than his capital. This excess value is known as
 - a) Goodwill (b) Bonus c) Interest (d) None of these
11. In the case of retirement of a partner, full goodwill is credited to the account of
 - a) All partners (b) Only retiring partner c) Only remaining partners (d) Only the partners
12. If the realized value of assets is more than book value, brings
 - a) Surplus on realization (b) Loss on realization c) Gain on realization (d) Deficit on realization.
13. The end or termination of partnership is called
 - a) Dissolution (b) Retirement c) Admission (d) Amalgamation
14. What is process called, where costs of the natural resources are allocated over its useful life?
 - a) Capitalization (b) Depletion c) Amortization (d) Depreciation
15. Cost of machine include
 - a) 3 years fire insurance (b) Repair cost c) Trade discount (d) Insurance in transit
16. Profit can be measured as an increase in the net_____of the business.
 - a) Liabilities (b) Personal & cash c) Assets (d) Drawings
17. All Fixed Assets are Depreciated except
 - a) Building (b) Office Equipment c) Vehicles (d) Land
18. . Edhi Foundation is an example of:
 - a) Business organization. (b) Non-Profit Organization. c) Government Organization. d) Partnership Firm.
19. In Pakistan, limited companies are registered under:
 - a) Companies Act 1913 (b) Partnership Act 1932 c) Income Tax Ordinance 2001 d) Companies Ordinance 1984
20. When a company issues ordinary shares to public then;
 - a) Its liability increases (b) Its income increases c) Its capital increases (d) Its expense increases

Class: XII HIGHER SECONDARY SCHOOL CERTIFICATE EXAMINATION 2023

Time: 2 hours 35 minutes SUBJECT : ACCOUNTING SECTION "B" AND SECTION "C"

Total Marks 80

Q2: SECTION "B" SHORT ANSWER QUESTION

Marks : 40

Note: Attempt any four questions from this section

2. Single Entry:

Mr. Saleem maintains his accounting records on single entry basis. His capital balance as on January 01, 2018 is Rs.180,000. The financial position as on December 31, 2018 is as under:

Cash Rs.75,000.

Accounts receivable Rs.70,000.

Merchandise inventory Rs.50,000.

Furniture Rs.30,000.

Office equipment	Rs.20, 000.
Accounts payable	Rs.25, 000.

Data for the Adjustment on 31 December 2018 was as under:

- Mr. Saleem made additional investment of Rs.40, 000.
- He had withdrawn Rs.20, 000 and Rs.25, 000 for personal use and business use respectively.
- Depreciation on furniture and office equipment for the year of Rs.5, 000 and Rs.4, 000 respectively.
- Outstanding salaries at the year ended of Rs.10, 000.

3. Depreciation

Saad & Co. purchased a machine on January 1, 2002 having list price of Rs.50, 000 with 10% trade discount. The credit terms are 2/10, n/45. The company paid the amount on time. The company also incurred the following expenditures:

- Transportation charges Rs. 3,000.
- 3 year's fire insurance Rs. 10,000.
- Test and running cost Rs. 2,000.
- Overhauling charges (after 4-month use) Rs. 7,000.
- Insurance in transit Rs. 900.

Required:

- Compute the cost of machine.
- Record purchase of machine.

4. Issuance of Shares

Imran Ltd. registered with an authorized capital of Rs. 10, 00,000. Divided in 100,000 ordinary shares of Rs. 10 each.

The Company performed the following transactions during the year:

- Offered 8,000 shares to the public at par and the bank received 10,000 shares applications and refund the excess amount.
- Purchased an equipment costing Rs. 200,000 by issuing necessary number of shares at par.
- Issued 15000 shares at a premium of Rs. 5 each against cash.
- Issued 8,500 ordinary shares to the promoters for services at par.
- Purchased machinery by issuing 7,000 ordinary shares, the market value of share is Rs. 8 each.

Required:

Record the above transactions in the books of Imran Ltd.

5. Partnership Formation

Naeem, Amjad and Khalid formed partnership contributing equal amounts of capitals shown below:

Naeem: Cash Rs. 150,000 and Building worth Rs. 750,000.

Amjad: Cash Rs.500, 000 and merchandise inventory for the balance.

Khalid: Office equipment worth Rs.800, 000 and the balance in cash.

Required:

Present entries in the General Journal of the firm.

6. Partnership Distribution of Profit and Loss

Mr. A. Mr. B and Mr. C are partners in a business. On January 1, 1999 their capital balances were Rs.60, 000, 50,000 and Rs. 40,000 respectively. The partnership deed has the following provision regarding distribution of net income:

- Each partner will be allowed a monthly salary of Rs.1, 000.
- Mr. B and Mr. C are allowed commission of Rs.1,500 per month.
- Each partner is to receive profit @ 10% on capital balance as it stands on the first day of each accounting year.
- The remaining net profit or net loss if any will be divided equally.

On December 31, 1999 the business operation showed net profit of Rs.99, 000.

Required:

- Prepare an income distribution summary showing the distribution of net income.
- Make entries in the general journal for distribution of net income to each partner.

7. Partnership Dissolution

Rafiq and Karim are partners with capitals of Rs.200, 000 and Rs.800,000 respectively. They share profit and loss in the ratio of their capitals. They decide to admit Jalil as a partner.

Required:

Record the admission of Jalil under each of the following assumptions separately:

- i) Jalil purchased 1/4 interest of Karim for cash Rs.80, 000 and Land Rs.300, 000.
- ii) Jalil invests sufficient cash and gets 1/5 interest in the firm.

Q3. SECTION "C" DETAILED ANSWER QUESTIONS

40 marks

Note: Attempt the following question:

8. Depreciation

Tariq Ltd. Purchased a machine on July 1, 1994 having list price of Rs. 100,000 with credit terms of 2/10, n/30 the company paid the amount within discount period. The company also incurred the following expenditure:

- a) Transportation charges Rs. 5,000
- b) Insurance in transit Rs. 8,000
- c) Installation charges Rs. 6,000
- d) Fire insurance premium Rs. 7,500
- e) During installation the machine was damaged and repairing cost amounted to Rs. 3,000.

Estimated life of the machine is 9 years with a scrape value of Rs. 27,000. The company uses Straight Line Method for computing depreciation and allowance method for recording depreciation. The accounting year ends on December 31.

Required:

- a) Compute the cost of machine.
- b) Compute the depreciation for the years 1994, 1995 and 1996.
- c) Give entries in General Journal to record the purchase of machine and expenditure incurred thereon and also the necessary adjusting and closing entry to record depreciation on December 31, 1995.

9. Issuance of Shares

Habib Ltd. was incorporated with a capital of Rs.1,500,000 divided into 150,000 ordinary shares of Rs.10 each and the debenture is Rs. 100 each. It completed the following transaction:

The Company offered to the public 70,000 shares at par. Applications for 60,000 shares were received. As per agreement the underwriters -subscribed for the balance of their shares. The directors finalized the allotment of 60,000 shares to the public and 10,000 shares to underwriters.

- i) Issued 11,000 shares for the purchase of equipment Rs. 100,000.
- ii) Purchased machine and in consideration issued 5,000 shares at Rs. 13 each.
- iii) Acquired land costing Rs. 100,000 by issuing 7,000 shares at Rs. 10 each.
- iv) The company issued 10,000 shares for purchase of building which had a market value of Rs. 150,000.
- v) A computer was acquired by issuing 4,000 ordinary shares of Rs. 10 each fully paid up. The market price per share is Rs. 18 each.
- vi) The company issued 20,000 mortgage debentures of Rs. 100 each, redeemable @ Rs. 105 each after five years. All the debentures were duly subscribed.
- vii) The company issued 5,000, 7% ordinary debentures of Rs. 100 each at Rs. 96 per debenture. The debentures are redeemable @ Rs. 103 each after 8 years. All debentures were duly subscribed.

Required:

Give entries in the General Journal of the company to record the above transaction.

10. Single Entry

Mr. Asim started a business on with cash investment of Rs.9, 00,000 he keeps his accounting records in single entry basis. On Dec.31, 2010 the following information was obtained from his accounting records:

Cash at Bank	Rs. 100,000.
Accounts Receivable	Rs. 450,000.
Merchandise Inventory	Rs. 320,000.
Building	Rs. 1500,000.
Account Payable	Rs. 370,000.

Additional Information on December 31, 2010.

- 1) He paid utility bills Rs. 15,000 per month for his residence.
- 2) He sold a personal flat costing Rs. 450,000 for Rs 1,200,000 cash and invest into business.
- 3) Bad debts were estimated at 5% of Accounts Receivable.
- 4) Depreciation was estimated at 10% on building.

Required:

Prepare statement of affairs as on December 31, 2010 (Adjusted loss of Asim Traders for the year ended December 31, 2010 was Rs. 92,500)