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INDIAN SCHOOL SALALAH
FIRST TERM EXAMINATION – SEPTEMBER 2025



Class: XI

ACCOUNTANCY (055)

Date: 22.09.2025

Time: 3 Hrs

Maximum Marks: 80

GENERAL INSTRUCTIONS:

1. This question paper contains 34 questions in 10 pages.
2. All questions are compulsory.
3. Question 1 to 20 carries 1 mark each.
4. Questions 21 to 26 carries 3 marks each.
5. Questions from 27 to 29 carries 4 marks each
6. Questions from 30 to 34 carries 6 marks each

1	Purchases made at the end of the financial year but not recorded in the books of accounts will be recorded in the beginning of next financial year. It is an example of: a. Historical Cost b. Window dressing c. Good Planning d. Good decision making	1
2	Shyam is an accountant of a partnership firm. He follows the accounting concepts and conventions while preparing final accounts. He makes provision for doubtful debts @ 5% on debtors every year. Name the two principles followed by Shyam in accounting process. a. Consistency and Prudence b. Conservatism and Going concern c. Consistency and Materiality d. None of these	1
3	Which qualitative characteristic of accounting information is reflected when accounting information is clearly presented?	1

	a. Relevance b. Understandability c. Reliability d. Comparability	
4	Given below are two statements, one is Assertion and other is Reason. Assertion(A): Accrual basis of accounting is recognized by the Companies Act-2013 to maintain all accounts by every company. Reasons (R): Accrual basis of accounting does not give a true and fair view of profit or loss of the business for recording cash as well as credit transactions. Choose which of the following is correct: a. (A) is true, but (R) is false b. (A) is false, but (R) is true c. Both (A) and (R) are true and (R) is the correct explanation of (A) d. Both (A) and (R) are true and (R) is not the correct explanation of (A)	1
5	Calculate Capital as on 31-3-2023 of Rohit from the following information: The Position of the business as on 31-3-2023 was as follows: Cash-₹ 55,000, Bank balance-₹ 45,000, Debtors-₹ 30,000, Furniture -₹ 22,000, Machinery-₹ 71,000, Land and building-₹ 99,000, Bills Receivable ₹ 33,000, Bills Payable-₹ 42,000, Creditors-₹ 26,000, Outstanding Salary-₹ 4,000. a. ₹ 2,83,000 b. ₹ 2,53,000 c. ₹ 2,73,000 d. ₹ 3,73,000	1
6	“Cash withdrawn by proprietor for personal use ₹ 12,000” Choose correct option for the above transaction: a. Increase of capital and increase of liabilities b. Decrease of capital and increase of assets c. Increase of capital and decrease of liabilities d. Decrease of capital and decrease of assets	1
7	Which of the following states that revenue should be recognized when it is earned, regardless of when it is received? a. Matching	1

	b. Accrual c. Conservatism d. Money Measurement	
8	Statement-1: Cash basis of accounting is not recognized by Income Tax Act. Statement-2: Cash basis of accounting does not follow matching principle and accrual concept. a. Only statement -1 is correct. b. Only statement-2 is correct. c. Both statements are correct. d. Statement-1 is correct but statement-2 is incorrect.	1
	The Great Vishal Pvt Ltd. is a successful business that produces Machinery for various Industries. They recently invested in a new production facility to increase their manufacturing capacity. For establishing new production facilities various expenditures were incurred by the Great Vishal Pvt Ltd. As per the accountant of company these expenditure are to be classified as Capital & Revenue expenditures. In context of Capital and revenue expenditures, answer the following questions from 9-11:	
9	Which of the following best define capital expenditure? a. Expenditure for day to day operational activity b. Expenditure that generate immediate revenue c. Expenditure on Assets with long term benefits d. Expenditure on marketing and advertising.	1
10	As per accountant of “The Great Vishal Pvt. Ltd. Depreciation is often associated with capital expenditure. What does deprecation refer to in this context: a. Increase in value of assets over time b. Allocation of an assets cost over its useful life c. Annual repair and maintenance expenses\Expenditure on moving assets d. None of these.	1
11	“The Great Vishal Pvt. Ltd incurred various expenditure. Identify which of the following is an example of a Revenue expenditure? a. Purchase of new office building b. Salary paid to employees c. Payment for a patent Registration	1

	d. Investment in stocks and bond.	
12	Assertion (A):- Accounting Standards are based on historical cost concept. Reason (R):- Accounting Standards ensure the consistency and comparability of financial statements and remove the effect of diverse accounting policies and practices. a. (A) is correct but (R) is wrong b. Both (A) and (R) are correct, but (R) is not the correct explanation of (A) c. Both (A) and (R) are incorrect. d. Both (A) and (R) are correct, and (R) is the correct explanation of (A)	1
13	Which of the following about cash book is not true? a. It serves the purpose of both journal as well as the ledger (cash) account b. It is also called the book of original entry c. When a cash book is maintained, transactions of cash are not recorded in the journal, and no separate account for cash or bank is required in the ledger. d. It records both cash and credit transactions	1
14	What is the maximum rate of CGST prescribed under the CGST Act 2017? a. 14% b. 23% c. 10% d. 20%	1
15	On 1st April, 2020, the balance of cash column of cash book stood at ₹ 50,000. After paying salaries of ₹ 20,000, receiving ₹ 20,000 from debtors and giving a cheque of ₹ 5,000 to a creditor, balance of cash will be a. ₹ 45,000 b. ₹ 50,000 c. ₹ 70,000 d. ₹ 85,000	1
	Read the following transactions and choose the correct options for the questions from 16-18 Mr. Manik Chand of New Delhi entered the following transactions charging CGST and SGST @ 6% each : Feb . 5 - Goods purchased from R. Mukerjee of the list price of ₹ 2,00,000 less 15% trade discount.	

	Feb . 8 - Goods withdrawn by Mr. Manik Chand for his personal use ₹ 15,000. Feb . 10 - Goods returned to R. Mukerjee of the list price of ₹ 10,000. Feb . 25 - Rent of ₹ 30,000 paid by cheque	
16	On purchase of goods from Mr . R . Mukarjee on feb 5 : a. Input CGST and input SGST will debited by ₹ 10,200 each . b. Output CGST and output SGST will be credited by ₹ 20,200 each . c. Input CGST and SGST will be debited by ₹ 24,400 . d. Output CGST and SGST will be credited by ₹ 24,400	1
17	On goods withdrawn by Manik Chand for personal use on feb 8 : a. Drawings A/c will be debited by ₹ 15,000 . b. Input CGST and Input SGST will be debited by ₹ 900 each . c. Purchases A/c will be credited by ₹ 15,000 . d. Output CGST and output SGST will be credited by ₹ 900 each	1
18	For payment of rent on Feb 25 : a. Input CGST will be debited by ₹ 3,600 . b. Output IGST will be credited by ₹ 3,600 . c. Output CGST and output SGST will be credited by ₹ 1,800 each . d. Input CGST and Input SGST will be debited by ₹ 1,800 each .	1
19	Goods costing ₹ 20,000 is sold at a profit of 20% on cost and trade discount is allowed @ 10% and cash discount of 10% is also allowed. Half the payment was received at the time of sales. What is the amount of cash received at the time of sale? a. ₹ 9720 b. ₹ 10,800 c. ₹ 11880 d. ₹ 10,820	1
20	Purchased an old machinery for ₹ 50,000 and spent ₹ 2000 on its carriage and ₹ 10,000 on its immediate repairs. Machinery account will be debited by a. ₹ 50,000 b. ₹ 60,000 c. ₹ 62,000 d. ₹ 52,000	1

21	On 25th March , 2022 , a fire broke out in the premises of Kamal Ltd.and destroyed a part of its plant and machinery. On account of this, a sharp decline in production for next two months is expected unless the new plant and machinery is being to be purchased. The company did not disclosed this fact in its annual report for for the year ended 31st March , 2022. .Identify and explain the principle violated in this case.	3
22	Sumit has a computer business. He purchased computers costing ₹ 1,80,000 and sold at a profit of 10%. He also sold his son's computer for ₹ 5000 as it become obsolete. He gave a new laptop to his son from his business worth ₹ 28,000. 1. What is the amount of revenue for Sumit? 2. What amount is treated as Income? 3. Which transaction is not recorded in books?	3
23	Record the effect of following transactions on the Accounting equation; (i) Out of ₹ 25,000 Salary due, ₹ 20,000 only paid by cash. (ii) Goods worth ₹ 50,000 sold to Mr. Jack on credit for ₹ 70,000. (iii) Jack settled his account fully by paying a cheque of ₹ 65,000.	3
24	Prepare a Single Column Cash Book from the following; 1/4/2025 Cash in hand ₹ 25,000 5/4/2025 Sold goods to Mathews ₹ 10,000 10/4/2025 Opened a bank account ₹ 10,000 15/4/2025 Sold goods for cash ₹ 25,000 29/4/2025 Depreciation charged on Machine ₹ 10,000 30/4/2025 Cash withdrawn from bank for personal use ₹ 2,000	3
25	Explain any three points depicting advantages of GST.	3
26	A number of journal entries are given below.If these entries are not correct in terms of narration,correct them. A) Cash A/c Dr 5,000 To Bank A/c 5,000 (Being cash withdrawn from bank for personal use) B) Mohan's A/c Dr 2,000 To Cash A/c 2,000 (Being salary paid to Mohan) C) Cash A/c Dr 600	3

	To Vipul's A/c 600 (Being cash received from Vipul on account of interest due to us)	
27	M/s Ram Narain & Sons of Kerala, dealers in ready-made garments, purchased the following: May 2, 2025 – From Fashion House, Mumbai (Maharashtra) 100 Shirts @ ₹1,800, 75 T-shirts @ ₹1,600 Less: Trade Discount 20% Freight payable: ₹10,000 May 10, 2025 – From Apollo Garments, Kerala 65 Shirts @ ₹2,000, 80 T-shirts @ ₹1,500 Less: Trade Discount 20% Freight payable: ₹2,000 May 15, 2025 – From Garden Furniture House, Kolkata 12 Chairs @ ₹5,000 May 25, 2025 – From Amitabh Shirts, New Delhi (Cash Purchase) 120 Shirts @ ₹1,500 Prepare the Purchase Book (assume CGST @ 9% and SGST @ 9%).	4
28	Journalise the following transactions; a) ₹ 5000, which was written off as bad debt in the last year, has received in the current year. b) Outstanding salary of ₹ 50,000 in the last year has paid in the current year. c) Goods worth ₹ 10,000 lost due to theft. d) Mr. Ram, who owed ₹ 25,000 to business, is insolvent now and settled his debt @25 Paisa in a rupee.	4
29	Explain various limitations of Accounting.	4
30	Reena's father is the sole proprietor of 'Friends Gifts', a firm engaged in the sale of gift items. In the process of preparing financial statements, the accountant of the firm Mr. Goyal fell ill and had to proceed on leave. Reena's father was urgently in need of the statements as these had to be submitted to the bank, in pursuance of a loan of ₹ 5 lakh applied for the expansion of the business of the firm. Reena who is studying Accounting in her school, volunteered to complete the work. On scrutinising the accounts, the banker found that the value of building bought a few years back for ₹ 7 lakh has been shown in the books at ₹ 20 lakh, which is its present market value. Similarly, as compared to the last year, the method of valuation of stock was changed, resulting in value of goods to be about 15 per cent higher. Also, the whole amount of ₹ 70,000 spent on purchase of computer (expected life 5 years) during the year had been charged to the profits of the current year. The banker did not rely on the financial data provided by Reena. Based on the above, answer the	6

	following questions and justify the reason: Qn. 1 According to bankers, building should be shown in books at which value? A. ₹ 20 lakhs B. ₹ 13 lakhs C. At a or b whichever is less D. ₹ 7 lakhs Qn. 2 Which concept/ convention was not followed while valuation of stock? A. Going concern concept B. Business entity concept C. Conservatism convention D. Dual aspect concept Qn. 3 Amount identified in qn.1 should be shown in books because of following which concept? A. Materiality B. Going concern concept C. Business entity concept D. None of these	
31	Prepare Two Column Cash Book from the following transactions and balance the book on 31st Jan., 2024: - 2024 Jan1 Cash in hand ₹ 50,000; Bank overdraft ₹ 1,90,000. Jan. 2 Purchased goods from Rajesh Kumar of the list price of ₹ 50,000 at 5% trade discount and payment made by cheque. Jan. 6 Goods sold for ₹ 80,000 and payment received by cheque. Cheque deposited into Bank on same day. Jan. 10 Goods purchased for cash ₹ 19,800. Jan. 15 Furniture sold for ₹ 1,77,000 and payment received by cheque & cheque deposited into Bank on same day. Jan. 18 Salaries paid ₹ 4,500. Jan. 21 Settled the amount due to Ram ₹ 2,000 by paying cash ₹ 1,910. Jan. 22 Cash received from Jai ₹ 14,780 in full settlement of his account of ₹ 15,000.	6

	Jan. 23 Paid Life Insurance premium ₹ 1,500. Jan. 31 Deposited with bank the entire balance after retaining ₹ 7,000 cash in hand.	
32	Journalise the following transactions in the books of Rajan of Delhi: 1. Sold goods to Krishna of Delhi at list price ₹ 20,000 less trade discount 10%, add CGST and SGST @ 9% each; cash discount 5% allowed. Payment received immediately. 2. Supplied goods costing ₹ 6,000 to Mohan of Delhi. Invoice issued at 10% above cost, less trade discount 5%, plus CGST and IGST @ 9% each 3. Goods valued at ₹ 2,500 distributed as samples (for advertising). These were purchased with CGST and SGST @ 9% each charged. 4. Sold goods costing ₹ 1,00,000 to Anil of Delhi at a profit of 20% on sales, less trade discount 20%, plus CGST and SGST @ 9% each.	6
33	Show the effect of the following transactions: (i) Started business with cash ₹ 60,000. (ii) Rent received ₹ 2,000. (iii) Accrued interest ₹ 500. (iv) Commission received in advance ₹ 1,000. (v) Amount withdrawn ₹ 5,000 for personal use. (vi) Invested in shares 20,000	6
34	Record the following transactions in the Sales Book of Ganesh & Co. of Jaipur (Rajasthan), who deal in Furniture. Assume CGST @ 6% and SGST @ 6% :- 2025 June 4 Sold to Gupta Furniture House, New Delhi :- 120 Chairs @ ₹2,500 per Chair 25 Tables @ ₹8,000 per Table Less: 5% Trade discount 8 Sold to Raja Furniture House, Ahmedabad (Gujarat) :- 8 Almirahs @ ₹15,000 each 9 Steel Cabinets @ ₹20,000 each Less: Trade discount of 10% 12 Sold old Computer for ₹1,500 to Mohan & Co. on Credit.	6

	20 Sold 4 Sofa sets @ ₹25,000 each to Varun & Co. for cash. 25 Sold to New Furniture House, Jaipur :— 5 Sofa sets @ ₹20,000 each 10 Tables @ ₹8,000 each 28 Purchased from Ram Lal & Co. Jaipur on credit :— 50 chairs @ ₹2,000 each	
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