

**AGA KHAN UNIVERSITY EXAMINATION BOARD**

**SECONDARY SCHOOL CERTIFICATE**

**CLASS X**

**MODEL EXAMINATION PAPER 2020**

**Principles of Accounting Paper II**

**Time: 2 hours 20 minutes    Marks: 50**

**INSTRUCTIONS**

**Please read the following instructions carefully.**

1. Check your name and school information. Sign if it is accurate.

**I agree that this is my name and school.  
Candidate's Signature**

**RUBRIC**

2. There are EIGHT questions. Answer ALL questions.
3. When answering the questions:  
  
Read each question carefully.  
Use a black pointer to write your answers. DO NOT write your answers in pencil.  
DO NOT use staples, paper clips, glue, correcting fluid or ink erasers.  
Complete your answer in the allocated space only. DO NOT write outside the answer box.
4. The marks for the questions are shown in brackets ( ).
5. You may use a simple calculator if you wish.
6. Wherever new terminologies are mentioned their old terminologies are mentioned in the brackets for your assistance.

Q.1.

(Total 6 Marks)

Imtiaz is the owner of an ice cream parlour. He charges 10% depreciation on machine using straight line method. The details regarding machine on January 01, 2017 are as under.

Particulars	Amount (Rs)
Old machine (cost)	650,000
Allowance (provision) for depreciation on machine	390,000

On December 31, 2017 after closing the accounting books, Imtiaz is planning to dispose-off the old machine and buy a new machine in order to meet the increased demand. The cost of new machine on December 31, 2017 is Rs 900,000 and the trade in allowance of the old machine is agreed to be Rs 180,000.

- a. Calculate the amount of gain/ loss on disposal of old machine on December 31, 2017. (3 Marks)

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- b. Calculate the amount of cash to be paid on the purchase of new machine. (1 Mark)

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- c. Prepare general entry to record the disposal of old machine on December 31, 2017. (2 Marks)

Date	Particulars	P.R.	Debit	Credit

Q.2.

(Total 6 Marks)

Post the necessary adjusting entries in general journal for the following scenarios separately:

**Scenario 1:** A company's allowance (provision) for doubtful (bad) debts accounts has a credit balance of Rs 25,000. One of the customers owing Rs 1,800 was declared insolvent and amount receivable from him has been written off.

S. No.	Particulars	P.R.	Debit	Credit

**Scenario 2:** A company's policy for rate of allowance (provision) for doubtful (bad) debts accounts is 5% of net trade receivables (accounts receivable). Due to the rising economic depression, the company decided to increase the rate of doubtful (bad) debts from 5% to 7.5%. The balances of related account head are as follows:

Trade receivables (accounts receivable) ending balance	Rs 250,000
Allowance (provision) for doubtful (bad) debts opening balance	Rs 12,500

S. No.	Particulars	P.R.	Debit	Credit

**Scenario 3:** A company has written off a customer's account by Rs 10,500. However, now it receives cash against the written-off amount from the customer.

S. No.	Particulars	P.R.	Debit	Credit

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Q.3. (Total 10 Marks)

Following details have been extracted from the books of Meenaj Traders for the year ended March 31, 2019.

Account Title	Amount (Rs)
Prepaid salaries	18,000
Rent expense	15,000
Sales revenue	635,000
Cost of sales (cost of goods sold)	387,000
Non-current (fixed) assets	480,000
Allowance (provision) for depreciation on non-current (fixed) assets	180,000

The data that needs to be adjusted at the end of the year is as under:

- Unrecorded sales amounted to Rs 15,000
- Prepaid salaries amounted to Rs 3,000
- Rent payable as on March 31, 2019 was Rs 9,000
- Depreciation is to be charged on non-current (fixed) assets at the rate of 20% per annum by diminishing balance method.

- a. Prepare the income statement and compute net profit for Meenaj Traders for the year ended March 31, 2019. (6 Marks)

- b. Show the impact with amount of the given data for adjustment on the given extract of statement of financial position (balance sheet) of Meenaj Traders as on March 31, 2019. (4 Marks)

**Meenaj Traders**  
**Extract of Statement of Financial Position (Balance Sheet)**  
**As at March 31, 2019**

15.06.2020		
<b><u>Non-current (fixed) assets</u></b>		
<b><u>Current assets</u></b>		
<b><u>Equity</u></b>		
<b><u>Current liabilities</u></b>		

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Q.4. (Total 4 Marks)

The accounting information of Hamad Brothers is given below:

Drawings during the year	Rs 35,000
Capital at December 31, 2018	Rs 500,000
Net income for the year 2018	Rs 125,000
Additional cash investment	Rs 75,000

Calculate the amount of capital as at January 01, 2018.

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Q.5. (Total 4 Marks)

Aarfa, a sole trader, bought merchandise for Rs 120,000 and sold it for Rs 150,000.

Calculate the percentage of margin and mark up for Aarfa.

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Q.6.

(Total 5 Marks)

The senior accountant of Rabia Traders identified the following errors in the records maintained by the junior accountant.

- i. Machinery repair parts purchased for Rs 18,000 were recorded as purchases.
- ii. Goods purchased from Data Traders of Rs 7,300 had been correctly posted to purchases account but had been wrongly entered into Bata Sons account.
- iii. Rent paid of Rs 12,000 was not recorded in the books.
- iv. A sales return (return inward) of Rs 2,400 from Lala Enterprises has been debited in the purchase return (return outward) account and Lala Enterprises account has been credited.
- v. Credit purchases of Rs 8,700 had been posted in the journals as Rs 7,800.

Identify the types of errors made by the junior accountant.

- i. \_\_\_\_\_
- ii. \_\_\_\_\_
- iii. \_\_\_\_\_
- iv. \_\_\_\_\_
- v. \_\_\_\_\_

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Q.7. (Total 5 Marks)

The income statement of Baba Traders showed the net profit of Rs 283,750 on December 31, 2018. After the preparation of the final accounts, the internal auditor of the business identified the following errors.

- i. Furniture bought on account from Ameer for Rs 48,500 has not been entered in the books. On this furniture, the depreciation of Rs 1,500 was also unrecorded.
- ii. Goods sold on account of Abid Sons for Rs 17,300 has been correctly posted to sales account but had been entered into Adil Traders account.
- iii. A repair of Rs 27,350 for motor vehicle has been posted to motor vehicles account.
- iv. A commission paid of Rs 11,480 has been entered in the commission received account.
- v. Sales day book has been under-casted by Rs 18,300.

Complete the given table by showing the effect of the mentioned errors on the net profit.

S. No.	Description	Treatment	Effect
	Net Profit unadjusted		283,750
i			
ii			
iii			
iv			
v			



Q.8.

(Total 10 Marks)

The following details have been extracted from the books of Hafsa Sports Club:

Account Title	January 01, 2017 (Rs)	December 31, 2017 (Rs)
Non-current (fixed) assets at cost	800,000	940,000
Accumulated depreciation on non-current (fixed) assets	180,000	To be calculated
Current assets	160,000	180,000
Current liabilities	20,000	32,000
Long term liabilities	200,000	400,000

The club charges depreciation on all non-current (fixed) assets at 20% using reducing balance method. There was no disposal of non-current (fixed) assets during the year.

- a. Calculate depreciation on non-current (fixed) assets for the year ended December 31, 2017. (2 Marks)

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- b. Prepare the statement of affairs for Hafsa Sports Club (8 Marks)

- as at January 01, 2017.
- as at December 31, 2017.

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