

**Class: XII****Time Allowed: 25 minutes****Q1:**
MODEL PAPER EXAMINATION 2026
SUBJECT: ACCOUNTING - II
(SECTION "A")
Marks: 20

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

1. Under single entry system information relating to expense must be ascertained from the analysis of _____.
 A. Debtors account B. Creditors account C. Cash book D. Sales book
2. In single entry system, cash withdrawn for business use will be treated as _____.
 A. Expense B. Capital C. Drawings D. Income
3. Which of the following items should not be entered in receipts and payment accounts of club?
 A. Loss on sale of old furniture B. Expenses paid
 C. Sale of old newspapers D. Subscription in advance
4. A club's loss is often referred to as _____.
 A. Expenses of income over expenditure B. Normal loss
 C. Net loss D. Deficit
5. The funds over which third party restriction exists are known as _____.
 A. Endowment funds B. Restricted funds C. Unrestricted funds D. Property funds
6. Under the _____ method of charging depreciation, depreciation expense is constant every year.
 A. Diminishing balance B. Straight line C. Hours D. Output
7. The main object of providing depreciation is _____.
 A. To show true financial position B. To reduce tax budget
 C. To calculate true profit D. To provide funds for replacement
8. The total amount left after charging full life of depreciation is called _____.
 A. Cost value B. Written down value C. Market value D. Scrap value
9. When companies issue shares at higher price than face value it is called share _____.
 A. Premium B. Discount C. Par D. Loss
10. A _____ raises its capital by issuing shares.
 A. Private joint stock company B. Partnership C. Public joint stock company D. Both A & C
11. Appropriation from retained earnings causes total assets to
 A. Decrease B. Increase C. Disappear D. Remain unchanged
12. Dividends are declared in the _____.
 A. Committee meeting B. Board meeting C. Annual general meeting D. Manager's meeting
13. _____ is not shown in un-adjusted trial balance.
 A. Opening inventory B. Ending inventory C. Goodwill D. Building
14. All indirect expense are debited to _____.
 A. Profit & Loss account B. Balance sheet C. Notes D. Retained earnings
15. In partnership business the maximum limit of partners is _____.
 A. 50 B. 30 C. 20 D. 10
16. The person who has entered into a partnership is individually called _____.
 A. Partner B. Firm C. Agent D. Company
17. When partnership business is established, it is called _____.
 A. Retirement B. Liquidation C. Admission D. Formation
18. In partnership business liabilities of all partners are _____.
 A. Equal B. Different C. Same D. None of these
19. Old partners are not ready to reduce their capital, is the hint of _____.
 A. Bonus B. Good will C. Revaluation D. None of these
20. Accumulated losses are transferred to the capital accounts of the partners in the ratio of _____.
 A. Old profit sharing ratio B. New profit sharing ratio C. Capital ratio D. Investment ratio

END OF SECTION A**Class: XII****Time: 2 hours 35 minutes****MODEL PAPER EXAMINATION 2026**
SUBJECT: ACCOUNTING - II (SECTION "B" AND SECTION "C")
SECTION "B" (SHORT ANSWER QUESTIONS)
Total Marks 80**Marks 40**

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

Q2: The receipts and payments of accounts of Al-Karim Welfare Trust for 2025 are as follows:

Receipts	Amount	Payments	Amount
Balance – opening	65,200	Salaries expenses	111,000
Subscription fees	280,800	Repair expenses	16,600
Rent income	30,500	Utilities expenses	37,000
Other income	53,000	Other expenses	93,800
		Furniture	89,000
		Balance - closing	82,100
Total	429,500	Total	429,500


Additional data at December 31, 2025

- i. Accrued subscription fees Rs. 15,400
- ii. Prepaid salaries Rs. 7,200
- iii. Accrued utilities expenses Rs. 5,500
- iv. Depreciation on furniture Rs. 3,600

Required

Prepare income and expenditure account for the year ended December 31, 2025

Q3. Shumail maintains his accounting records on single entry. Available information is as under:

	01-07-2024	30-06-2025
Cash in hand	8,000	9,500
Accounts receivable	15,700	20,600
Merchandise inventory	12,600	19,400
Furniture	17,000	17,000
Equipment	13,000	13,000
Loan payable	0	7,000
Account payable	16,300	13,500

Additional data for adjusting on June 30, 2025:

1. During the period Shumail withdrawn in cash Rs. 7,000
2. He made an additional investment of Rs.5000
3. He estimated depreciation at 10% on furniture and 7% on equipment
4. He estimated bad debts of Rs. 300 on Account receivables
5. Accrued interest on loan amounted to Rs. 500

Required

1. Determine the amount of capitals on July 1, 2024 and June 30, 2025
2. Prepare a statement of profit for the year ended June 30, 2025

Q4: Hot Star Company limited completed the following transactions. The par value of Company's share is Rs. 100 each

1. Issued 300 shares at Rs.110 each for cash
2. Issued 2000 shares at Rs.112 each for cash
3. Issued 150 shares at Rs.90 each for furniture
4. Issued 400 shares at Rs.110 each for equipment purchased worth Rs. 38,000
5. Declared at stock dividend of Rs.1,000,000 and issued shares in payment of the same
6. Issued 400 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

Q5: Sami Hosiery mills limited has retain earnings balance of Rs.1,000,000 on June 30, 2024 before transfer of net income.

The net income for the year was 800,000. The following resolutions were passed in Annual general meeting.

1. To declare cash dividend 150,000
2. To establish reserve for contingencies Rs. 125,000
3. To appropriate Rs. 95,000 for sinking fund
4. To reserve Rs. 250,000 for plant extension
5. To declare stock dividend Rs. 80,000

Required

Set up retained earnings account.

Q6. Shahyan, Safeer and Shaheer form a partnership on January 15, 2024 under the name of S.S.S Associates. Shahyan contributed cash Rs.350,000, and equipment at an agreed value or Rs. 70,000. Safeer contributed furniture at an agreed value Rs. 245,000 and merchandise Rs.125,000, and Shaheer contributed cash Rs.90,000 and his personal van of Rs. 230,000.

Required

- a. Give the general journal entries in the book of the firm to record the formation of partnership.
- b. Prepare balance sheet of the firm.

Q7: Hamid and Shahid started business on 1st march 2024 with capital of Rs. 300,000 and Rs. 200,000. According to the partnership deed Hamid is entitled to a salary of Rs. 15,000 per month and interest is to be allowed on capitals at 10% per annum. The remaining profits are to be distributed by the two partners in the ratio of 3:2. During the period the firm earned a profit before charging salary to Hamid and interest on capitals, amounting to Rs. 250,000.

Required

- a. Prepare statement of division of net income for the period ended February 28,2025
- b. Give entries in the General Journal to record the distribution of profit
- c. Prepare partners' capital account in ledger form

SECTION "C" (DETAILED ANSWER QUESTIONS)
40 Marks

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

Q8: Hussein & company purchased machinery on 1st January 2022 at a list price of Rs. 300,000 with a trade discount of 2%. For cash discount the terms of payments were 33/10, n/30, including a sales tax of 4%. The company availed the



concession period of payment. the company incurred the following expenses.

Transportation charges	500
Installation and testing charges	2,000
Package charges	1,500
Insurance in transit	1,500

The company also paid Rs. 400, as fine on account of negligent driving by one of the company's driver while Transporting machinery. During installation work of the machinery, an adjacent was damaged and repair cost paid Rs 800. License fee paid for the operation of the machinery Rs. 400 for the year. An amount of Rs. 2500 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 Rs. 4,000. It is estimated that the machinery has a scrap value of Rs 8,000 at the end of its estimated service life of 10 years. It is also estimated that the machine will have a service life of 20,000 working hours and producing approximately 250,000 units.

Required

1. Calculate the total cost of the machinery.
2. Compute and record the depreciation expense for the first two years assuming that the following depreciation methods were used.
 - a. Straight Line Method
 - b. Diminishing Balance method by using 20% rate
 - c. Working hours method operated in 1st year 2,000 hours, operated in 2nd year 3,000 hours.
 - d. Production method produced in 1st year 30,000 units, produced in 2nd year 40,000 units.

Q9: Sheroze and Shahzaib are partners of Rs. 340,000 and Rs. 260,000 respectively. They share net income in the ratio of 3:2. They agreed to admit Shiraz as a partner.

Required

Give the necessary Journal entries in skeleton form and prepare balance sheet in each of the following cases separately:

1. Shiraz invest Rs.300,000 cash and receiving a 1/3 interest
2. Shiraz invest Rs.260,000 cash and receiving a 1/4 interest his capital is to be credited of the entire amount of his investment.
3. Shiraz invest Rs.120,000 cash for 1/5 interest. Old partners are not ready to reduce their capital balance
4. Shiraz invest 200,000 cash.

Q10: The following is the pre-closing trial balance of Habeeb limited as on June 30, 2023

Debit Balance		Credit Balance	
Cash on hand	15,000	Sundry creditors	23,000
Cash at bank	10,000	Machine allowance for depreciation	15,000
Merchandise Inventory 1- 7- 2022	20,000	Allowance for bad debts	6,000
Supplies	10,000	Notes payable	10,000
Furniture	15,000	Purchase return and allowance	7,000
Sundry debtors	25,000	Commission income	10,000
Machine cost	45,000	Rent income	9,000
Purchases	105,000	Sales revenue	85,000
Carriage in	10,000	Paid up capital	104,000
Sales return and allowance	7,000	Retained earning	30,000
Sales discount	5,500		
Salaries expense	7,500		
Rent expense	6,000		
Advertising expense	8,000		
Miscellaneous expense	10,000		
Total	299,000	Total	299,000

Additional information:

The company is registered with an authorized capital of Rs. 150,000 divided into 10,000 ordinary shares of Rs. 15 each. Company issued 12,400 shares of Rs. 10 each

Data for Adjustment on June 30, 2023

- i. Provide for allowance for depreciation on machine for the year 20,000
- ii. Prepaid rent amounted to Rs. 5,400
- iii. Raise the allowance for bad debts to Rs. 7,000
- iv. Salaries were outstanding Rs. 5,500
- v. Commission unearned Rs. 7,000
- vi. Merchandise inventory was valued on June 30, 2023 at 75,000
- vii. Appropriate Rs. 2,000 reserves for plant extension and Rs. 3,000 for reserve for contingencies

Required

1. Prepare an income statement for the year ended June 30, 2023 in classified report form
2. Statement of retained earning
3. Balance Sheet