

AGA KHAN UNIVERSITY EXAMINATION BOARD

HIGHER SECONDARY SCHOOL CERTIFICATE

CLASS XI EXAMINATION

APRIL/ MAY 2017

Principles of Accounting Paper II

Time: 2 hours 20 minutes Marks: 70

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**

2. **RUBRIC.** There are ELEVEN questions. Answer ALL questions. Choices are specified inside the paper.
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 5 Marks)

Every business has different stakeholders. They analyse and assess the final accounts with different objectives.

Match the columns by mentioning the number of the correct stakeholder (from the first column) in the given boxes for each of the given objectives (in the second column).

Stakeholders	Objectives
1. Government Institutions	<input type="checkbox"/> They are interested to know financial position of the company, so that they can receive the return for their efforts.
2. Shareholders	<input type="checkbox"/> They are interested in knowing the ability of the company to pay its obligations.
3. Management	<input type="checkbox"/> They are interested in analysing the financial position to determine the amount of tax liability.
4. Employees	<input type="checkbox"/> They want to know the way of utilising their investments and ascertain the profitability and financial strength of the company
5. Lenders	<input type="checkbox"/> They require accounting information for planning, organising and control purpose.

Q.2. (Total 5 Marks)

Complete the given table by writing the normal balances of the following account titles.

[Note: The first transaction has been done for your assistance.]

S. No.	Account Title	Normal Balance
1	Interest paid	Debit
2	Sales	
3	Drawing	
4	Commission expense	
5	Salaries payable	
6	Advance from customer	

Q.3.

(Total 5 Marks)

Ms Sumera and Ms Sana have their individual businesses. The financial information about their business on June 30, 2016 was as under:

Particulars	Sumera's Amount (Rs)	Sana's Amount (Rs)
Bank	15,000	10,000
Trade receivables (accounts receivable)	7,500	8,000
Stock	6,000	4,500
Office premises	30,000	?
Office equipment	3,500	2,500
Trade payables (accounts payable)	2,000	5,000
Capital	?	42,000

- a. Using accounting equation, calculate the missing values for both the businesses. (2 Marks)

- b. Prepare the trial balance for Ms Sumera as on June 30, 2016. (3 Marks)

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Q.4.

(Total 5 Marks)

Given below is an accounting equation table of Mr Jamshed.

Transactions	Assets		Liabilities + Proprietorship	
	Cash (Rs)	Merchandise (Rs)	Trade payables (Rs)	Capital (Rs)
1.	95,000			95,000
2.		105,000	105,000	
3.	(15,000)			(15,000)
4.	(55,000)		(55,000)	
5.		(1,250)		(1,250)
TOTAL	25,000	103,750	50,000	78,750

With the help of the given table, prepare the necessary general journal entries.

[illegible]

Q.5.

(Total 5 Marks)

Show the impact of the transactions given in the table as either addition (Add) or deduction (Sub) in the given bank reconciliation statement format. Attempt any FIVE transactions.

[**Note:** The first transaction has been done for your assistance.]

S. No.	Particulars	Cash book	Passbook
	Balance	XXX	XXX
1.	Amount directly deposited into bank by customer	Add	
2.	Cheque issued but not paid		
3.	Bank charges debited by the bank		
4.	Cheque deposited but not credited by the bank		
5.	Dividend directly collected by the bank		
6.	Insurance premium was directly paid through bank		
7.	Interest on bank deposit credited by the bank		
8.	Interest on bank overdraft was debited by the bank		

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Q.6. (Total 5 Marks)

Following is the extract of trial balance of Moiz Traders as on March 31, 2017.

Trial Balance		
As on March 31, 2017		
	Debit	Credit
Equipment at cost	320,000	
Allowance for depreciation		70,000
Trade receivables (accounts receivables)	65,500	
Bad debts written off	500	
Allowance for bad debts		2,600
Prepaid rent	3,600	
Salaries expense	7,000	
Commission income		130,000
Capital		194,000
Total	396,600	396,600

Data for Adjustment on March 31, 2017:

1. Business charges depreciation on equipment @ 20% using diminishing balance method.
2. Allowance for bad debts is to be maintained @ 5% at year-end balance of trade receivables.
3. Rent expense for the year amounted to Rs 2,400.
4. Salaries expense for the year amounted to Rs 8,500.
5. Commission unearned amounted to Rs 5,000.

Prepare the necessary adjusting entries for Moiz Traders for March 31, 2017.

[Note: Format for entries is given on page 7]

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1. Sales book was undercast by Rs 2,000.
2. Goods sold to Mr Ramis for Rs 3,500 was posted in his account as Rs 5,300.
3. Discount received from Mr Sajid, a supplier of Rs 350, was entered correctly in the cash book but no entry was made in Mr Sajid's account.
4. Machinery bought for Rs 15,000 was recorded in machinery repairs account.
5. Sales day book balance was carried forward as Rs 867 instead of Rs 786.

a. Record the correcting general journal entries. (5 Marks)

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Date	Particulars	P.R.	Debit	Credit

- b. Prepare the suspense account of the correcting entries, if the opening balance was Rs 3,369. (5 Marks)

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Date	Details	Quantity and Rate
01.06.2016	Balance	400 units @ Rs 5.00 per unit
05.06.2016	Purchases	400 units @ Rs 5.20 per unit
10.06.2016	Purchases	250 units @ Rs 5.25 per unit
15.06.2016	Sales	450 units @ Rs 7.00 per unit
20.06.2016	Sales	500 units @ Rs 8.00 per unit
25.06.2016	Purchases	300 units @ Rs 5.25 per unit

a. Cost of ending inventory

b. Cost of goods sold

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Q.9.

(Total 5 Marks)

Mehreen Traders is providing the following details about its inventory for the month of June 2016.

Date	Details	Quantity and Rate
01.06.2016	Balance	500 units @ Rs 5.00 per unit
05.06.2016	Purchases	300 units @ Rs 5.20 per unit
10.06.2016	Purchases	248 units @ Rs 5.15 per unit
15.06.2016	Sales	375 units @ Rs 7.00 per unit
20.06.2016	Sale	400 units @ Rs 8.00 per unit
25.06.2016	Purchases	600 units @ Rs 5.25 per unit

Calculate the cost of ending inventory for Mehreen Traders by using average cost method under perpetual method for the month of June 2016.

[Note: Format for average cost method is given on page 12]

Space for calculation

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Q.10.

(Total 10 Marks)

The following are the transactions taken from the books of Ms Ammara's Boutique.

- | | |
|------------|---|
| 01.03.2016 | She started a boutique business with cash in hand Rs 30,000, machines and equipment worth Rs 50,000 and shop premises worth Rs 500,000. |
| 03.03.2016 | purchased supplies worth Rs 10,500. |
| 05.03.2016 | purchased merchandise worth Rs 75,000 on account from Munazza Cloth House. |
| 07.03.2016 | paid transportation expense on goods Rs 8,500. |
| 09.03.2016 | sold dresses to a customer on account Rs 25,000. |
| 11.03.2016 | paid for the advertisement on billboard and display street cards for Rs 10,000. |
| 13.03.2016 | sold unstitched dresses on cash Rs 35,000. |
| 15.03.2016 | purchased an automated packaging machine Rs 15,000. |
| 17.03.2016 | cash sales Rs 15,000. |
| 19.03.2016 | paid the partial amount of Rs 25,000 to Munazza Cloth House. |

EITHER

- a. Record the given transactions in the general journal.

[**Note:** Format for general journal entries is given on page 14]

OR

- b. Post the given transactions in the cash book.

[**Note:** Format for cash book is given on page 15]

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Ammara's Boutique
Cash book
For the month of March 2016

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Q.11.

(Total 10 Marks)

EITHER

- a. The following balances have been taken from the books of Kashif Brothers on December 31, 2015.

Debit Balances		Credit Balances	
Particulars	Amount (Rs)	Particulars	Amount (Rs)
Cash	5,000	Sales revenue	68,000
Trade receivables (Account receivable)	10,000	Purchase discount	1,000
Merchandise inventory	8,000	Commission income	3,000
Prepaid shop rent	5,000	Trade payables (Account payable)	6,000
Sales equipment	30,000	Capital	30,000
Purchases	24,000		
Carriage inward	500		
Advertising expense	2,500		
Miscellaneous expense	1,500		
Office supplies expense	2,000		
Delivery expense	500		
Salaries expenses	18,000		
Sales return	500		
Allowance for bad debts.	500		

Data for adjustment at December 31, 2015

1. Prepaid shop rent Rs 1,000.
2. Office supplies unused Rs 400.
3. Salaries outstanding Rs 5,000.
4. Commission unearned Rs 1,000.
5. Merchandise inventory was valued on December 31, 2015 at Rs 10,000.

Prepare the adjusting entries for the above transaction in general journal.

[Note: Format for entries is given on page 17]

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OR

- b. The following balances have been taken from the books of Kashif Brothers on December 31, 2015.

Debit Balances		Credit Balances	
	Amount (Rs)		Amount (Rs)
Cash	5,000	Sales revenue	68,000
Account receivable	10,000	Purchase discount	1,000
Merchandise inventory	8,000	Commission income	3,000
Prepaid shop rent	5,000	Account payable	6,000
Sales equipment	30,000	Capital	30,000
Purchases	24,000		
Carriage inward	500		
Advertising expense	2,500		
Miscellaneous expense	1,500		
Office supplies expense	2,000		
Delivery expense	500		
Salaries expenses	18,000		
Sales return	500		
Allowance for bad debts.	500		

Data for adjustment at December 31, 2015

1. Prepaid shop rent was Rs 1,000.
2. Office supplies unused Rs 4,00.
3. Salaries outstanding Rs 5,000
4. Commission unearned Rs 1,000.
5. Merchandise inventory was valued on December 31, 2015 at Rs 10,000

Prepare a classified Income statement after adjusting the above transactions.

[Note: Space for Income statement is given on page 19]

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