

AGA KHAN UNIVERSITY EXAMINATION BOARD

SECONDARY SCHOOL CERTIFICATE

CLASS X

MODEL EXAMINATION PAPER 2020

Principles of Accounting Paper I

Time: 40 minutes Marks: 25

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 25 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 (A) (B) (C) (D)	1 (A) (B) (C) (D)
	2 (A) (B) (C) (D)
	3 (A) (B) (C) (D)
	4 (A) (B) (C) (D)

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. On January 01, 2012, Beta Corporation purchased a machine for Rs 500,000 with an estimated life of 5 years. The company uses 30% diminishing balance method for charging depreciation and its accounting year ends on December 31 each year.

On July 01, 2014, the business decided to exchange the machine with a new machine costing Rs 700,000, with agreed trade in allowance of Rs 200,000 for the old machine.

The above exchange of machine will result in a

- A. loss of Rs 8,250
 - B. gain of Rs 8,250
 - C. loss of Rs 28,500
 - D. gain of Rs 28,500
2. An air conditioner having the cost of Rs 180,000 and an accumulated depreciation of Rs 40,000 on January 01, 2017 was disposed-off, by Beenish, for Rs 128,000 on June 30, 2017.

If Beenish charges full year's depreciation, @ 15% diminishing balance method, in the year of disposal, then the gain/ loss on disposal of the air conditioner will be

- A. loss of Rs 9,000
- B. loss of Rs 1,500
- C. gain of Rs 9,000
- D. gain of Rs 1,500

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Use the given information to answer Q.3, Q.4 and Q.5.

The following extract of unadjusted trial balance has been taken from the books of Rafiqa Traders as on December 31, 2018.

Account Title	Debit (Rs)	Credit (Rs)
Sales revenue		285,000
Machine	200,000	
Allowance (provision) for depreciation on machine		50,000
Trade receivables (accounts receivable)	65,000	
Allowance (provision) for doubtful (bad) debts		500

Details for charging depreciation on non-current (fixed) assets are as under:

- Machine is depreciated by using production method with the estimated life of 400,000 units.
 - Rafiqa Traders charges allowance (provision) for doubtful (bad) debt expense @ 1% per annum on outstanding trade receivables (accounts receivable) balance at year end.
3. On December 31, 2018 the amount of allowance (provision) for doubtful (bad) debt that will be shown in the statement of financial position (balance sheet) of Rafiqa Traders would be
 - A. Rs 150
 - B. Rs 500
 - C. Rs 650
 - D. Rs 1,150
 4. If Rafiqa Traders produced 60,000 units during 2018, then the amount of allowance (provision) for depreciation shown in the statement of financial position (balance sheet) would be
 - A. Rs 30,000
 - B. Rs 50,000
 - C. Rs 60,000
 - D. Rs 80,000
 5. The accounting principle on the basis of which allowance for doubtful debt (bad debt) expense is maintained is known as
 - A. matching principle.
 - B. materiality principle.
 - C. historical cost principle.
 - D. money measurement principle.

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6. The adjusting entry for recording bad debts written off under direct method will be

	Debit	Credit
A	Provision (allowance) for doubtful debts	Account receivable (trade receivable)
B	Account receivable (trade receivable)	Bad debts (doubtful debts) expense
C	Account receivable (trade receivable)	Provision (allowance) for doubtful debts
D	Bad debts (doubtful debts) expense	Account receivable (trade receivable)

7. The following extract of the trial balance has been taken from the books of Mairaj Traders as on December 31, 2018.

Account Title	Debit (Rs)	Credit (Rs)
Sales revenue		238,500
Drawings	23,300	
Prepaid insurance	12,000	
Accrued marketing expense		2,000
Advance salaries	3,000	

The account titles that will be closed at the end of the year by Mairaj Traders are

- A. sales revenue and drawings.
- B. prepaid insurance and sales revenue.
- C. prepaid insurance and advance salaries.
- D. accrued marketing expense and drawings.

8. The trial balance extract of Sohail Traders as on December 31, 2017 is as follows:

Account Title	Debit (Rs)	Credit (Rs)
Salaries expense	16,300	
Rent payable		23,500
Office supplies	7,900	
Allowance (provision) for doubtful (bad) debts		3,700

Data for Adjustment:

- Allowance (provision) for doubtful (bad) debts needs to be adjusted at Rs 5,600.

The adjusting entry for allowance (provision) for doubtful (bad) debts will be made by an amount of

- A. Rs 1,900
 B. Rs 3,700
 C. Rs 5,600
 D. Rs 9,300
9. Amina paid Rs 36,000 as three years insurance premium of a factory on April 01, 2018. The accounting year of her business ends on June 30 each year.

The insurance expense in the books of the business for the year 2018 will be

- A. Rs 3,000
 B. Rs 9,000
 C. Rs 12,000
 D. Rs 24,000
10. Following data is extracted from the books of Aleena Limited.

Account Title	Amount (Rs)
Net sales	250,000
Net purchases	145,000
Opening stock	25,000
Ending stock	35,000
Operating expense	50,000

The net income of the business will be

- A. Rs 65,000
 B. Rs 95,000
 C. Rs 115,000
 D. Rs.135,000

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11. The following balances are extracted from the books of Al-Hashimi Enterprises.

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Sales revenue	250,000	Supplies	12,500
Purchases	150,000	Transportation in	35,000
Sales return	8,500	Stock ending	15,000
Purchase return	8,500	Stock opening	12,000

The amount of cost of goods sold will be

- A. Rs 120,500
- B. Rs 138,500
- C. Rs 173,500
- D. Rs 190,500

12. Ammar is providing the following details about his suppliers.

- Opening balance Rs 25,000
- Ending balance Rs 15,000
- Amount paid to the suppliers Rs 45,000

The amount of credit purchases during the year will be

- A. Rs 5,000
- B. Rs 35,000
- C. Rs 55,000
- D. Rs 85,000

13. The following details have been extracted from the books of Shams Traders as on September 30, 2017.

Account Title	Amount (Rs)
Sales revenue	240,000
Marketing expenses	21,700
Administrative expenses	37,300

Net profit is 15% of sales revenue.

The amount of gross profit from the given information is

- A. Rs 36,000
- B. Rs 95,000
- C. Rs 145,000
- D. Rs 181,000

14. The expression that can be used to calculate the amount of ending stock is
- opening inventory – net purchases – cost of sales
 - opening inventory – net purchases + cost of sales
 - opening inventory + net purchases – cost of sales
 - opening inventory + net purchases + cost of sales
15. Ramsha Enterprises sold furniture for Rs 45,000 to Taiba Traders on cash. Ramsha Enterprises recorded the transaction as cash debit and furniture credit.

The accounting system followed by Ramsha Enterprises for recording the given transaction is

- singly entry system.
 - contra entry system.
 - double entry system.
 - compound entry system.
16. The accountant of Tahir Sons recorded a capital expenditure of Rs 27,000 as revenue expenditure.

The type of error mentioned in the given scenario is the error of

- principle.
 - commission.
 - original entry.
 - complete reversal.
17. The accountant of a business wrongly recorded the depreciation on machine as allowance (provision) for depreciation debit Rs 20,000 and depreciation expense credit Rs 20,000.

The general entry that will be made to correct the given error will be

	Particulars	P.R.	Debit	Credit
A	Depreciation expense		20,000	
	Allowance (provision) for depreciation			20,000
B	Depreciation expense		40,000	
	Allowance (provision) for depreciation			40,000
C	Allowance (provision) for depreciation		20,000	
	Depreciation expense			20,000
D	Allowance (provision) for depreciation		40,000	
	Depreciation expense			40,000

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18. The error that can result in the disagreement of trial balance will be
- unrecorded sales.
 - payment of office rent treated as factory rent.
 - purchase of machine recorded as purchase of inventory.
 - cash deposited into bank recorded on debit side of cash book.
19. Rafeeq Enterprises paid interest of Rs 2,345 but by mistake recorded this as interest income. The unadjusted net profit calculated by Rafeeq Enterprises for the year ended December 31, 2017 was Rs 17,855.

The adjusted profit after the correction of the given error will be

- Rs 13,165
 - Rs 15,510
 - Rs 20,200
 - Rs 22,545
20. Maheen sold goods to Areeba for Rs 15,000 on account. This entry was unrecorded in the books. The given accounting error will be classified as an error of
- principle.
 - omission.
 - commission.
 - original entry.
21. The subscription account prepared by the accountant of Atif Cricket Club during year ended May 31, 2018 is as follows:

Subscription Account			
01.06.17	Accrued balance b/d	7,000	
31.05.18	Bank		50,000
31.05.18	Accrued balance c/d		2,000

The amount of subscription income that will be transferred to the income and expenditure account of the club at the end will be

- Rs 45,000
 - Rs 48,000
 - Rs 52,000
 - Rs 59,000
22. The alternate term used for capital in accounting for non-profit organisations (NPO) is
- equity.
 - reserve.
 - cash fund.
 - accumulated fund.

23. Alpha Foundation is a non-profit organisation, working for the welfare of old-age people. The details related to office supplies of the foundation are as under

Account Title	Amounts (Rs)
Opening balance	12,000
Purchased during the year	27,000
Ending balance	9,000

The amount of office supplies that will be charged as expenditure in income and expenditure account of Alpha Foundation would be

- A. Rs 6,000
 - B. Rs 24,000
 - C. Rs 30,000
 - D. Rs 48,000
24. Sir Garfield Sobers Cricket Academy is planning to purchase a new ground.
- Purchase of a new ground on cash will be shown under
- A. asset column of statement of affairs.
 - B. liability column of statement of affairs.
 - C. income column of income and expenditure account.
 - D. expenditure column of income and expenditure account.
25. In accounting for non-profit organisations (NPO), receipt and payment account is termed as
- A. cash book.
 - B. voucher book.
 - C. bank statement.
 - D. statement of affairs.

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