

**AGA KHAN UNIVERSITY EXAMINATION BOARD**

**HIGHER SECONDARY SCHOOL CERTIFICATE**

**CLASS XII**

**ANNUAL EXAMINATIONS (THEORY) 2023**

**Principles of Accounting Paper II**

**Time: 1 hour 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 THIRTEEN 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 scientific calculator if you wish.

Q.1. (Total 2 Mark)

Surti Enterprises sells goods at a gross profit margin of 25%. If the sales revenue is Rs 100,000 and the cost of sales is Rs 75,000, then calculate the gross profit mark-up ratio.

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Q.2.

(Total 5 Marks)

The following details have been extracted as on September 30, 2022 from the books of a grocery store owned by Shani.

Particulars	October 01, 2021	September 30, 2022
Inventory	Rs 27,600	Rs 45,800
Trade receivables (accounts receivable)	Rs 79,400	Rs 63,700
Trade payables (accounts payable)	Rs 23,900	Rs 32,300
Capital	Rs 70,000	To be determined

Shani has also prepared the following receipt and payment account for the year ended September 30, 2022.

Receipt and Payment Account			
Balance b/d	33,700	Payment to suppliers	40,000
Cash received from customers	63,000	Wages paid	3,000
		Drawings	12,000
		Purchases	3,700
		Balance c/d	38,000
	<u>96,700</u>		<u>96,700</u>
Balance b/d	41,700		

Calculate the amount of total purchases from the given information.

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Q.4.

(Total 4 Marks)

YoYo Library is a non-profit institution. During the year 2022, YoYo Library organised various events for the promotion of reading habits within the community. The following receipt and payment account has been provided by the accountant of YoYo library.

Receipts		Payments	
	Amount (Rs)		Amount (Rs)
Membership fee	80,800	Purchased cabinets for library	67,500
Receipt from organising events	67,000	Books purchased	23,000
Interest on long term investment	23,000	Insurance expense	13,000
		Rent expense	24,000
		Supplies expense	1,800
		Wages and salaries	11,000

**Additional information as on December 31, 2022 is as under:**

- Supplies used amounted to Rs 1,350
- Outstanding staff salary amounted to Rs 2,000
- Insurance included an amount of Rs 1,800 which was paid on September 01, 2022 for six months.
- Library cabinets are to be depreciated at 10% annually.

Prepare the income and expenditure account of YoYo Library for the year ended December 31, 2022.

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Q.6.

(Total 5 Marks)

With reference to partnership accounts, differentiate between revaluation account and realisation account. Attempt any FIVE.

Basis for Comparison	Revaluation Account	Realisation Account
Meaning		
Scope		
When is it done?		
Number of times it is prepared		
Accounting entries are based on		
Remaining balance is transferred to		

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Q.9. (Total 5 Marks)

Complete the given table by classifying the various items into respective activities of cash flow statement.

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

Item	Activity of Cash Flow Statement
Gain on Disposal of Building	Operating Activity
Cash dividend paid	
Doubtful debt expense	
Interest paid on bank loan	
Payment against purchase of land	
Increase in merchandise inventory	

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Q.10.

(Total 5 Marks)

a. Explain the concept of 'share premium' with respect to company accounts. (1 Mark)

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b. At the end of a financial year, Super Stone Limited showed the following details:

Retained earnings as on December 31,	Rs 118,000
Net income from profit and loss account for the year	Rs 190,000
Transferred to reserves for contingencies	Rs 20,000
Transferred to reserves for plant extension	Rs 32,000

i. Prepare the retained earnings account for Super Stone Limited. (2 Marks)

ii. Name the balancing element calculated in part (i). (2 Marks)

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Q.11.

(Total 10 Marks)

The following trial balance has been taken from the records of Shah Limited as on June 30, 2022.

S. No.	Account Title	Debit	Credit
1	Machinery	500,000	
2	Accumulated depreciation-Machinery		120,000
3	Building	800,000	
4	Accumulated depreciation-Building		210,000
5	Merchandise inventory on July 01, 2021	115,000	
6	Trade receivables (accounts receivable)	230,000	
7	Cash and bank	65,000	
8	Bank loan		400,000
9	Trade payables (accounts payable)		195,000
10	Retained earnings on July 01, 2021		701,000
11	Sales revenue		810,000
12	Commission income		90,000
13	Purchases	610,000	
14	Insurance expense	50,000	
15	Salaries and wages expense	60,000	
16	Utilities expense	96,000	
	<b>Total</b>	<b>2,526,000</b>	<b>2,526,000</b>

**Data for adjustment as on June 30, 2022 is as under:**

- Merchandise inventory amounted to Rs 310,000
- Salary voucher of Rs 12,000 has been mistakenly omitted from the books
- Utility expense amounted to Rs 9,000 for the month of July 2022, and has been paid in advance
- Unearned commission income amounted to Rs 5,000 p.a.
- Depreciation on the building is to be charged at 5% p.a. by the straight line method
- Depreciation on machinery is to be charged at 10% p.a. by the diminishing balance method
- 7% p.a. Interest on bank loan is outstanding
- Tax rate applicable to the company is 20% p.a.

Using the given information, prepare the classified income statement for Shah Limited for the year ended June 30, 2022.







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