

AGA KHAN UNIVERSITY EXAMINATION BOARD

HIGHER SECONDARY SCHOOL CERTIFICATE

CLASS XI

ANNUAL EXAMINATIONS (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.

Q.1. (Total 3 Marks)

a. Describe TWO objectives of book keeping. (2 Marks)

b. Identify any ONE accounting system which follows book keeping. (1 Mark)

Q.2. (Total 3 Marks)

Complete the given table by using the rules of debit and credit on the following account heads along with their normal account balances. (Attempt any THREE)

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.4.

(Total 2 Marks)

Differentiate between purchase journal and purchase account.

S. No.	Purchase Journal	Purchase Account
1		
2		

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)

Differentiate between cross and bearer cheque.

S.No.	Cross Cheque	Bearer Cheque
1.		
2.		

Q.7.

(Total 4 Marks)

Mention any FOUR reasons for the difference in the balances of cash book and bank statement.

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Q.8.

(Total 6 Marks)

The following errors were identified during the closing of accounts by Sabeer Brothers.

- I. A cheque of Rs 25,000 received from Ameen Brothers on account of credit sales was wrongly credited to Aman Brothers.
- II. A purchase of office furniture worth Rs 10,000 had been posted to the purchase account.
- III. 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.
- IV. 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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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			
Case 2			
Case 3			

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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	
4	Prepaid shop rent	38,000	
5	Equipment	105,000	
6	Purchases	132,000	
7	Carriage inwards	15,000	
8	Advertising expenses	24,000	
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		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.

Particulars	Trail Balance		Adjustments		Adj. T-balance		Income Statement		Balance Sheet	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
Cash	75,000									
Trade receivable	150,000									
Office fixtures	65,000									
Prepaid shop rent	38,000									
Sales equipment	105,000									
Purchases	132,000									
Carriage inwards	15,000									
Advertising expenses	24,000									
Miscellaneous expense	22,000									
Office supplies expenses	12,000									
Delivery expenses	15,000									
Salaries expenses	25,000									
Sales return and allowance	12,000									
Allowance for bad debt		25,000								
Sales revenue		225,000								
Commission income		100,000								
Account payable		40,000								
Capital		300,000								
Shop rent expense										
Prepaid office supplies										
Commission unearned										
Salary payable										
	690,000	690,000								
Net Income										

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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		
Term		
Value Addition		
Physical Existence		
Occurrence		
Impact on Revenue		
Benefits		
Appearance		

END OF PAPER

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