

AGA KHAN UNIVERSITY EXAMINATION BOARD
HIGHER SECONDARY SCHOOL CERTIFICATE
CLASS XII
MODEL EXAMINATION PAPER 2023 AND ONWARDS

Principles of Accounting Paper II

Time: 1 hour 50 minutes Marks: 60

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 THIRTEEN 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.
Use a black pencil for diagrams. DO NOT use coloured pencils.
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 scientific calculator if you wish.
6. Wherever new terminologies are mentioned their old terminologies are mentioned in the brackets for your assistance.

Q.1. (Total 3 Marks)

- a. Gross and net amounts are interchangeably used in different accounting records, but they are different.

Differentiate between gross and net amounts. (1 Mark)

Gross Amount	Net Amount

- b. Describe the items that are adjusted in gross purchases to calculate net purchases. (2 Marks)

Q.2. (Total 4 Marks)

- a. Abeer has been appointed as an accountant by a grocery store that follows a single entry basis of accounting. She explains the importance of the double entry system to the owner of the grocery shop.

Based on any TWO key features, differentiate between double and single entry systems. (2 Marks)

- b. 'Pure single entry' or 'Net worth method' is one of the methods used to calculate the profit of a business following the single entry system.

Describe the TWO 'accounting statements' prepared under the given method to calculate the profit of a business. (2 Marks)

Q.3. (Total 4 Marks)

Jamsheed is a treasurer of a sports club, a non-profit organisation (NPO).

The financial year of the sports club ends on December 31, each year. Jamsheed is able to provide the following information related to the subscription of the members.

On January 01, 2017, the amount of accrued subscriptions from members was Rs 420

The amount of subscriptions received from members in cash during the year was Rs 9,720

On December 31, 2017, the amount of subscriptions prepaid by members was Rs 300

Prepare the subscriptions account as it would appear in the ledger of the sports club for the year ended December 31, 2017. Show the amount transferred to the income and expenditure account.

Subscriptions Account			
Particulars	Amount (Rs)	Particular	Amount (Rs)

PLEASE TURN OVER THE PAGE

Q.4. (Total 3 Marks)

Receipt and payment account of Al Fahad Trust on December 31, 2018 was as under:

Receipts		Payments	
	Amount (Rs)		Amount (Rs)
Grants	4,500	Conveyance	2,350
Donation	14,500	Machine bought	80,000
Annual membership fee	67,500	Postage and stamps	4,150
Total receipts	86,500	Total payments	86,500

Classify the given accounting heads in the receipt and payment account as either income or expenditure for the non-profit organisation (NPO).

Income	Expenditure

Q.5.

(Total 5 Marks)

Altaf and Yaseen are partners. The equity part of their balance sheet on January 01, 2015 was as under:

Altaf - Capital	Rs 200,000
Altaf - Current	Rs 100,000

Yaseen - Capital	Rs 300,000
Yaseen - Current	Rs 150,000

They follow fixed capital method according to the following plan.

- Annual salary to Altaf would be Rs 24,000 and to Yaseen would be Rs 36,000
- Interest on capital is agreed to be 10%
- Altaf's share of profit is Rs 50,000 and Yaseen's share of profit is Rs 75,000
- Drawings of Altaf are of Rs 30,000 and drawings of Yaseen are of Rs 41,000

Prepare the current account of Yaseen.

AKU
Model Paper
for Teaching & Learning

PLEASE TURN OVER THE PAGE

Q.6.

(Total 5 Marks)

Zareen, Zarnish and Zainab formed a partnership business by contributing the following:

Zareen: Machine costing Rs 480,000 and inventory costing Rs 148,000

Zarnish: Furniture amounting Rs 345,000 and equipment costing Rs 240,000

Zainab: Office premises worth Rs 550,000 and cash Rs 200,000

They agreed that the capital of each partner will be equal to that of Zainab and have agreed to contribute the shortfall (if any) in the form of cash.

Calculate the amount of capital of each partner.

AKU-EB
Model Paper 2023
for Teaching & Learning Only

Q.7.

(Total 5 Marks)

The balance sheet of Shafia and Samia is stated as under:

Balance Sheet As at December 31, 2015			
Cash	50,000	Liabilities	60,000
Other Assets	150,000	Capital - Shafia	100,000
		Capital - Samia	50,000
Profit & Loss Account(loss)	10,000		
	<u>210,000</u>		<u>210,000</u>

Both partners share profit and loss equally. They decided to liquidate their business.

- At the time of liquidation, other assets were sold for cash Rs 130,000.
- Liabilities were paid in full.

Record the following transactions in the general journal.

- Transfer of assets and profit and loss account to realisation account
- Sale of asset
- Payment of liabilities
- Distribution of gain or loss on realisation

Date	Particulars	P.R.	Debit	Credit

PLEASE TURN OVER THE PAGE

Q.8.

(Total 5 Marks)

Afia, Sana and Kiran are partners in Ideal Confectionaries Store. Their partnership is based on equal profit and loss sharing ratio. The following is the statement of financial position.

Assets		Equities	
Current assets	450,000	Account payable	100,000
Non-current assets	550,000		
		Afia's capital	300,000
		Sana's capital	300,000
		Kiran's capital	300,000
Total	1,000,000	Total	1,000,000

When Kiran retires from the partnership firm, below are the three scenarios which can be possible.

Scenario 1: Kiran is paid Rs 150,000 from the firm and for the balance amount a six-months 10% notes payable are issued. (1 Mark)

Scenario 2: Kiran's 50% share will be purchased by Afia and the rest of the amount would be paid from the firm resources. (2 Marks)

Scenario 3: Kiran's 40% shares will be purchased by Afia for Rs 130,000 and 60% shares will be purchased by Sana for Rs 200,000. The payments will be made by their private sources. (2 Marks)

Prepare general journal entries for each of the given scenarios.

Scenario 1:

Date	Particulars	P.R.	Debit	Credit

Space for Calculations

Scenario 2:

Date	Particulars	P.R.	Debit	Credit

Space for Calculations

Scenario 3:

Date	Particulars	P.R.	Debit	Credit

Space for Calculations

PLEASE TURN OVER THE PAGE

Q.9. (Total 5 Marks)

The following data has been extracted from the balance sheet of Masood Ltd. on December 31, 2015.

Authorized Capital

200,000 ordinary shares of Rs 10 each Rs 2,000,000

Issued and Paid up Capital

100,000 ordinary shares of Rs 10 each Rs 1,000,000

Retained Earnings Rs 75,000

Net income for the year amounted to Rs 200,000

On December 31, 2015, the company decided to:

- i. Declare cash dividend of Rs 100,000.
- ii. Appropriate Rs 50,000 for the repayment of debentures.

a. Prepare general entry to show the effect of the stated decision of the company. (2 Marks)

Date	Particulars	P.R.	Debit	Credit

b. Prepare the partial balance sheet using the given information of the company as at December 31, 2015. (3 Marks)

Q.10.

(Total 10 Marks)

The following details have been taken from the books of Abiha Limited after the preparation of the income statement for the year ended December 31, 2019.

Account Title	Amount (Rs)
Authorised share capital (200,000 shares of Rs 10 each)	2,000,000
Non-current (fixed) assets at cost	1,800,000
Allowance (provision) for depreciation on non-current (fixed) assets	380,000
Ordinary share capital of Rs 10 each	1,000,000
8% debenture payable	200,000
Trade receivables (accounts receivable)	420,000
Trade payables (accounts payable)	360,000
Cash at bank	425,000
Inventory	120,000
Interim dividend	20,000
Retained earnings on January 01, 2019	280,000
Net profit for the year ended December 31, 2019	160,000
General reserve	65,000

On December 31, 2019, the directors of Abiha Limited decided the following:

- i. Transfer Rs 18,000 to the general reserve
 - ii. Pay 3% final dividend to ordinary shareholders
- a. Prepare the retained earning account for Abiha Limited as on December 31, 2019. (6 Marks)

Retained Earnings Account	

PLEASE TURN OVER THE PAGE

- b. Prepare the shareholders' equity portion of the statement of financial position (balance sheet) for Abiha Limited as on December 31, 2019. (4 Marks)

AKU-EB
Model Paper 2023
Teaching & Learning Only

Q.11.

(Total 5 Marks)

The following information has been taken from the accounting records of Saya Limited as on December 31, 2017.

Particulars	January 01, 2017	December 31, 2017
Trade receivables (accounts receivable)	Rs 36,800	Rs 47,200
Inventory	Rs 29,300	Rs 23,900
Trade payables (accounts payable)	Rs 42,000	Rs 38,500

Additional Information:

- Net profit before interest and tax for the year amounted to Rs 238,000
- Depreciation expense amounted to Rs 13,000
- Income tax for the year was Rs 3,800

Prepare the operating activities section of the cash flow statement for Saya Limited as on December 31, 2017.

Model
for Teaching

PLEASE TURN OVER THE PAGE

Use the given information to answer Q.12. and Q.13.

The following records are extracted from the books of Al-Hamd Traders. The opening stock is valued at 500 units @ Rs 2.0.

Date	Stock in	Rate (Rs)	Stock out	Rate (Rs)
1.01.17	1500	2.0		
3.01.17			1000	4.0
5.01.17	700	2.5		

Q.12. (Total 3 Marks)

Prepare the inventory chart for Al-Hamd Traders by the weighted average cost (AVCO) perpetual method.

[illegible]

Q.13.

(Total 3 Marks)

Compute the net inventory balance through the first in first out (FIFO) perpetual method.

[illegible]

END OF PAPER

Please use this page for rough work

AKU-EB
Model Paper 2023
for Teaching & Learning Only