

AGA KHAN UNIVERSITY EXAMINATION BOARD

HIGHER SECONDARY SCHOOL CERTIFICATE

CLASS XI

MODEL EXAMINATION PAPER 2018

Principles of Accounting Paper II

Time: 2 hours 15 minutes Marks: 70

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 ELEVEN questions. Answer ALL questions.
3. When answering the questions:
Read each question carefully.
Use only 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.

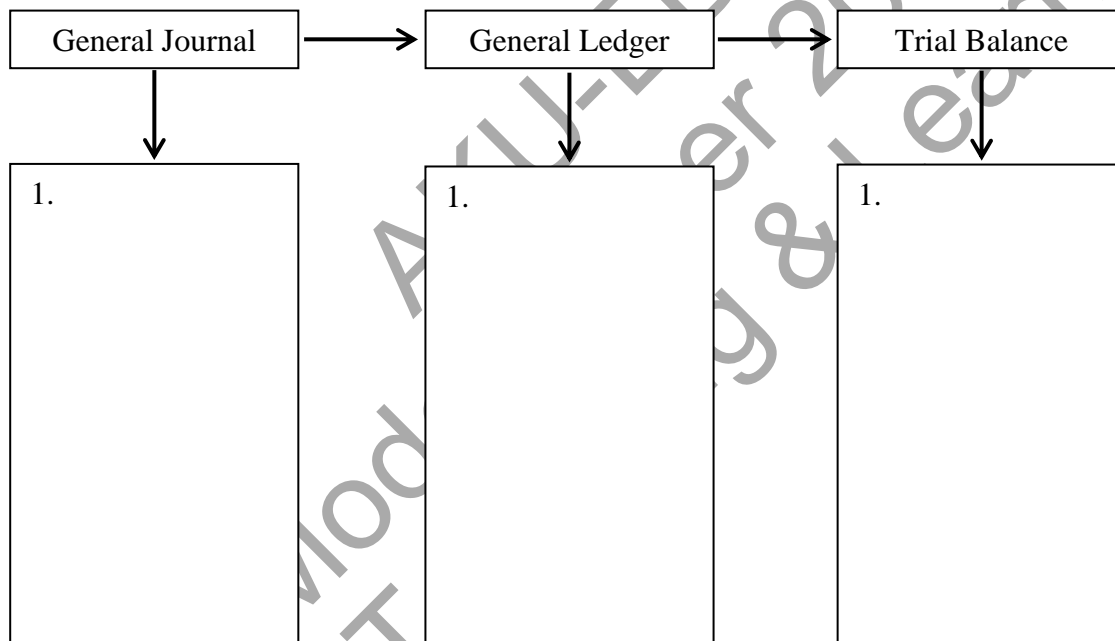
Q.1. (Total 5 Marks)

a. Ahmed prepares his accounting records for a period of 12 months which starts from April 01 and ends on March 31 each year.

i. Identify the accounting period followed by Ahmed. (1 Mark)

ii. Name the other accounting period that can be used by accountant for preparing financial statements. (1 Mark)

b. Complete the given figure by mentioning the objective of each of the stages of accounting cycle. (3 Marks)



Q.2.

(Total 4 Marks)

Analyse the effect of the given accounting transactions performed by Mr Adil on the accounting heads, i.e. debit and credit.

S. No.	Scenario	Debit	Credit
1	Purchased office supplies on account for Rs 5,400		
2	Purchased merchandise worth Rs 25,000		
3	Sold goods on account to Mr Saleem for Rs 6,700		
4	Purchased fixtures for the store worth Rs 250,000		

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Q.3. (Total 6 Marks)

Following balances have been extracted from the books of ABC Traders as on March 31, 2018.

S. No.	Account Title	Amount (Rs)
1	Cash in hand	35,000
2	Supplies	5,000
3	Purchases	45,000
4	Trade payables (accounts payable)	1,500
5	Purchases returns	3,500
6	Sales	75,000
7	Sales returns	1,500
8	Insurance expense	9,500
9	Prepaid rent	11,500
10	Salary expense	8,500
11	Advertisement expense	7,500
12	Commission income	15,000
13	Inventory on April 01, 2017	10,000
14	Capital	39,500
15	Drawing	1,000

Prepare the trial balance as on March 31, 2018 for ABC Traders from the given balances on page 5.

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Q.4. (Total 6 Marks)

a. Differentiate between ordinary and imprest petty cash system. (2 Marks)

Ordinary Petty Cash System	Imprest Petty Cash System
1.	1.

b. The given petty cash book has been taken from the books of Nehal Traders for the month of March 2018.

Petty Cash Book									
Receipts	Date	Details	Voucher No.	Total	Postage and Stamps	Conveyance	Printing and Stationary	Coolie and Cartage	Miscellaneous
650	Mar 01	Balance b/d							
2,850	Mar 01	Cash							
	Mar 05	Conveyance paid		180		180			
	Mar 09	Stamps bought		45	45				
	Mar 16	Colour paper bought		110			110		
	Mar 19	Tips given to peon		50					50
	Mar 21	Purchase memo book		1,650			1,650		
	Mar 23	Paid to coolie		130				130	
	Mar 25	Local travelling paid		160		160			
	Mar 31	Letter post		120	120				
				2,445	165	340	1,760	130	50
		Balance c/d		1,055					
3,500				3,500					
1,055	Apr 01	Balance b/d							
2,445	Apr 01	Cash							

Prepare the general entries in the books of Nehal Traders for the following transactions.

- i. Reimbursement of petty cash fund on March 01, 2018 (1 Mark)
- ii. Payment made from petty cash fund (2 Marks)
- iii. Reimbursement of petty cash fund on April 01, 2018 (1 Mark)

Date	Particulars	P.R.	Debit	Credit

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Upon comparison with bank statement, the accountant of Roshan Sons found that following items were missing in the cash book.

- Prepare the cash book (bank column) and bring down the updated balance that would appear in the cash book on March 01, 2018.

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Q.6.

(Total 6 Marks)

The following adjusting entries were made by Abbas Brothers for the year ended December 31, 2017.

S. No.	Particulars	P.R.	Debit	Credit
A	Depreciation Expense		12,500	
	Allowance for depreciation			12,500
B	Salaries expense		5000	
	Salaries payable			5000
C	Prepaid advertisement		1,250	
	Advertisement expense			1,250
D	Merchandise inventory		2500	
	Expense and revenue summary			2500
E	Commission receivable		2000	
	Commission income			2000
F	Bad debts expense		1500	
	Allowance for bad debts			1500

From the given adjusting entries, prepare the necessary reversing entries wherever possible. If there is no reversing entry, mention '**NOT possible**'.

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Q.7.

(Total 6 Marks)

The balances have been extracted from the books of Laraib Traders after the preparation of income statement for the year ended December 31, 2017.

Particulars	Amount (Rs)
Bank	50,000
Bank loan repayable at December 31, 2020	600,000
Trade payables (accounts payable)	70,000
Trade receivables (accounts receivable)	100,000
Plant and Machine	2,000,000
Allowance for depreciation on plant and machine	900,000
Inventory at December 31, 2017	30,000
Drawings	24,000
Capital at January 01, 2017	559,000
Net profit for the year ended December 31, 2017	75,000

Prepare statement of financial position (balance sheet) in classified form for Laraib Traders as on December 31, 2017.

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Q.8. (Total 5 Marks)

Naushad Limited provides the following details about the non-current assets (fixed assets) at the end of the accounting year June 30, 2017.

Particulars	Cost	Accumulated Depreciation	Details of Depreciation
Machine	Rs 400,000	Rs 85,000	25% diminishing balance method

On December 31, 2017, the directors decided to buy a new machine with latest technology for better quality and increased production. Due to this reason, the old machine was exchanged with a new machine costing Rs 1,200,000 and the trade in allowance was agreed to be 20% of the cost of the new machine.

a. Calculate the amount of gain or loss on disposal of machine as on December 31, 2017. (3 Marks)

b. Prepare the general entry to record the disposal of old machine. (2 Marks)

S. No.	Particulars	P.R.	Debit	Credit

Q.9.

(Total 5 Marks)

Bashir Limited has a motor vehicle. The company uses the sum of the year digit method for calculating depreciation of motor vehicle. The motor vehicle was purchased on July 01, 2014 at a cost of Rs 150,000.

The expected life of the motor vehicle is 5 years and the book value of the motor vehicle on December 31, 2014 was Rs 125,000.

Compute the depreciation for motor vehicle for the year ended December 31, 2015 and 2016.

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The following balances have been extracted from the books of Ahmed Store on January 01, 2018.

Cash and bank	Rs 63,000
Trade receivables (accounts receivable)	Rs 116,000
Trade payables (accounts payable)	Rs 97,000

Jan 01:	Purchased goods from Shahbaz Traders for Rs 17,000 and issued a cheque.
Jan 05:	Paid Rs 9,000 as an advance rent for the month of January 2018.
Jan 10:	Sold goods of Rs 16,000 to Shams Brothers. Shams Brothers paid Rs 7,000 and agreed to pay the balance in February.
Jan 15:	Paid Rs 4,700 by cheque for new fixtures and fittings.
Jan 20:	Received an outstanding cash balance of Rs 23,000 from a customer.
Jan 25:	Paid Rs 6,000 to a supplier by cheque, this amount was due since November 2017.
Jan 30:	Bank informed Ahmed Store that the cheque received on January 20, has been dishonoured.

Post the given transactions in the following ledgers, and balance these ledgers as on February 01, 2018.

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Trade Receivables (Accounts Receivable)	
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Trade Payables (Accounts Payable)	
1	100
2	200
3	300
4	400
5	500
6	600
7	700
8	800
9	900
10	1000
11	1100
12	1200
13	1300
14	1400
15	1500
16	1600
17	1700
18	1800
19	1900
20	2000
21	2100
22	2200
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42	4200
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79	7900
80	8000
81	8100
82	8200
83	8300
84	8400
85	8500
86	8600
87	8700
88	8800
89	8900
90	9000
91	9100
92	9200
93	9300
94	9400
95	9500
96	9600
97	9700
98	9800
99	9900
100	10000

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Q.11.

(Total 10 Marks)

The following trial balance has been extracted from the books of Shafi Traders as on March 31, 2018.

Particulars	Debit	Credit
Purchases	914,000	
Sales		1,340,000
Marketing expenses	90,000	
Administrative expenses	140,000	
Interest expense	40,000	
Building	850,000	
Allowance (provision) for depreciation - Building		90,000
Machinery	450,000	
Allowance (provision) for depreciation - Machinery		130,000
Inventory on April 01, 2017	280,000	
Trade receivables (accounts receivable) – Advance from customer		410,000
Bank	106,000	
Trade payables (accounts payable)		180,000
Capital		720,000
Total	2,870,000	2,870,000

Data for adjustment

- i. Inventory on March 31, 2018 is valued at Rs 339,000.
- ii. A customer account was written off at the end of the year, the amount outstanding from him was Rs 4,000.
- iii. Prepaid interest amounted to Rs 6,000 at the end of the year.
- iv. Depreciation is charged as follows:
 - Building is depreciated at 10% under straight line method.
 - Machine is depreciated at 10% under diminishing balance method (reducing balance method).

Prepare an income statement in a classified form for Shafi Traders for the year ended March 31, 2018 on page 17.

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