



Class: XII

MODEL PAPER EXAMINATION 2025

Time Allowed: 25 minutes

SUBJECT: ACCOUNTING - II

Q1:

(SECTION "A")

Marks: 20

Note: Attempt **ALL** questions from this section. Each question carries **ONE** mark.

1. In what form of business organization, Single entry system is not allowed?
A. Sole proprietorship B. Partnership C. Companies D. None of these
2. If Capital at start is Rs. 70,000, Additional investment is Rs. 22,000, Drawing is Rs. 16000, and Capital at end is Rs. 100,000, Gross Profit will be _____ .
A. 24,000 B. 48,000 C. 12,000 D. 6,000
3. _____ is the maximum limit of partners in a partnership firm.
A. 2 B. 5 C. 10 D. 20
4. If Ali invests Rs. 25,000, Moin invests Rs. 50,000 and Awais invests in the ratio of 1:2:3 respectively, how much will Awais bring?
A. 100,000 B. 75,000 C. 125,000 D. 150,000
5. The share of net profit of each partner is transferred to _____ account when fixed capital method is used.
A. Current Account B. Capital Account C. Profit & Loss Account D. None of these
6. Profit and Loss between partners is divided _____ in the absence of an agreement.
A. Equally B. Variably C. according to capital D. None of these
7. _____ Account is used as a temporary account during liquidation process.
A. Income summary B. Revaluation C. Realization D. None of these
8. When a partner retires, full goodwill is credited to _____.
A. Remaining partners B. Retiring partner C. Every partner D. All answers correct
9. A share _____ occurs when market value of a share falls below its par value
A. Premium B. Par C. Discount D. None of these
10. _____ are creditors to a Company.
A. Shareholders B. Debenture holders C. Customers D. Owners
11. _____ are paid from retained earnings account.
A. Dividends B. Reserve for Plant extension C. Reserve for sinking fund D. All answers correct
12. In _____, dividends are declared.
A. Statutory meeting B. Annual General Meeting C. Meeting of debenture holders D. Meeting of creditors
13. _____ entries are passed on the first day of next financial year.
A. Adjusting B. Closing C. Reversing D. All answers correct
14. _____ is an example of intangible asset.
A. Car B. Cash C. Creditor D. Copyright
15. _____ is the amount left after charging full life of depreciation.
A. Market value B. Cost value C. Written down value D. Scrap value
16. Depreciation of a fixed asset is usually caused by _____.
A. Valuation of money B. Passage of time C. Wear and Tear D. Obsolescence
17. _____ is the process of writing off intangible assets.
A. Depreciation B. Depletion C. Amortization D. Appreciation
18. What sort of items are included in income and expenditure account?
A. Revenue nature B. Capital nature C. both revenue and capital D. None of these
19. Loss is shown as _____ in an income and expenditure account of non-profit organization.
A. Surplus B. Deficit C. Gain D. None of these
20. In a Balance sheet, subscription earned but not received should be shown as _____.
A. Asset B. Liability C. Income D. Expense

END OF SECTION A



Class: XII

MODEL PAPER EXAMINATION 2025

Time: 2 hours 35 minutes **SUBJECT: ACCOUNTING - II (SECTION "B" AND SECTION "C")** **Total Marks 80**
SECTION "B" (SHORT ANSWER QUESTIONS) **Marks 40**

Note: Attempt any **FOUR** questions from this section. Each question carries **TEN** marks

Q2. The following are the receipts and payments of accounts of Human Welfare Trust for 2023.

Receipts		Payments	
Balance (Opening)	74,300	Salaries expenses	113,000
Subscription fees	272,000	Repair expenses	14,600
Rent Income	32,000	Utilities expenses	38,600
Other Incomes	51,200	Other expenses	93,200
		Furniture	89,000
		Balance (Closing)	81,100
Total	429,500	Total	429,500

Additional data at December 31, 2023:

- Accrued subscription fees Rs. 13,100
- Prepaid salaries Rs. 8,900
- Accrued utilities expense Rs. 4,700
- Depreciation on furniture Rs. 4,700

Required:

Prepare Income and Expenditure Account of Human Welfare Trust.

Q3. A machine was acquired on June 1, 2021 at a cost of Rs. 1500,000. Its salvage value was estimated at Rs. 200,000 and useful life to be 40,000 working hours. From 2021 to 2023 the machine's working was as follows:

Year	Hours worked
2021	2,500
2022	4,000
2023	3,500

Required:

- Compute amount of depreciation for the years 2021, 2022, 2023 using Hours Method.
- Provide entries in the General-Journal to record the above transactions.

Q4. Ali Textiles Limited has retained earning balance of Rs. 930,000 on June 30, 2023 before transfer of net income. The net income for the year was 750,000. The following resolutions were passed in the Annual General Meeting:

- To declare cash dividend Rs. 115,000.
- To establish reserve for contingencies Rs. 170,000.
- To appropriate Rs. 80,000 for sinking fund.
- To reserve Rs. 240,000 for plant extension.
- To declare stock dividend Rs. 75,000.

Required:

- Set up Retained Earnings Account.
- Prepare journal entries to record the above transactions.

Q5. Nabeel, Rizwan and Shahid are equal partners with capital balances of Rs. 73,000, Rs. 93,000 and Rs. 82,000 respectively. Shahid retires from the firm. The remaining partners continue the business.

Required:

Give the entries in general journal to record the retirement of Shahid under each of the following cases separately:

- Shahid is to be paid Rs. 95,000 cash from the firm's fund.
- Shahid is paid Rs. 92,000. Assume that the increase in the value of the assets is to be recorded as goodwill.
- Shahid is paid Rs. 39,000 cash and issued a 6 months' note for the balance
- Shahid sold the entire interest to Nabeel for Rs. 75,000 cash.

Q6. Bright Co. Ltd. completed the following transactions. The par value of the company's debenture is Rs. 50 each. The company has issued debentures under the following situation:

- Issued 3,000 12% 8 years debentures of Rs. 50 each at Rs. 45 per debenture and repayable at Rs. 55.
- Issued 4,000 7% 5 years debentures of Rs. 50 each.
- Issued 5,000 9% 10 years debentures of Rs. 50 each at Rs. 45 per debenture.
- Issued 3,500 12% 5 years debentures of Rs. 50 each at Rs. 50 per debenture and repayable at Rs. 55.
- Issued 4,500 10% 10 years debentures of Rs. 50 each at Rs. 60 per debenture.

Required:

Give the Journal entries to record the above transactions.



Q7. Murtaza and Mehmood were equal partners who liquidated their business partnership. A cash balance of Rs. 500,000 was left after the sale of all assets and payment of all liabilities. Murtaza's capital was Rs. 280,000 and Mehmood's capital was Rs. 260,000 before dividing Profit and loss on Realization.

Required:

- Prepare liquidation summary
- Give Journal entries showing the distribution of profit or loss on realization
- Give Journal entries to record the distribution of cash
- Give posting in the partner's capital accounts reflecting the final settlement.

SECTION "C" (DETAILED ANSWER QUESTIONS)**40 Marks**

Note: Attempt any **TWO** questions from this section. Each question carries **TWENTY** marks.

Q8. Star Company Ltd. Has an authorized capital of Rs. 3,500,000 divided into 35,000 shares of Rs. 100 each. 15,000 Shares were issued to the public at Rs. 110 per share, payable in full with application. The company's banker reported that applications had been received for 20,000 shares. The director allotted 15,000 shares and directed the bankers to return the excess of the application money.

The Company then purchased the following assets:

- purchased furniture and issued 2,000 shares at Rs. 90 each
- purchased equipment worth Rs. 280,000 and issued 3,000 shares at Rs. 100
- purchased machinery costing Rs. 135,000 and issued 1,300 shares.
- Purchased building costing Rs. 560,000 issuing shares of Rs. 100 each. The market value of the shares was 112 per share.

Next, the Company settled its debenture payable of Rs. 100,000 by issuing shares of Rs. 100 each.

The Company then declared a stock dividend of Rs. 900,000 and issued shares in payment of the same.

Finally, the company issued 3,000 shares at par value to the promoters of the Company.

Required:

Give the necessary Journal entries to record the above transactions in the book of the Company.

Q9. Sheraz a sole-trader maintains his accounting records on single entry system. Available information is as under:

	July 1, 2022	June 30, 2023
cash in hand	8,500	10,000
Account receivable	16,200	21,100
Merchandise Inventory	13,100	19,900
Furniture	17,500	17,500
Equipment	13,500	13,500
Loan payable	5,500	9,500
Account Payable	16,800	16,000

Additional data for adjusting on June 30, 2023

- During the period Sheraz withdrew cash of Rs. 13,500 for personal use
- He made an additional investment of Rs. 10,500
- Sheraz estimated that the depreciation on Furniture is 10% and Equipment 7%
- He estimated bad debts as Rs. 5,800
- Accrued interest on loan amounted to Rs. 6,000

Required:

- Calculate the amount of capital on July 1, 2022 and June 30, 2023
- Prepare a Statement of Profit for the year ended June 30, 2023
- Prepare a Statement of Affairs of June 30, 2023

Q10. Samad and Abbas are partners with capital balances of Rs. 53,000 and 41,000 respectively. They share profit and loss Equally. They agree to admit Kazim as a partner.

Required:

Give the necessary Journal entries and show the computations of the following cases separately:

- If Kazim invests Rs. 47,000 cash.
- If Kazim invests Rs. 47,000 cash and receives a $\frac{1}{3}$ interest.
- If Kazim invests Rs. 47,000 cash for $\frac{1}{4}$ interest in a total capital of Rs. 153,000
- If Kazim invests Rs. 47,000 cash for $\frac{1}{2}$ interest in a total capital of Rs. 153,000
- If Kazim invests sufficient cash for $\frac{1}{5}$ interest in a total capital of Rs. 143,000

END OF PAPER