

**AGA KHAN UNIVERSITY EXAMINATION BOARD**

**SECONDARY SCHOOL CERTIFICATE**

**CLASS IX**

**MODEL EXAMINATION PAPER 2023 AND ONWARDS**

**Principles of Accounting Paper I**

**Time: 55 minutes    Marks: 30**

**INSTRUCTIONS**

1. Read each question carefully.
2. Answer the questions on the separate answer sheet provided. DO NOT write your answers on the question paper.
3. There are 100 answer numbers on the answer sheet. Use answer numbers 1 to 30 only.
4. In each question there are four choices A, B, C, D. Choose ONE. On the answer grid black out the circle for your choice with a pencil as shown below.

Correct Way		Incorrect Ways	
1		1	
		2	
		3	
		4	

**Candidate's Signature**

5. If you want to change your answer, ERASE the first answer completely with a rubber, before blacking out a new circle.
6. DO NOT write anything in the answer grid. The computer only records what is in the circles.
7. You may use a simple calculator if you wish.
8. Wherever new terminologies are mentioned their old terminologies are mentioned in the brackets for your assistance.

1. The following details have been taken from the books of Rauf Builders and Developers as on December 31, 2017.

S. No.	Particulars	Amount (Rs)
1	Trade receivables (accounts receivable)	127,000
2	Trade payables (accounts payable)	613,000
3	Building	790,000
4	Machinery	470,000
5	Bank overdraft	50,000
6	Inventory	55,000

The amount of capital invested according to the given data is

- A. Rs 779,000  
 B. Rs 879,000  
 C. Rs 1,442,000  
 D. Rs 2,105,000
2. Which of the following CORRECTLY depicts the rules of debit and credit?

	Account Head	Debit	Credit
A	Revenue	Increase	Decrease
B	Liabilities	Increase	Decrease
C	Expenses	Decrease	Increase
D	Assets	Increase	Decrease

3. In double entry accounting system, the term 'credit' indicates that the business is

- A. receiving loans.  
 B. receiving benefits.  
 C. exceeding its assets.  
 D. exceeding its liability limits.

4. On May 01, 2016, a business paid an advance rent of Rs 10,500 for three months.

If the accounting year of the business ends on June 30, 2016, then the amount of advance rent for July should be shown in the statement of financial position (balance sheet) under

- A. current asset.  
 B. non-current asset (fixed asset).  
 C. current liability.  
 D. non-current liability.

5. Which of the following principles is applied, when a business maintains a provision for depreciation on non-current assets?
- A. Matching
  - B. Materiality
  - C. Consistency
  - D. Going concern
6. In general ledger, sales returns and purchases returns are classified as

	<b>Sales Returns</b>	<b>Purchases Returns</b>
A	contra asset	contra liabilities
B	contra revenue	contra expense
C	contra expense	contra revenue
D	contra liabilities	contra asset

7. The bank account of a small boutique is given below.

<b>Bank Account</b>					
<b>Date</b>	<b>Particulars</b>	<b>Folio</b>	<b>Debit</b>	<b>Credit</b>	<b>Balance</b>
Jan 1, 2018	Balance		15,000		15,000
Jan 3, 2018	Rent			7,000	?
Jan 5, 2018	Sales		22,000		?
Jan 7, 2018	ABC Supplier			13,000	?

The balance that will appear in the bank account on January 7, 2018 will be

- A. Rs 13,000
- B. Rs 17,000
- C. Rs 20,000
- D. Rs 37,000

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8. The following are the ledger balances extracted from the books of Shams and Sons.

Particulars	Amount (Rs)
Sales revenue	250,000
Purchases	120,000
Building	75,000
Bank overdraft	15,000
Inventory	25,000
Trade receivables (accounts receivable)	80,000
Capital	35,000

The amount with which the trial balance would agree will be

- A. Rs 285,000  
 B. Rs 300,000  
 C. Rs 315,000  
 D. Rs 600,000
9. The following balance has been provided by the owner of Hamza General Store.

S. No.	Particulars	Amount (Rs)
1	Cash	62,000
2	Capital	105,000
3	Trade receivables (accounts receivable)	31,000
4	Trade payables (accounts payable)	23,000
5	Machinery	?
6	Loan from family	65,000
7	Inventory	45,000

If the trial balance of the business agrees, then the value of the machinery would be

- A. Rs 55,000  
 B. Rs 143,000  
 C. Rs 193,000  
 D. Rs 386,000
10. In the statement of financial position (balance sheet), the ending stock (merchandise inventory ending) is classified under
- A. current assets.  
 B. current liabilities.  
 C. non-current liabilities.  
 D. non-current assets (fixed assets).

11. An accounting summary that shows the trading performance of a business is known as
- trial balance.
  - balance sheet.
  - capital account.
  - income statement.
12. The following details have been extracted from the books of Data Traders as on March 31, 2018.

Particulars	Amount (Rs)
Sales revenue	420,000
Purchases	280,000
Opening inventory	30,000
Ending inventory	24,000

The amount of cost of sales (cost of goods sold) is

- Rs 134,000
  - Rs 274,000
  - Rs 286,000
  - Rs 310,000
13. The following information relates to a business for the year ended on June 30, 2017.

Particulars	Amount (Rs)
Sales revenue	150,000
Cost of sales (cost of goods sold)	90,000
Operating expenses	30,000

The business has closing inventory of Rs 15,000 as on June 30, 2017.

The amount of net profit of the business for the year ended June 30, 2017 will be

- Rs 30,000
  - Rs 60,000
  - Rs 120,000
  - Rs 240,000
14. With reference to general journal, assets and liabilities will both increase due to the
- drawing by the owner.
  - payment to the suppliers.
  - purchase of car on credit.
  - purchase of furniture on cash.

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15. A debit balance in the depositor's cash book will be shown as a
- A. zero balance in the bank statement.
  - B. debit balance in the bank statement.
  - C. credit balance in the bank statement.
  - D. overdraft balance in the bank statement.
16. In a three column cash book, the title given to columns are
- A. cash, bank and balance.
  - B. discount, cash and bank.
  - C. sales, particulars and cash.
  - D. purchases, bank and discount.
17. Which of the following expenses is NOT classified as a petty cash expense?
- A. Insurance
  - B. Entertainment
  - C. Carriage inwards
  - D. Postage and courier
18. Waqar returned goods worth Rs 7,500 to Zulfiqar as the goods were not according to the order placed by him.
- To initiate the process of return, the document that will be issued by Waqar is known as
- A. invoice.
  - B. voucher.
  - C. debit note.
  - D. credit note.

19. Consider the given purchase journal.

Purchase Journal				
Date	Invoice	Supplier Account	Post Reference	Trade payables Purchases
Mar 01, 16	0050015	Rahim Traders	<input checked="" type="checkbox"/>	Rs 12,500
Mar 03, 16	0050075	Karim Associates	<input checked="" type="checkbox"/>	Rs 57,000
Mar 05, 16	0050093	Amin Brothers	<input checked="" type="checkbox"/>	Rs 45,000
Mar 07, 16	0050124	Rahim Traders	<input checked="" type="checkbox"/>	Rs 25,000
Mar 09, 16	0050138	Amin Brothers	<input checked="" type="checkbox"/>	Rs 12,500
		<b>Total</b>		<b>Rs 152,000</b>

The journal entry to transfer the amount of the journal will be

	Debit	Credit
A	Purchases Rs 152,000	Trade (accounts) receivables Rs 152,000
B	Trade (accounts) receivables Rs 152,000	Purchases Rs 152,000
C	Trade (accounts) payables Rs 152,000	Purchases Rs 152,000
D	Purchases Rs 152,000	Trade (accounts) payables Rs 152,000

20. An accountant of Jadeed Traders has prepared the following sales ledger control account.

Sales Ledger Control Account			
Particular	Amount	Particular	Amount
Balance b/f	5,000	Cash received	6,800
Credit sales	43,000	Cheques received	23,200
Bad debt expense	4,000	Discount allowed	430
Bank (dishonoured cheque)	3,100	Sales return	2,800
		Balance c/f	21,870
	<u>55,100</u>		<u>55,100</u>

Which of the following particulars has been INCORRECTLY posted in the given account?

- A. Sales return
- B. Discount allowed
- C. Bad debt expense
- D. Bank (dishonoured cheque)

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21. A document sent to a customer upon the credit sales of any merchandise is known as a/ an
- invoice.
  - debit note.
  - credit note.
  - statement of account.
22. The given balances have been extracted from the books of Vareesha Enterprises after the first month of its business operations.

Particulars	Amount (Rs)
Credit purchases	140,000
Discount received	5,400
Cash paid to suppliers	76,600
Return outwards	1,000

Based on the given data, the amount of purchases ledger control account that will be carried down to the next month is

- Nil
  - Rs 57,000
  - Rs 83,000
  - Rs 140,000
23. Mehwish is the owner of a departmental store in Karachi. She bought 20 washing machines for the purpose of reselling.

In the given situation, the washing machines will be treated by Mehwish in her accounting books as

- current asset.
  - non-current asset (fixed asset).
  - current liability.
  - non-current liability.
24. A business bought a car and a computer for Rs 950,000 and Rs 75,000 respectively on July 01, 2016. The business charges 20% depreciation on these assets using the straight line method (fixed instalment method).

The amount of depreciation charged on the computer for the year ended December 31, 2016 will be

- Rs 7,500
- Rs 15,000
- Rs 60,000
- Rs 67,500



25. Salim Traders purchased a machine on January 01, 2016 worth Rs 150,000 with scrap value of Rs 10,000. The company uses 20% diminishing balance method (reducing balance method) for charging the depreciation.

The depreciation for the year ended December 31, 2016 will be

- A. Rs 15,000  
 B. Rs 28,000  
 C. Rs 30,000  
 D. Rs 32,000
26. The following details have been extracted from the books of Jamshed Sons at the end of the year 2015.

Particulars	Amount (Rs)
Machine	700,000
Allowance (provision) for depreciation as on December 31, 2015	105,000

The depreciation expense charged on the machine for the year 2016 is Rs 70,000.

The adjusting entry that will be made in the books of Jamshed Sons on December 31, 2016 is

	Particulars	P.R.	Debit	Credit
A	Depreciation expense		70,000	
	Allowance (provision) for depreciation			70,000
B	Allowance (provision) for depreciation		70,000	
	Depreciation expense			70,000
C	Depreciation expense		175,000	
	Allowance (provision) for depreciation			175,000
D	Allowance (provision) for depreciation		175,000	
	Depreciation expense			175,000

27. The accounting assumption which is used to include the 'allowance (provision) of doubtful debts' in the financial statement is a/ an
- A. accrual.  
 B. cost concept.  
 C. going concern.  
 D. business entity.

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28. The allowance (provision) for doubtful (bad) debts is considered as a/ an

- A. asset.
- B. contra asset.
- C. capital.
- D. contra capital.

29. Imperial Traders have revised the policy of charging allowance (provision) for doubtful (bad) debts from 10% to 12.5%.

If the statement of financial position (balance sheet) reflects the revised allowance (provision) for doubtful (bad) debts as Rs 4,500, then the gross amount of debt of Imperial Traders will be

- A. Rs 31,500
- B. Rs 36,000
- C. Rs 445,500
- D. Rs 450,000

30. The following balances have been taken from the pre-closing trial balance of Royal Traders as on December 31, 2016.

<u>Particulars</u>	<u>Amount (Rs)</u>
Trade receivables (accounts receivable)	125,000
Allowance (provision) for doubtful (bad) debts (@1% of trade receivables)	1,250

On December 31, 2016, the management of Royal Traders decided to revise the rate of allowance (provision) for doubtful (bad) debts from 1% to 5%.

The amount of doubtful (bad) debts that will be expensed out in the income statement for the year 2016, after revision, is

- A. Rs 1,250
- B. Rs 5,000
- C. Rs 6,250
- D. Rs 7,500

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