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

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- 2. There are THIRTEEN questions. Answer ALL questions.
- 3. When answering the questions:

Read each question carefully.

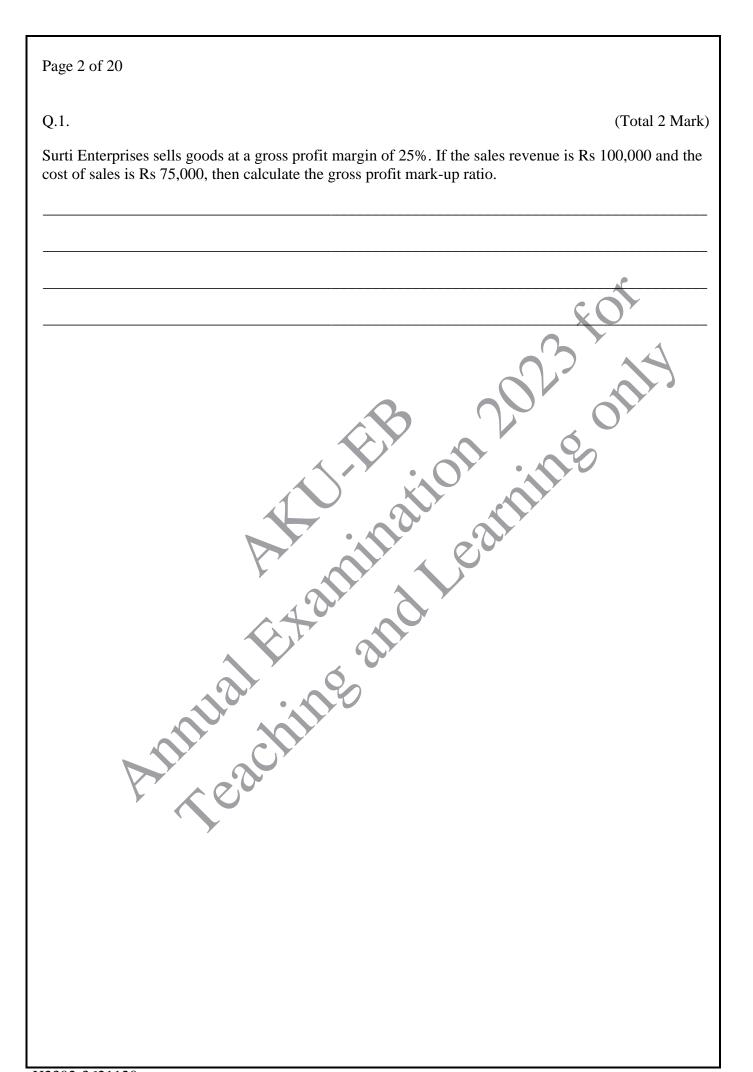
Use a black pointer to write your answers. DO NOT write your answers in pencil.

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.



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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 63,000 Cash received from customers Wages paid 3,000 Drawings 12,000 **Purchases** 3,700 Balance c 38,000 96,700 Balance b/d Calculate the amount of total purchases from the given information.

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Page 4 of 20 Q.3. (Total 3 Marks) The bookkeeper of Afridi Cricket Club provided the following balances of subscription account to the accountant on April 1, 2021. Subscriptions paid in advance by members Rs 2,500 Subscriptions due on members Rs 1,000 The receipt and payment account of the club showed the subscription received as Rs 13,750. The bookkeeper also provided the following balances on March 31, 2022. Rs 200 Subscription due on members Prepare the subscription account as it would appear in the ledgers of Afridi Cricket Club for the ended March 31, 2022. Annial City

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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 habbits 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
4			

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.5. (Total 5 Marks)

Hira and Zahra are partners in a firm, sharing profit and loss in the ratio 3:2. Following details have been taken from the records of their business.

Particulars	Amount (Rs)
Capital as on April 01, Hira	320,000
Capital as on April 01, - Zahra	280,000
Drawings during the year, - Hira	60,000
Drawings during the year, - Zahra	48,000
Profit for the year	94,000

Few of the clauses of the partnership agreement signed between them are as under:

- Interest on capital is to be allowed at 6% per annum.
- Interest on drawings is to be charged at 3% per annum.
- Zahra is allowed a bonus of 5% on her opening capital balance.
- Residual profit or loss is to be shared between both the partners as per agreed ratio.

Prepare the capital account for Hira under the fluctuating capital method.

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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		cos
Scope		3
When is it done?		
Number of times it is prepared	ATTALL EATT	
Accounting entries are based on		
Remaining balance is transferred to		

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Q.7. (Total 5 Marks)

Ayan and Areej are partners in a firm. They share profit and loss equally. The statement of financial position (balance sheet) of the firm as on June 30, 2022 is as under:

Assets	Amount (Rs)	Equity	Amount (Rs)
Computer	115,000	Capital-Ayan	100,000
Fixtures	30,000	Capital-Areej	100,000
Merchandise inventory	40,000	Trade payables	65,000
Trade receivable	70,000	Accrued expenses	15,000
Bank	25,000		73
Total	280,000	Total	280,000

On June 30, 2022 both the partners decided to revalue assets and liabilities as under:

- Computer was valued at Rs 108,000
- The value of fixtures increased by Rs 3,000
- Merchandise inventory to be reduced to Rs 35,000
- Trade receivables has been reduced by 10%

Prepare the revised Balance sheet after the revaluation on June 30, 2022.
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Q.8. (Total 5 Marks)

The following realisation account has been taken from the records of Alpha Associates at the time of the dissolution of the firm.

Realisation Account			
	Amount (Rs)		Amount (Rs)
Trade receivables (accounts receivable)	100,000	Cash	380,000
Merchandise inventory	50,000		4
Fixtures	200,000		3
Gain on realisation	30,000	J. O.	
Total	380,000	Total	380,000

Gain is to be distributed between two partners, Crown and Expert at 33.33% and 66.66% each, respectively.

Based on the given realisation account, prepare the necessary general entries that would have resulted
in the given realisation account.

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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).

Activity of Cash Flow Statement	
Operating Activity	
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Q.1	0.	(Total 5 Marks)
a.	Explain the concept of 'share premium' with respect to company accounts.	(1 Mark)
b.	At the end of a financial year, Super Stone Limited showed the following details:	
	Retained earnings as on December 31, Net income from profit and loss account for the year Transferred to reserves for contingencies Rs 118,000 Rs 190,000 Rs 20,000	4
	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	1
4	Accumulated depreciation-Building		210,000
5	Merchandise inventory on July 01, 2021	115,000	3
6	Trade receivables (accounts receivable)	230,000	
7	Cash and bank	65,000	
8	Bank loan		400,000
9	Trade payables (accounts payable)	0,	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	
	Total	2,526,000	2,526,000

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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Use the given information to answer Q.12 and Q.13. $\,$

Following details are related to inventory records of Gulshan Autoparts for the month of June 2022.

Date	Details	Quantity and Rate		
01.06.2022	Balance	1,000 units @ Rs 20 per unit		
05.06.2022	Purchases	600 units @ Rs 21 per unit		
10.06.2022	Purchases	500 units @ Rs 23 per unit		
15.06.2022	Sales	750 units @ Rs 30 per unit		
20.06.2022	Sales	800 units @ Rs 29 per unit		
25.06.2022	Purchases	1,200 units @ Rs 24.5 per unit		
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Q.12.		. 0	. 00	(Total 3 Marks)
If the business follows the period			first in first out	(FIFO) method,
calculate the cost of ending inve	ntory as on June 2022.			
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Q.13. (Total 3 Marks)
If the business follows the periodic inventory system, then by using the first in first out (FIFO) method, calculate the cost of goods sold for the month of June 2022.
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