AGA KHAN UNIVERSITY EXAMINATION BOARD

HIGHER SECONDARY SCHOOL CERTIFICATE

CLASS XI

ANNUAL EXAMINTAIONS (THEORY) 2023

Principles of Accounting Paper II

Time: 1 hours 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 TWELVE 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.

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Q.1.	(Total 3 Marks)
a. Describe TWO objectives of book keeping.	(2 Marks)
	<u></u>
b. Identify any ONE accounting system which follows book keeping.	(1 Mark)
8	O
Q.2.	(Total 3 Marks)
Complete the given table by using the rules of debit and credit on the following account their normal account balances. (Attempt any THREE)	ount heads along with
Note: The first one has been done for your assistance.	

Account head	Debit	Credit	Normal Account balance
Assets	Increase	Decrease	Debit balance
Liabilities			
Revenue			
Expenses			
Capital			

Q.3. (Total 6 Marks)

Al-Aman Traders established a petty cash fund by issuing a cheque of Rs 12,000 to the petty cashier on January 01, 2022. The following is the summary of expenses for the month:

Detail of Expense	Amount (Rs)
Conveyance charges paid for the month	1,450
Stationery items purchased	1,375
Postage and telegram	1,250
Travelling expenditure intercity	2,540
Food and beverages bills for guest	1,560
Sundries	1,550

If Al-Aman Traders follows the imprest system of petty cash, then prepare the general journal entries for the following:

- Establishment of petty cash fund
- Recording of general journal entries for the petty cash
- Replenishment (re-establishment) of the petty cash fund.

S. No.	Particulars	P.R.	Debit	Credit
	y			

Q.4. (Total 2 Marks)

Differentiate between purchase journal and purchase account.

S. No.	Purchase Journal	Purchase Account
1		
2		3,01

Q.5. (Total 10 Marks)

The following transactions were extracted from the records of Saleem Traders.

- I. Purchased material costing Rs 150,000 by paying 20% as down payment and agreed to pay the balance in two months
- II. Loan was given to an employee for Rs 60,000. It was agreed that an amount of Rs 5,000 will be deducted from his/ her salary over a period of twelve months from next month
- III. Cash of Rs 50,000 was received, as the full and final amount from a client, against Rs 52,000
- IV. Bought a vehicle worth Rs 800,000 for business use via a bank loan
- V. Paid utility bills via bank account for Rs 75,000
- VI. Withdrew Rs 50,000 from the bank for office use
- VII. Paid Rs 20,000 as school fee for the owner's children
- VIII. Received a cheque for settlement of a trade receivable (account receivable) for Rs 15,000
- IX. Customer account of Rs 10,000 has been written off
- X. Paid Rs 1,500 as donation to a charitable institute

Record the given transactions into cash in hand account (where applicable) using self-balancing ledger format, assuming the cash opening balance of Rs 150,000.

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Q.6.		(Total 2 Marks)
Differer	ntiate between cross and bearer cheque.	
S.No.	Cross Cheque	Bearer Cheque
1.		
2.		\$O\$
Q.7.		(Total 4 Marks)
Mentior	any FOUR reasons for the difference in the l	palances of cash book and bank statement.
		20.20
	K, Or.	
		<u></u>
		

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Q.8.	(Total 6 Marks)
The f	following errors were identified during the closing of accounts by Sabeer Brothers.
I. II. III. IV.	A cheque of Rs 25,000 received from Ameen Brothers on account of credit sales was wrongly credited to Aman Brothers. A purchase of office furniture worth Rs 10,000 had been posted to the purchase account. On cross-checking with invoices of Alpha Traders, it was revealed that the purchases of Rs 150,000 have been posted in the accounts as Rs 15,000. Cash sales worth Rs 20,000 were not recorded in the books.
a.	Identify the type of errors made in each of the given transactions (Attempt any THREE).
	(3 Marks)
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b. Rectify the errors identified in part 'a', by preparing general entries (Attempt any THREE).

(3 Marks)

S. No.	Particulars	P.R.	Debit	Credit
				AP .
			CC	>
			0	4
			0.3	14
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	1 - 7	X X		
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	1 1 10			
Y	70	<u>.</u>		

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Q.9 (Total 6 Marks)

The extract of the trail balance of Amen Traders showed salary expense as Rs 25,000.

Cases for Adjustment

Case 1: salaries expenses for the year was Rs 36,000.

Case 2: prepaid salaries at the end of the year were Rs 18,000.

Case 3: salaries expenses for the year was Rs 15,000.

Considering each of the given cases separately, mention how these will be reflected in the financial statements of Ameen Traders after adjustments.

	Statement	of Affairs	Income Statement
	Prepaid Salary	Salary Payable	Salary Expense
Case 1			01/
Case 2		all all	
Case 3			

Q.10. (Total 8 Marks)

The following data has been extracted from the books of Al-Hamra Associates as on December 31, 2022.

S. No.	Particulars	Debit	Credit
1	Cash	75,000	
2	Trade receivables (accounts receivable)	150,000	
3	Office fixtures	65,000	co
4	Prepaid shop rent	38,000	
5	Equipment	105,000	2 14
6	Purchases	132,000	
7	Carriage inwards	15,000	, 0
8	Advertising expenses	24,000	200
9	Miscellaneous expense	22,000	
10	Office supplies expenses	12,000	
11	Delivery expenses	15,000	
12	Salaries expenses	25,000	
13	Sales return and allowance	12,000	
14	Allowance for bad debt	O ^V	25,000
15	Sales revenue		225,000
16	Commission income		100,000
17	Account payable		40,000
18	Capital		300,000
	Total	690,000	690,000

The data for adjustment on December 31, 2022 is as follows:

- I. Prepaid shop rent is Rs 19,000
- II. Office supplies unused Rs 1,500
- III. Commission unearned 10,000
- IV. Salaries outstanding Rs 9,000

Prepared a TEN column Worksheet on the given format

Note: The business follow zero inventory model.

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Particulars	Trail Balance Adjus		tments	ments Adj. T-balance		Income Statement		Balanc	e Sheet	
raruculars	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
Cash	75,000									
Trade receivable	150,000							7	1	
Office fixtures	65,000									
Prepaid shop rent	38,000							A		
Sales equipment	105,000								y	
Purchases	132,000							6		
Carriage inwards	15,000			4			Y			
Advertising expenses	24,000			4		, AO				
Miscellaneous expense	22,000			1		\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\				
Office supplies expenses	12,000									
Delivery expenses	15,000		1	>		0	0			
Salaries expenses	25,000		,	,		1				
Sales return and allowance	12,000			10		Y				
Allowance for bad debt		25,000		7.7) ,				
Sales revenue		225,000		O,						
Commission income		100,000		. (4					
Account payable		40,000	~ 0 '		40					
Capital		300,000		A >'						
Shop rent expense			,							
Prepaid office supplies				7						
Commission unearned										
Salary payable		7								
	690,000	690,000								
Net Income										_
										_

Q.11. (Total 5 Marks)

The following records have been extracted from the non-current (fixed) assets register of Al-Huda Associates as on December 31, 2021.

S. No.	Account Title	Cost (Rs)	Date of Purchase	Accumulated Depreciation (Rs)	Depreciation Method
1	Furniture	750,000	January 01, 2020	450,000	Straight line @ 15%
2	Computers	950,000	July 01, 2019	397,270	Sum of year digit with life of 10 years
3	Van	800,000	January 01, 2019	462,500	Diminishing Balance 25%

On March 31, 2022, the business decided to exchange the computers with the updated version from Alpha Computers. The Alpha Computers offered Rs 400,000 as a trade in allowance. The new computers have an estimated life of 5 years with sales service warranty of 1 year. The cost of the new computers is Rs 1,200,000.

Required:

Perform the following ta	ks for the	given	scenario:
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•	Compute the	depreciation	tor 2022.	

Comp	pute the depreciation for 2022. pute the gain or loss on disposal of computers (non-current assets).
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Q.12. (Total 5 Marks)

Differentiate between capital and revenue expenditure. (Attempt any FIVE)

Basis of Comparison	Capital Expenditure	Revenue Expenditure
Definition		
		A
Term		₹O _x
Value Addition	A	
		200
	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	
Physical Existence		
Occurrence	10	
	Y .0'	
Impact on Revenue		
	CY	
Benefits		
Appearance		

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