



INDIAN SCHOOL SALALAH
FIRST TERM EXAMINATION – SEPTEMBER 2024



ACCOUNTANCY 055

Class: XI

Date: 24/09/2024

Time: 3 hrs

Maximum Marks: 80

General Instructions:

1. This question paper contains 34 questions.
2. All questions are compulsory.
3. Questions 1 to 20 carry 1 mark each.
4. Questions 21 to 26 carry 3 marks each.
5. Questions from 27 to 29 carry 4 marks each.
6. Questions from 30 to 34 carry 6 marks each.

1.	A company borrows ₹ 50,000 from a bank. How will this transaction affect the accounting equation? (a) It will increase Assets and increase Liabilities (b) It will decrease Assets and increase Liabilities (c) It will increase Assets and decrease Capital (d) It will increase Assets and decrease Liabilities	1
2.	A business records its assets at their historical cost, but uses an internally developed model to estimate their market value. How does this practice affect the accounting records under the objectivity principle? (a) It adheres to the objectivity principle as long as the market value estimates are documented. (b) It conflicts with the objectivity principle because market value estimates are subjective and may not be verifiable. (c) It improves adherence to the objectivity principle by providing additional information on asset value. (d) It does not affect the adherence to the objectivity principle.	1
	Read the following hypothetical situation, and answer questions no. 3 -6. Sam and Jay started with Cash ₹10,000 and Machinery ₹ 1,00,000. They decided to set up a production line for PPE kits for the protection from COVID-19 virus. As their demand rose, they decided to buy one more piece of machinery. For the same, they took a bank overdraft and purchased the machinery. The quality of the company's product was extremely high and therefore, it could develop a reputation for itself in the market and business was flourishing. After 1.5 years, their old machinery turned obsolete so they decided to sell the same. They sold it and got some cash proceeds. To further increase the brand presence among the concerned stakeholders, they decided to run advertisements from the cash proceeds of machinery sold. As more and more customers demanded their product, they decided to launch a discount for bulk purchases. The discount was not to be recorded in the books of accounts. This campaign was successful and they earned a lot of profits from the same.	
3.	Which type of discount is being discussed in the last part of the passage? (a) Trade discount (b) Cash discount (c) Both (a) and (b) (d) Can't be determined	1

4.	Which asset is discussed in the line, “The quality of the company’s product was very high and therefore, it could develop a reputation for itself in the market and business was flourishing”? (a) Tangible (b) Intangible (c) Current. (d) Both (a) and (c)	1										
5.	Which type of liability is discussed in the passage? (a) Non-current (b) Current (c) Both (a) and (b) (d) Can’t be determined	1										
6.	What was the capital initially invested? (a) ₹ 10,000 (b) ₹ 1,00,000 (c) ₹ 1,10,000 (d) Can’t be determined	1										
7.	Fill in the blanks: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">DATE</th> <th style="width: 45%;">PARTICULARS</th> <th style="width: 10%;">L/F</th> <th style="width: 15%;">₹</th> <th style="width: 15%;">₹</th> </tr> </thead> <tbody> <tr> <td>2023 Sept</td> <td>Amrita a/c Dr To bank a/c To discount received a/c (Being payment made by cheque and discount received 5 %)</td> <td></td> <td style="text-align: center;">-----</td> <td style="text-align: center;">----- 2500</td> </tr> </tbody> </table>	DATE	PARTICULARS	L/F	₹	₹	2023 Sept	Amrita a/c Dr To bank a/c To discount received a/c (Being payment made by cheque and discount received 5 %)		-----	----- 2500	1
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8.	A company has invested ₹ 7,50,000 in the shares of Tech Innovations Ltd. The current market value of these shares is ₹ 12,00,000. The company's accountant wants to update the investment value on the financial statements to reflect the current market value. Which accounting convention would restrict the accountant from doing this? (a) Full disclosure (b) Consistency (c) Conservatism (d) Materiality	1										
9.	When a company records a transaction involving a return of purchased goods to a supplier, which document is used to indicate the return? (a) A Debit Note (b) An Invoice (c) A Credit Note (d) A Journal Proper	1										
10.	In a cash book, if the credit balance in the bank column is ₹ 50,000, what does this indicate about the company’s bank account status? (a) The company has withdrawn ₹ 50,000 from the bank (b) The company has deposited ₹ 50,000 into the bank (c) The bank account has an overdraft of ₹ 50,000 (d) The company has a cash balance of ₹ 50,000 in hand	1										
11.	A company sold goods to Neha for ₹ 2,50,000, less a trade discount of 12% and a cash discount of 5%. Neha paid 50% of the amount by cheque. How will the discount account be affected? (a) Debited with ₹ 11000 (b) Credited with ₹ 30000 (c) Debited with ₹ 5500 (d) Credited with ₹ 11000	1										

12.	A business repairs its office air conditioning system at a cost of ₹ 8,000. Which account should be debited? (a) Office Equipment a/c (b) Repairs and Maintenance a/c (c) Air Conditioning a/c (d) Office Expense a/c	1
13.	The difference between Assets and Liabilities represents: (a) Revenue (b) Expenses (c) Capital (d) Drawings	1
14.	A company sold goods costing ₹ 5,000 for cash and on credit to Meera costing ₹ 7,000, both at a profit margin of 40% on the cost price. When preparing the accounting equation, which of the following statements is not true? (a) Cash will increase by ₹ 7,000 (b) Capital will increase by ₹ 4,800 (c) Debtors will increase by ₹ 7,000 (d) Inventory will decrease by ₹ 12,000	1
15.	Assertion (A): The machine purchased and its installation expenses are debited to Machinery Reason (R): Installation charges are incurred to enhance the working capacity of the machine, so says cost concept. Which of the following is correct? (a) Both A and R are correct and R is the correct explanation of A (b) Both A and R are correct but R is not the correct explanation of A (c) A is True but R is False (d) A is False but R is True	1
16.	State any two limitations of Accounting Standards.	1
17.	It is a system of paying in advance in the beginning and reimbursing the amount spent from time to time to the petty cashier. (a) Imprest System (b) Financial System (c) Analytical System (d) Ordinary System	1
18.	A business bought office furniture worth ₹30,000 on credit and simultaneously received a trade discount of ₹5,000. How should this transaction be recorded? (a) Furniture purchase of ₹25,000 in the Journal Proper and no entry for discount (b) Furniture purchase of ₹25,000 in the Purchase Book and discount of ₹5,000 in the Journal Proper (c) Furniture purchase of ₹30,000 in the Journal Proper and discount of ₹5,000 in the Cash Book (d) Furniture purchase of ₹25,000 in the Purchase Book and no entry for discount	1
19.	Which system of accounting provides a more accurate reflection of a business's financial position and performance, and why? (a) Single Entry System, because it is simpler and less prone to errors. (b) Double Entry System, because it records all transactions with dual effects, allowing for comprehensive financial tracking. (c) Single Entry System, because it is less time-consuming and easier to maintain. (d) Neither system provides a complete picture as both have significant limitations.	1
20.	The use of a common unit of measurement and a common format of reporting promotes _____. (a) Comparability (b) Understandability	1

	(c) Relevance (d) Reliability															
21.	Give notes with example: a. Capital expenditure b. Current liabilities c. Intangible assets	3														
22.	Differentiate between cash basis and Accrual basis of Accounting with example.	3														
23.	Pass journal entries in the books of M/s Verma Associates, Kerala, assuming all transactions have been entered within the state, charging CGST and SGST @ 9% each: <table border="1" data-bbox="244 459 1302 763"> <thead> <tr> <th>2024</th> <th></th> </tr> </thead> <tbody> <tr> <td>March 4</td> <td>Purchased goods for ₹ 2,50,000 from Karthik.</td> </tr> <tr> <td>7</td> <td>Goods returned to Karthik for ₹ 20,000</td> </tr> <tr> <td>10</td> <td>Sold goods to Money for ₹ 7,75,000</td> </tr> <tr> <td>20</td> <td>Goods withdrawn by Proprietor for personal use ₹ 35,000</td> </tr> <tr> <td>25</td> <td>Goods given as charity ₹ 7,500</td> </tr> <tr> <td>26</td> <td>Paid advertisement expenses by cheque ₹ 20,000</td> </tr> </tbody> </table>	2024		March 4	Purchased goods for ₹ 2,50,000 from Karthik.	7	Goods returned to Karthik for ₹ 20,000	10	Sold goods to Money for ₹ 7,75,000	20	Goods withdrawn by Proprietor for personal use ₹ 35,000	25	Goods given as charity ₹ 7,500	26	Paid advertisement expenses by cheque ₹ 20,000	3
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24.	I. What is journal proper? Give two examples of transactions that can be entered in the journal proper. II. Pass an opening journal entry for the following balances on 1 st April 2024. On 31st March 2023, S.K. Shukla's assets and liabilities stood as under:- Assets Building ₹ 30000, machinery ₹ 10000, furniture ₹ 2000, bill receivable ₹ 5000, sundry debtors ₹ 12000, stock ₹ 9000, cash at bank ₹ 15000, cash in hand ₹ 2000 Liabilities Bill payable ₹ 4000, Dev Ananda's loan ₹ 15000, sundry creditors ₹ 20000	3														
25.	M/s Prahalad of Kerala, who are dealer in readymade garments, purchased the following:- <table border="1" data-bbox="331 1234 1385 1865"> <thead> <tr> <th>2024</th> <th></th> </tr> </thead> <tbody> <tr> <td>May 2</td> <td>Purchased from Fab India House, Mumbai (Maharashtra):- 100 Shirts @ ₹1,800 per Shirt 75 T-shirts @ ₹ 1,600 per piece Less: Trade Discount 20%; and freight charges payable ₹ 10,000.</td> </tr> <tr> <td>10</td> <td>Purchased from Triangle Apparels, Kerala:- 65 Shirts @ ₹ 2,000 per piece 80 T-shirts @ ₹ 1,500 per piece Less: 20% Trade Discount and freight charges payable ₹ 2,000.</td> </tr> <tr> <td>15</td> <td>Purchased from Western Furniture House, Kolkata:- 12 Chairs @ ₹ 5,000 per Chair</td> </tr> <tr> <td>25</td> <td>Purchased from Arora Shirts, New Delhi for cash:- 120 Shirts @ ₹ 1,500 per Shirt</td> </tr> </tbody> </table> Prepare Purchase Book assuming CGST @ 9% and SGST @ 9%.	2024		May 2	Purchased from Fab India House, Mumbai (Maharashtra):- 100 Shirts @ ₹1,800 per Shirt 75 T-shirts @ ₹ 1,600 per piece Less: Trade Discount 20%; and freight charges payable ₹ 10,000.	10	Purchased from Triangle Apparels, Kerala:- 65 Shirts @ ₹ 2,000 per piece 80 T-shirts @ ₹ 1,500 per piece Less: 20% Trade Discount and freight charges payable ₹ 2,000.	15	Purchased from Western Furniture House, Kolkata:- 12 Chairs @ ₹ 5,000 per Chair	25	Purchased from Arora Shirts, New Delhi for cash:- 120 Shirts @ ₹ 1,500 per Shirt	3				
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26.	Mention any three external users of Accounting Information and why they need the accounting information.	3														

27.	State four characteristics of GST.	4																																							
28.	Define Accounting. Explain any three advantages of accounting.	4																																							
29.	Record the following transactions in the Sales Book of M/s Pavan Electronics, Dhanbad (Jharkhand) assuming CGST @ 9% and SGST @ 9%:	4																																							
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31.	Prepare Returns Inward and Returns Outward Books from the following in the books of Phoenix Footwares, Jaipur (Rajasthan) assuming CGST @ 6% and SGST @ 6%:-	6																																							

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32.	<p>Pass Journal Entries for the following transactions: –</p> <ol style="list-style-type: none"> Muskaan started business with cash ₹ 3,00,000, Stock ₹ 5,00,000 and building ₹ 25,00,000. Paid insurance premium for stock ₹ 15,000 and self ₹ 7,000. Goods destroyed by fire ₹ 80,000, Insurance Claim lodged. Commission received ₹ 25,000, 20% being received in advance. Insurance company paid 80% in full and final settlement. Salaries paid ₹ 48,000 and due ₹ 22,000. 	6														
33.	<p>Explain the following accounting principle:</p> <ol style="list-style-type: none"> Duality Concept Revenue Recognition Concept Going concern concept Materiality Concept 	6														
34.	<p>What will be the effect of the following on the Accounting Equation?</p> <ol style="list-style-type: none"> Harish started the business with cash ₹ 1,80,000. Purchased goods for cash ₹60,000 and on credit ₹30,000. Sold goods for cash ₹40,000; costing ₹ 24,000. Rent paid ₹ 5,000; and rent outstanding ₹ 2,000. Sold goods on credit ₹50,000 (costing ₹ 38,000). Salary paid in advance ₹ 3,000. 	6														