

**AGA KHAN UNIVERSITY EXAMINATION BOARD**

**HIGHER SECONDARY SCHOOL CERTIFICATE**

**CLASS X**

**ANNUAL EXAMINATIONS (THEORY) 2023**

**Principles of Accounting Paper II**

**Time: 2 hours 05 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.

Q.1. (Total 5 Marks)

The following details related to non-current assets (fixed assets) of Ayaan Traders as on January 01, 2022 are as under:

Account Title	Cost (Rs)	Allowance (provision) for Depreciation	Method of Depreciation
Machine	800,000	340,000	Hours method
Furniture	385,000	140,000	Sum of the year digit method

Using the given table, calculate the amount of depreciation for the furniture and machine for the year ended December 31, 2022 as under:

- Machine has a useful life of 400,000 units; in 2022, the machine was used for 20,000 units.
- Furniture has a useful life of 10 years and was purchased on January 01, 2020.

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Q.2.

(Total 5 Marks)

The following balances are extracted from the books of Study Solutions (an academy for education) on December 31, 2022.

Account Title	Amount (Rs)
Tuition fees receivable	125,000 Dr.
Allowance (provision) for doubtful debts	15,000 Cr.

Using the given information, post the general journal entries for the following transactions.

(Note: Consider each transaction separately)

- a. The tuition fee of a student was written off for Rs 5,000. (1 Mark)

Date	Particulars	P.R.	Debit	Credit

- a. A previously written off tuition fees of Rs 3,500 was recovered. (2 Marks)

Date	Particulars	P.R.	Debit	Credit

- b. The management of Study Solutions decided to make the allowance (provision) for doubtful debt at the rate of 15% of tuition fee receivable at each year end. Therefore, the balance at December 31, 2022 should be adjusted. (2 Marks)

Date	Particulars	P.R.	Debit	Credit

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

The following trial balance has been taken from the books of Rahat Traders as on June 30, 2022.

<b>Trial Balance</b>		
<b>As on June 30, 2022</b>		
	<b>Debit (Dr) (Rs)</b>	<b>Credit (Cr) (Rs)</b>
Sales revenue		620,000
Inventory as on July 01, 2021	45,000	
Purchases	480,000	
Prepaid salaries	26,000	
Rent expense	60,000	
Equipment at cost (purchased on July 01, 2018)	400,000	
Allowance for depreciation on equipment		160,000
Computer at cost	80,000	
Allowance for depreciation on computers		40,000
Trade receivables	60,000	
Trade payables		55,000
Cash in hand	20,000	
Cash at bank	15,000	
Bank overdraft		61,000
Capital		250,000
<b>Total</b>	<b>1,186,000</b>	<b>1,186,000</b>

Additional information as on June 30, 2022 is as under:

The amount of inventory amounted to Rs 91,000

Data for Adjustment as on June 30, 2022:

1. The business charges depreciation on equipment by sum of the year digit method. The estimated life of the equipment is 10 years.
2. Allowance for bad debts is to be charged @ 5% at year-end balance of trade receivables.
3. Rent expense for the year amounted to Rs 72,000.
4. Prepaid salaries at year end amounted to Rs 8,000.
5. 2% interest on overdraft is due for the last three months.

Q.3.

(Total 5 Marks)

Prepare the necessary adjusting entries for Rahat Traders.

(Note: No entry for ending inventory is required)

Date	Particulars	P.R.	Debit	Credit

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Q.4. (Total 5 Marks)

Calculate the amount of gross profit for Rahat Traders for the year ended June 30, 2022.

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Use the given information to answer Q.5 and Q.6.

Rafiq is a small trader. He does not maintain proper books of accounts. Following balances were provided by Rafiq on March 31, 2023.

Particulars	April 01, 2022	March 31, 2023
Trade payables (accounts payable)	140,000	185,000
Capital	760,000	to be calculated

Details related to capital and trade payables (accounts payable) of Rafiq are as under.

Particulars	Amounts (Rs)
Drawings during the year	240,000
Cash purchases during the year	112,000
Paid to suppliers	720,000
Purchase return and allowance	23,000
Net income for the year	400,000
Additional investment	60,000
Discount received from suppliers	12,000

Q.5.

(Total 5 Marks)

Calculate Rafiq's capital as on March 31, 2023 by preparing the capital account.

Capital	

Q.6.

(Total 4 Marks)

Calculate the total gross purchases of Rafiq for the year ended in March 31, 2023.

Trade payables (accounts payable)	

Space for calculation: \_\_\_\_\_

Q.7. (Total 4 Marks)

The following balances were taken from the trail balance of Huma Enterprises as on December 31, 2022:

	Debit Side (Rs)	Credit Side (Rs)
Total Balance	190,000	201,619

Additional information as on June 30, 2022 is as under:

The amount of inventory as on June 30, 2022 amounted to Rs 83,000

1. Sales book was over-casted by Rs 7,000.
2. Goods sold on credit to Irshad for Rs 7,800 was posted in his account as Rs 8,700.
3. Discount received from Sajid a supplier of Rs 5,600 was entered correctly in the cashbook but no entry was made in Sajid's account.
4. Machinery bought for Rs 15,000 was recorded in machinery repairs account.
5. Purchases daybook balance was carried forward as Rs 867 instead of Rs 786.

Based on the given information, Prepare the general journal to correct any of the FOUR errors.

(Note: Narrations for transactions are not required.)

S.No	Particulars	P.R.	Debit	Credit





Q.9. (Total 3 Marks)

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

(Note: The first term has been mentioned as an example.)

S. No.	Accounting Situation	Terms used in N.P.O
1	Excess of income over expenditure	Surplus
2	Capital investment	
3	Membership fees received in advance	
4	Providing services rather than the core business of an NPO	

Q.10. (Total 5 Marks)

Areej is a manager of a health and fitness club by the name 'Fit and Fine'. The details about the club are given below.

Account Title	Amount (Rs)
Wages paid	15,000
Donation collected	24,000
Non-current assets (fixed assets)	54,000
Bank loan	15,000
Subscription for the year	25,000
Depreciation of machine	8,500

Prepare the income and expenditure account for 'Fit and Fine' fitness club.

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