

AGA KHAN UNIVERSITY EXAMINATION BOARD

HIGHER SECONDARY SCHOOL CERTIFICATE

CLASS XI

MODEL EXAMINATION PAPER 2018

Principles of Accounting Paper I

Time: 45 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 (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 scientific calculator if you wish.
8. Wherever new terminologies are mentioned their old terminologies are mentioned in the brackets for your assistance.

1. Bashir Traders bought furniture for office use on account for Rs 237,000.

The account heads that will be affected by the given transaction are

- A. cash and furniture.
 - B. cash and purchases.
 - C. trade payables (accounts payable) and furniture.
 - D. trade payables (accounts payable) and purchases.
2. Imperial Shoe Store paid an advance rent of Rs 60,000 for 3 months to the owner, Mr Shahid.

The amount of advance rent will be treated by Shahid as a/ an

- A. asset.
 - B. capital.
 - C. income.
 - D. liability.
3. KMK General Store bought grocery on bulk from KBC warehouse on March 01, 2018. After a week, the store returned some of the goods as they were not up to the order.

The document that will be issued by KBC warehouse at the time of return is

- A. invoice.
 - B. statement.
 - C. debit note.
 - D. credit note.
4. Urooj and Simran want to merge their individual businesses. The details of their individual businesses are as follows:

Details	Urooj's Business	Simran's Business
	Rs	Rs
Total non-current assets (fixed assets)	560,000	450,000
Total liabilities	230,000	150,000
Total current assets	120,000	70,000

The amount of total capital of Urooj in her business is

- A. Rs 370,000
- B. Rs 450,000
- C. Rs 680,000
- D. Rs 910,000

5. Ahmed Traders paid transportation cost of Rs 12,000 on the purchase of machinery costing Rs 980,000 for business use.

The business will treat transportation cost as

- A. capital expenditure.
 - B. selling expenditure.
 - C. revenue expenditure.
 - D. administrative expenditure.
6. Kiran Grocery Store is a huge retail outlet which has an average daily sale of Rs 80,000. The accountant of the business forgot to record an entertainment expense of Rs 500. Upon examination, the auditors identified and knowingly ignored this mistake.

The accounting principle on the basis of which the error was ignored by auditor is

- A. realisation.
 - B. materiality.
 - C. consistency.
 - D. business entity.
7. Mr Ahmed owns an office and has an employee responsible for day to day purchasing, like stationery, office materials, etc. He has allotted a lump sum fixed amount for the day to day expenditures. At the end of the month, the employee would submit the vouchers and the account would be replenished by Mr Ahmed.

Which of the following accounting books would be used in the given scenario?

- A. Two column cash book
 - B. Three column cash book
 - C. Imprest petty cash system
 - D. Ordinary petty cash system
8. The column that distinguishes between the two column cash book and three column cash book is
- A. date column.
 - B. bank column.
 - C. discount column.
 - D. particular column.
9. Alam Traders bought goods on credit from Azam Traders. Some of the goods were defected so they were returned to the supplier. In order to notify the return, Alam Traders also issued a note to Azam Traders.

The note issued would be called a

- A. debit note.
- B. credit note.
- C. currency note.
- D. promissory note.

PLEASE TURN OVER THE PAGE

10. Zarina bought goods worth Rs 50,000 on credit. She got a trade discount of 5% and was also allowed a cash discount of Rs 1,500.

The amount of net purchases shown in the books of Zarina will be

- A. Rs 46,000
 - B. Rs 46,075
 - C. Rs 47,500
 - D. Rs 50,000
11. Maniya Traders buys fixtures of Rs 24,000 for office use on credit.
- The given transaction will be first entered in
- A. cash book.
 - B. sales journal.
 - C. general journal.
 - D. purchase journal.
12. Mr Ali purchased merchandise for Rs 10,000 on account from Mr Bashir. The general journal entry in the books of Ali will be

	Particulars	P.R.	Debit	Credit
A	Purchase		10,000	
	Cash			10,000
B	Purchase		10,000	
	Trade payable (account payable)			10,000
C	Trade payable (account payable)		10,000	
	Purchase			10,000
D	Cash		10,000	
	Purchase			10,000

13. Ms Aamna purchased a machine worth Rs 150,000 with credit term 2/10, n/30.

If the payment is made on 15th day, then the billed price will be

- A. Rs 135,000
- B. Rs 147,000
- C. Rs 150,000
- D. Rs 153,000

14. In a 'three column cash book', the cash withdrawal from the bank for business use will be recorded in
- receipt side only.
 - payment side only.
 - neither of the sides.
 - both receipt and payment sides.
15. Ahmed deposited a cheque of Rs 12,300 in his bank account on October 30, 2017. On October 31, 2017 the bank informed Ahmed that the cheque is still in the clearance process.

The above mentioned cheque after clearance, will be recorded in cash book and bank statement as

	Cash Book	Bank Statement
A	Debit	Debit
B	Credit	Debit
C	Debit	Credit
D	Credit	Credit

16. The bank reconciliation statement prepared for the month of January 2018 by the accountant of Shamshad Traders is as under:

Bank Reconciliation Statement as on January 31, 2018		
Particulars	Cash Book	Pass Book
Balance	370	(446) O/D
Direct deposit by customer	209	
Rent paid	(60)	
Uncleared cheques		(2,520)
Unpresented cheques (outstanding)		(1,555)
Total	519	(4,521)

The given bank reconciliation statement is not agreeing because of the wrong adjustment.

The item that has been adjusted wrongly in the given bank reconciliation statement is

- rent paid.
- uncleared cheques.
- unpresented cheques.
- direct deposit by a customer.

17. The bank column of the cash book showed the balance of Rs 25,000. The following items were shown on the bank statement, but had not been recorded in the cash book.

Particulars	Amount (Rs)
Bank charges	500
Direct deposit by a customer	10,000
Utility bills directly paid	5,000

The adjusted bank balance of the cash book would be

- A. Rs 9,500
 B. Rs 20,500
 C. Rs 29,500
 D. Rs 31,500
18. Which of the given equations used in income statement is CORRECT?
- A. Cost of goods sold + opening inventory = purchases – closing inventory
 B. Cost of goods sold + closing inventory = purchases – opening inventory
 C. Cost of goods sold + purchases = closing inventory + opening inventory
 D. Cost of goods sold + closing inventory = purchases + opening inventory
19. The account head that will NOT be shown in the income statement is
- A. drawing.
 B. purchases.
 C. sales revenues.
 D. salary expenses.

Using the given information, answer Q.20. and Q.21.

An inexperienced accountant wrongly entered purchase of Rs 20,000 on account in the books as Rs 2,000.

20. The CORRECT general journal entry to rectify the given error will be

	Particulars	P.R.	Debit	Credit
A	Purchase		18,000	
	Trade payable (account payable)			18,000
B	Trade payable (account payable)		18,000	
	Purchase			18,000
C	Purchase		20,000	
	Trade payable (account payable)			20,000
D	Trade payable (account payable)		20,000	
	Purchase			20,000

21. As a result of the given error, the

- A. inventory records will be over-cast.
- B. balance of trial balance will be impacted.
- C. purchase ledger account will be over-cast.
- D. balance of trial balance will not be impacted.

22. If there is a debit balance on a suspense account, then the error could be because of an

- A. omitted sales.
- B. omitted liability.
- C. overstated revenue.
- D. overstated purchases.

PLEASE TURN OVER THE PAGE

23. The following details have been extracted from the trial balance of Baba Traders.

- Accrued rent expense Rs 25,000
- Accrued insurance expense Rs 15,000
- Prepaid advertisement Rs 10,000

If the adjusting data shows an accrued rent amount of Rs 35,000, then the adjustment entry will be

	Particulars	P.R.	Debit	Credit
A	Rent expense		10,000	
	Accrued rent			10,000
B	Rent expense		35,000	
	Accrued rent			35,000
C	Prepaid rent expense		10,000	
	Accrued rent			10,000
D	Prepaid rent expense		35,000	
	Accrued rent			35,000

24. Riffat, the owner of a grocery store, withdrew grocery items of Rs 1,500 for her personal use. The closing entry of the withdrawal made by Riffat will be

	Particulars	P.R.	Debit	Credit
A	Drawing		1,500	
	Merchandise			1,500
B	Merchandise		1,500	
	Drawing			1,500
C	Drawing		1,500	
	Capital			1,500
D	Capital		1,500	
	Drawing			1,500

25. Ahmed prepares income statement and statement of financial position (balance sheet) at the end of each year.

The balance shown in the liability section of the statement of financial position (balance sheet) prepared by Ahmed will be

- A. debit balance in the cash account.
- B. credit balance in drawing account.
- C. credit balance in the bank account.
- D. debit balance in the supplier account.

26. The details of the motor vehicles of Paras Traders are given below.

<u>Particulars</u>	<u>Amount (Rs)</u>
Motor vehicle cost	900,000
Allowance (provision) for depreciation of motor vehicles as on December 31, 2015	450,000

Business depreciates motor vehicles at 20% by diminishing balance method (reducing balance method).

The net amount of the motor vehicles that will appear in statement of financial position (balance sheet) as on December 31, 2016 will be

- A. Rs 90,000
- B. Rs 180,000
- C. Rs 360,000
- D. Rs 540,000

27. Alpha Limited is involved in the production of medicines. The following expenditures were incurred by the company on an old machine on January 01, 2018.

Particulars	Amount (Rs)
Fire insurance premium for three years	84,000
Replaced the old engine with a new engine resulting in an increase in production	238,000
Cleaning and maintenance cost	24,000

The amount that should be treated as capital expenditure by Alpha Limited is

- A. Rs 84,000
- B. Rs 108,000
- C. Rs 238,000
- D. Rs 262,000

28. Kareem Associates, in its books, has classified an item of revenue expenditure as capital expenditure.

As a result of the given error, the assets and net profit of Kareem Associates will be

	Assets	Net Profit
A	Overstated	Overstated
B	Overstated	Understated
C	Understated	Overstated
D	Understated	Understated

29. Basheer Sons wants to exchange an old computer with a new laptop to be used in its office. The details as on the day of exchange are as under:

Particulars	Amount (Rs)
Cost of computer	45,000
Cost of laptop	80,000
Accumulated depreciation on computer till the date of exchange	21,900
Trade in allowance of computer	18,500

The amount of cash to be paid by Basheer Sons at the time of exchange will be

- A. Rs 3,400
 B. Rs 4,600
 C. Rs 58,100
 D. Rs 61,500
30. Mr Farman, a sole trader, purchased a motor vehicle and made the following payments.

Particulars	Amount (Rs)
List price of the motor vehicle	400,000
Capital expenditures on motor vehicle	22,000
Revenue expenditures on motor vehicle	18,000

Mr Farman also received a trade discount of 8% on the list price of motor vehicle.

The amount with which the motor vehicle will be recorded in the Statement of the financial position (Balance sheet) will be

- A. Rs 368,000
 B. Rs 372,000
 C. Rs 386,000
 D. Rs 390,000

END OF PAPER

Please use this page for rough work

AKU-EB
Model Paper 2018
for Teaching & Learning

Please use this page for rough work

AKU-EB
Model Paper 2018
for Teaching & Learning