

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

Principles of Accounting Paper II

Time: 2 hours 5 minutes Marks: 45

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 TEN 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 simple calculator if you wish.
6. Wherever new terminologies are mentioned their old terminologies are mentioned in the brackets for your assistance.

Particulars	Amount (Rs)
Old machine (cost)	650,000
Allowance (provision) for depreciation on machine	390,000

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

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Q.2.

(Total 5 Marks)

Post the necessary adjusting entries in general journal for the following scenarios separately.

Scenario 1: A company's allowance (provision) for doubtful (bad) debts accounts has a credit balance of Rs 25,000. One of the customers owing Rs 1,800 was declared insolvent and amount receivable from him has been written off.

S. No.	Particulars	P.R.	Debit	Credit

Scenario 2: A company's policy for the rate of allowance (provision) for doubtful (bad) debts accounts is 5% of net trade receivables (accounts receivable). Due to the rising economic depression, the company decided to increase the rate of doubtful (bad) debts from 5% to 7.5%. The balances of related account head are as follows:

Trade receivables (accounts receivable) ending balance	Rs 250,000
Allowance (provision) for doubtful (bad) debts opening balance	Rs 12,500

S. No.	Particulars	P.R.	Debit	Credit

Scenario 3: A company has written off a customer's account by Rs 10,500. However, now it receives cash against the written off amount from the customer.

S. No.	Particulars	P.R.	Debit	Credit

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- Q.4. Show the impact with amount of the given data for adjustment on the given extract of statement of financial position (balance sheet) of Mina Traders as on March 31, 2019. (4 Marks)

Mina Traders
Extract of Statement of Financial Position (Balance Sheet)
As at March 31, 2019

<u>Non-current (fixed) assets</u>		
<u>Current assets</u>		
<u>Equity</u>		
<u>Current liabilities</u>		

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Q.5. (Total 4 Marks)

The accounting information of Hamad Brothers is as under:

Drawings during the year	Rs 35,000
Capital at December 31, 2018	Rs 500,000
Net income for the year 2018	Rs 125,000
Additional cash investment	Rs 75,000

Calculate the amount of capital as at January 01, 2018.

Q.6. (Total 5 Marks)

Aarfa, a sole trader, bought merchandise for Rs 120,000 and sold it for Rs 150,000.

Calculate the percentage of margin and mark up for Aarfa.

Q.7.

(Total 4 Marks)

The senior accountant of Rabia Traders identified the following errors in the records maintained by the junior accountant.

- a. Machinery repair parts purchased for Rs 18,000 had been recorded as purchases.
- b. Goods purchased from Data Traders of Rs 7,300 had been correctly posted to purchases account, but was wrongly entered into Bata Sons account.
- c. A sales return (return inward) of Rs 2,400 from Lala Enterprises had been debited in the purchase return (return outward) account and Lala Enterprises account had been credited.
- d. Credit purchases of Rs 8,700 had been posted in the journals as Rs 7,800.

Identify the types of errors made by the junior accountant in each case.

- a. _____
- b. _____
- c. _____
- d. _____

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Q.8.

(Total 4 Marks)

The income statement of Baba Traders showed the net profit of Rs 283,750 on December 31, 2018. After the preparation of the final accounts, the internal auditor of the business identified the following errors.

- a. Furniture bought on account from Ameer for Rs 48,500 had not been entered in the books. On this furniture, the depreciation of Rs 1,500 was also unrecorded.
- b. Goods sold on account to Abid Sons for Rs 17,300 had been correctly posted to sales account, but was entered into Adil Traders account.
- c. A repair of Rs 27,350 for motor vehicle had been posted to motor vehicles account.
- d. A commission paid of Rs 11,480 had been entered in the commission received account.
- e. Sales day book had been under-casted by Rs 18,300.

Complete the given table by showing the effect of the mentioned errors on the net profit.

S. No.	Description	Treatment	Effect
	Net Profit unadjusted		283,750
a			
b			
c			
d			
e			

Q.9.

(Total 4 Marks)

Mention suitable title for each of the following accounts in NPO (non-profit organisation).

(**Note:** The first account has been done for your assistance.)

S. No.	Account	Terms Used in NPO
1.	Excess of income over expenditure	Surplus
2.	Capital investment	
3.	Membership fees received in advance	
4.	Membership fees payable	
5.	Providing services other than the core business of an NPO	

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The following balances have been taken from the books of Aneesa Foundation, a charitable institution:

Particulars	January 01, 2017	December 31, 2017
Subscription	2,300 advance 1,650 arrears	To be determined
Bank balance	7,900	To be determined

Subscription	- for the year ended December 31, 2016	Rs 1,650
	- for the year ended December 31, 2017	Rs 14,500

Amount received from sale of old machine	Rs 20,000
Donation received	Rs 7,000

Rent	Rs 4,200
Insurance	Rs 2,430
Sundry expense	Rs 3,600

All receipts and payments were made through a bank account.

Prepare subscription account for the year ended December 31, 2017.

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