

**AGA KHAN UNIVERSITY EXAMINATION BOARD**

**SECONDARY SCHOOL CERTIFICATE**

**CLASS X EXAMINATION**

**MAY 2016**

**Principles of Accounting Paper II**

**Time: 2 hours 25 minutes    Marks: 50**

**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 EIGHT 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.  
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 simple calculator if you wish.
6. Some new terminologies have been introduced and mentioned in the brackets. The old terminologies have also been mentioned in the paper for your assistance.

Q.1. (Total 6 Marks)

The given list shows transactions related to expenditures of Al-Mehran Fisheries & Distributors. They supply or distribute the seafood to a number of restaurants and hotels in town.

Classify the given expenditures as either capital or revenue expenditures in the given table.

(NOTE: The first one has been done for your assistance.)

S. No.	Expenditure Transactions	Classification of the Expenditure Transactions
1	Change of driving seat of a delivery van	Revenue expenditure
2	Installation of wireless system for communication with the van	
3	Monthly servicing charges of the delivery vans	
4	Printing charges for promotional advertisement	
5	Purchase of another delivery truck	
6	Purchase of tracking system for security of van	
7	Repair of cooling unit of the van	

Q.2. (Total 6 Marks)

- a. On September 01, 2013, Samina & Co. purchased a machine for Rs 600,000 with a salvage value of Rs 50,000. The business uses 20% diminishing balance method for charging depreciation. The accounting year of the company ends on December 31 each year.

Compute the depreciation for years 2013 to 2015. (3 Marks)

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- b. Al Haram Traders has provided the following details about Account receivables (Trade receivables) of the business.

Particulars	
Allowance (Provision) for doubtful debts at 01.01.2013	Rs 1,500
Bad debt written off during the year	Rs 1,200
Account receivable (Trade receivable) at 31.12.2013	Rs 200,000
Rate of provision to be charged	5%

Compute the amount of Allowance (Provision) for Doubtful debts (Bad debts) for the year and prepare the necessary adjusting entries. (3 Marks)

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Date	Particulars	P.R.	Debit	Credit

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Q.3. (Total 10 Marks)

The following balances were extracted from the books of Alpha Consultancy.

S.No.	Particulars	Debit	Credit
1	Advertising expense	7,000	
2	Bank loan		50,000
3	Capital		60,000
4	Depreciation expense	15,000	
5	Drawing	1,500	
6	Equipment	150,000	
7	Fuel expense	2,000	
8	Interest expense	1,200	
9	Salaries expense	13,000	
10	Service revenue		62,000
11	Commission income		17,700
	<b>Total</b>	<b>189,700</b>	<b>189,700</b>

Prepare the income statement from the above information for the year ended December 31, 2015.



Q.4. (Total 4 Marks)

The accounting information of Hamad Brothers is given below.

Particulars	Amount (Rs)
Drawings during the year	35,000
Capital at December 31, 2015	500,000
Net income for the year 2015	125,000
Additional cash investment	75,000

Compute the opening capital at January 01, 2015.

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Q.5.

(Total 4 Marks)

The accounting details of Sana Enterprises are given below.

Particulars	Amount (Rs)
Account receivable (Trade receivable) January 01, 2015	216,000
Account receivable (Trade receivable) December 31, 2015	175,000
Cash sales	450,000
Collections from customers	250,000
Sales returns	15,000

Compute the net credit sales and total gross sales from the given data.

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Q.6. (Total 5 Marks)

Identify the different types of accounting errors in the given scenarios.

S. No.	Scenario	Type of Error
1	Mr Saleem withdrew merchandise worth Rs 10,000 for his personal use which was not found in business books.	
2	Ms Amna entered Rs 1,500 into purchases account instead of entering Rs 15,000.	
3	Mr Suleman purchased office equipment worth Rs 75,000 and recorded it as purchases.	
4	Ms Munira wrongly posted purchase returns of Rs 1,000 as sales return.	
5	Mr Hammed posted the amount of drawing Rs 1,500 twice in the accounts.	





Q.8. (Total 10 Marks)

a. Write the correct terms used for the following accounting terminologies in accounting for Non-Profit Organisations (NPO). (5 Marks)

Terminology Used in Financial Accounting	Terminology Used in Accounting for NPOs
Cash account (Cash book)	
Profit	
Loss	
Income statement	
Capital	

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Please use this page for rough work

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