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INDIAN SCHOOL SALALAH

FINAL EXAMINATION, FEBRUARY 2026 (AY 2025-26)



Class: XI

ACCOUNTANCY (055)

Date: 08/ 02/ 2026

Time: 3 Hrs

Maximum Marks: 80

General Instructions:

1. This question paper contains 34 questions in 7 pages. All questions are compulsory.
2. This question paper is divided into two parts – Part A and Part – B.
3. Part- A: Financial Accounting – I and Part- B: Financial Accounting –II.
4. Attempt all parts of a question together and show your working clearly.
5. Question No. 1 to 16 and 26 to 29, carries 1 mark each.
6. Question No. 17 to 20 and 30 to 31, carries 3 mark each.
7. Question No. 21 and Question No. 32 to 33 carries 4 marks each.
8. Question No. 22 to 25 and Question No. 34 carries 6 mark each.

1.	Why would competitors be interested in a company's financial statements? A. To ensure the company is following environmental regulations B. To check if employees are being paid fairly C. For strategic benchmarking and understanding relative strengths D. To determine the risks and return on their own investments	1
2.	If cost price of an asset is ₹ 15,00,000 and depreciation is charged @ 20% p.a. on diminishing balance method, then book value at end of two years is- (A) ₹ 3,20,000 (B) ₹ 5,00,000 (C) ₹ 2,40,000 (D) ₹ 9,60,000	1
3.	Rent paid in advance ₹ 11200 appears inside the trial balance. while preparing the financial statement where this item will be placed A. Will be shown as an addition to the concerned expense on the debit side of Profit & loss a/c B. Will be shown as a deduction to the concerned expense on the debit side of Profit & loss a/c C. Will be recorded on the asset side of the Balance sheet. D. Will be recorded on the liability side of the Balance sheet.	1
4.	Overdraft as per Cash Book is ₹ 7,000. Interest on overdraft charged by the bank ₹ 500 is not entered in the Cash Book. What is the overdraft as per Pass Book?	1

	A. ₹ 7,500 B. ₹ 6,500 C. ₹ 7,000 D. ₹ 500									
5.	Assertion (A): The Conservatism concept is also known as the concept of Prudence. Reason (R): It encourages accountants to be optimistic when estimating future revenues to attract more investors. A. (A) is false but (R) is true B. (A) is true but (R) is false C. Both (A) and (R) are true and (R) is the correct explanation of (A) D. Both (A) and (R) are true but (R) is not the correct explanation of (A)	1								
6.	A cheque received from a customer and deposited into the bank on the same day is recorded as: A. A Debit to Customer and Credit to Bank B. A Contra Entry C. A Debit to Bank and Credit to Customer D. A Debit to Cash and Credit to Customer	1								
7.	If Sales are ₹ 2,40,000 and Gross Profit is 20% on Cost, the Cost of Goods Sold (COGS) is: A. ₹ 2,00,000 B. ₹ 1,92,000 C. ₹ 2,10,000 D. ₹ 1,80,000	1								
8.	A credit sale of ₹ 2,500 to John was posted to his account as ₹ 5,200. What amount is needed to rectify John's account? A. Credit John's Account with ₹ 2,700. B. Debit John's Account with ₹ 2,500. C. Credit John's Account with ₹ 7,700. D. Debit John's Account with ₹ 2,700.	1								
9.	<table border="1"> <tr> <td>(a) Compensating Error</td> <td>(i.) Goods purchased from Rajeshwar on credit Rs. 400 are recorded in Purchase Book as Rs. 4,000.</td> </tr> <tr> <td>(b.) Error of Omission</td> <td>(ii.) A repair of Machinery Rs. 6,000 debited to Machinery Account.</td> </tr> <tr> <td>(c.) Error of Principle</td> <td>(iii.) Shyam's Account was debited with Rs. 200 instead of Rs. 2,000 while Ram's Account was debited with Rs. 2,000 instead of Rs. 200.</td> </tr> <tr> <td>(d.) Error of Commission</td> <td>(iv.) Credit purchase from Somesh Rs. 14,000 were not recorded</td> </tr> </table>	(a) Compensating Error	(i.) Goods purchased from Rajeshwar on credit Rs. 400 are recorded in Purchase Book as Rs. 4,000.	(b.) Error of Omission	(ii.) A repair of Machinery Rs. 6,000 debited to Machinery Account.	(c.) Error of Principle	(iii.) Shyam's Account was debited with Rs. 200 instead of Rs. 2,000 while Ram's Account was debited with Rs. 2,000 instead of Rs. 200.	(d.) Error of Commission	(iv.) Credit purchase from Somesh Rs. 14,000 were not recorded	1
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	Match the following: - A) a-(i), b-(iii), c-(ii), d (iv.) B) a-(ii), b-(iii), c-(i), d (iv.) C) a-(iii), b-(iv), c-(ii), d (i.) D) a-(iv), b-(iii), c-(ii), d (i.)	
10.	On March 20, 2025, a company receives an advance of ₹10,000 for a service contract that will only commence in June 2025. How will this be treated under the Accrual Basis for the year ending 31st March 2025? A. It will be treated as a Gain. B. It will be recorded as Revenue for the year ending 31.3.2025. C. It will be recorded as a Liability in the Balance Sheet. D. It will be ignored completely until the next financial year.	1
11.	A business paid ₹ 78400 as Rent, which includes CGST and SGST 6% each. What is the amount to be debited to the 'Rent Account'? A) ₹ 70000 B) ₹ 87808 C) ₹ 78400 D) None of these	1
12.	State the two objectives of preparing Financial Statements.	1
13.	When starting with 'Credit balance as per Pass Book', which of the following items should be subtracted? A. Cheques deposited but not yet cleared B. Direct payment by bank as per standing instructions C. Dishonoured cheques not entered in Cash Book D. Interest credited by the bank	1
14.	Which of the following is NOT a reason for difference between Cash Book and Pass Book balances? A. Cash sales recorded in the Cash Book B. Timing differences in recording transactions C. Bank charges debited by the bank D. Errors in the Cash Book	1
15.	Assertion (A): The Trading Account shows the "Financial Position" of the business. Reason (R): The Trading Account is prepared to ascertain the Gross Profit or Gross Loss of the accounting period. (A) Both (A) and (R) are true and (R) is the correct explanation of (A). (B) Both (A) and (R) are true but (R) is NOT the correct explanation of (A). (C) Assertion (A) is true but Reason (R) is false. (D) Assertion (A) is false but Reason (R) is true.	1
16.	What is the effect of overvaluing Closing Stock on the Current Year's Profit? (A) Decreases the gross profit and net profit. (B) Increases the gross profit but decreases the net profit. (C) Decreases the gross profit and increases net profit. (D) Increases the gross profit and net profit.	1

17.	Depreciation for current year in the Trial Balance is shown in: (A) Debit side of Profit and Loss Account and it is deducted from that particular asset in the Balance Sheet. (B) Assets side of Balance Sheet as a deduction from the concerned Asset. (C) Debit side of Profit and Loss Account. (D) Debit side of Trading Account.	1																		
18.	An enterprise spends on the annual white-washing of its factory building and on constructing a new extension to the warehouse. How should these be categorized? A) Both are 'Capital Expenditure' as they relate to building. B) White-washing is a 'Loss' and the extension is 'Revenue' C) Both are 'Revenue Expenditure'. D) White-washing is an 'Expense' and the warehouse extension is an 'Asset'.	1																		
19.	An auditor checks the purchase invoices to confirm that the machinery value recorded in the books is correct. Which qualitative characteristic is being verified here? A) Relevance B) Reliability C) Understandability D) Comparability	1																		
20.	Following information was taken from an Income statement, calculate the value of Closing Stock: - Opening stock 5000; sales 16,000; carriage inwards 1000; sales return 1000; gross profit 6000; purchase 10,000; and purchase returns 900. A) ₹5,100 B) ₹6,100 C) ₹7,100 D) ₹4,900	1																		
21.	Show the effect of the following transactions on the Accounting Equation of M/s Sky Traders: a. Started business with Cash ₹ 1,00,000 and Goods ₹ 40,000. b. Purchased furniture for ₹ 20,000, out of which ₹ 5,000 was paid in cash immediately and the balance was on credit. c. Accrued Commission ₹ 2,500.	3																		
22.	A. State any two characteristics of GST B. M/s Global Tech, based in Bengaluru (Karnataka), recorded the following transactions. Journalize them assuming IGST @ 12%. June 4: Purchased goods from M/s Chennai Exports (Tamil Nadu) for ₹1,00,000. A 5% Cash Discount was allowed on the amount paid. Half the payment was made immediately by cheque. June 10: The proprietor withdrew goods from the above stock for personal use costing ₹20,000.	3																		
23.	From the following list of balances of M/s Vivan Enterprises as of 31st March 2025, prepare a Trial Balance. <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>S.No</th> <th>Particulars</th> <th>Amount (₹)</th> <th>S.No</th> <th>Particulars</th> <th>Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Capital</td> <td>2,50,000</td> <td>7.</td> <td>Sales Return</td> <td>12,000</td> </tr> <tr> <td>2.</td> <td>Opening Stock</td> <td>45,000</td> <td>8.</td> <td>Purchase Return</td> <td>7,000</td> </tr> </tbody> </table>	S.No	Particulars	Amount (₹)	S.No	Particulars	Amount (₹)	1.	Capital	2,50,000	7.	Sales Return	12,000	2.	Opening Stock	45,000	8.	Purchase Return	7,000	3
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1.	Capital	2,50,000	7.	Sales Return	12,000															
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	3.	Purchases	1,80,000	9.	Input SGST	19,000	
	4.	Sales	3,10,000	10.	Output IGST	15,000	
	5.	Provision for Dep.	20,000	11.	Prepaid Insurance	5,000	
	6.	Bank Overdraft	44,000	12.	Furniture	3,85,000	
24.	<p>How the following will be presented in the financial statements?</p> <p>Extract of Trial Balance as at 31st March 2025: Sundry Debtors: ₹1,68,000 Bad Debts: ₹10,000 Provision for Bad and Doubtful Debts: ₹50,000 Additional Information:</p> <ul style="list-style-type: none"> • A debtor of ₹24,000 could not be recovered. • Maintain a Provision for Bad and Doubtful Debts @ 5% on Sundry Debtors. 						3
25.	State any three differences between Reserves and Provisions.						3
26.	<p>Identify and explain:</p> <p>A. Mr. Rajat, the owner of 'Rajat Electronics', purchased a delivery van for ₹ 8,00,000 for business use. He also purchased a luxury car for ₹ 25,00,000 for his personal use. He instructed his accountant to record both vehicles as assets in the Balance Sheet of 'Rajat Electronics' to show a stronger financial position for the business. Identify and explain the accounting principle that Mr. Rajat is violating.</p> <p>B. 'Standard Paints Ltd.' has been using the 'Straight Line Method' of depreciation for its machinery for the last five years. During the current year, the new accountant suggested switching to the 'Written Down Value Method' simply because it would result in lower depreciation and higher reported profits for the current year, even though there has been no change in the nature of the asset or legal requirements. Identify and explain the accounting principle that the accountant is suggesting to deviate from.</p>						3
27.	<p>Following balances appear in the books of Y Ltd.:</p> <p>Machinery A/c as on 1-4-2024: ₹ 4,00,000 Provision for Depreciation A/c as on 1-4-2024: ₹ 1,55,000 On 1-7-2024, a machinery which was purchased on 1-4-2021 for ₹ 60,000 was sold for ₹ 25,000. On the same date, another machinery was purchased for ₹ 1,60,000. The firm has been charging depreciation at 15% p.a. on Original Cost Method and closes its books on 31st March every year. Prepare the Machinery Account and Provision for Depreciation Account for the year ending 31st March 2025.</p>						4

28.	<p>Prepare the Purchases Book and Sales Book of M/s. Gupta Electronics, Delhi from the following transactions for January 2025. Assume CGST and SGST rates are 6% each (Total GST 12%).</p> <p>Transactions:</p> <p>Jan 05: Purchased from M/s. Samsung India, Noida (UP) on credit: 10 LED TVs @ ₹ 20,000 each. Trade Discount 10%.</p> <p>Jan 10: Sold to Rahul & Co., Delhi on credit: 5 Laptops @ ₹ 40,000 each. Trade Discount 5%.</p> <p>Jan 15: Purchased furniture for office use from Modern Furniture, Delhi on credit for ₹ 15,000.</p> <p>Jan 20: Sold 2 Tablets @ ₹ 15,000 each to Amit for cash.</p> <p>Jan 25: Purchased from LG Traders, Delhi on credit: 20 Microwaves @ ₹ 5,000 each.</p> <p>Jan 28: Sold to Sharma Electronics, Delhi: 10 Music Systems @ ₹ 8,000 each. Trade Discount 10%.</p>	4												
29.	Explain any four limitations of accounting.	4												
30.	<p>Prepare a Bank Reconciliation Statement as on 31st July, 2025 from the following information:</p> <p>(a) Credit balance (Overdraft) as per Cash Book ₹ 25,000.</p> <p>(b) A cheque of ₹ 35,000 issued to a creditor, was not presented into the bank.</p> <p>(c) Cheques paid into the bank for collection ₹ 60,000 but cheques of ₹ 44,000, could only be collected in July, 2025.</p> <p>(d) In the Cash Book, a bank charge of ₹ 150 was recorded twice while another bank charge of ₹ 40 was not recorded at all.</p> <p>(e) A customer directly deposited into the bank ₹ 9,000.</p> <p>(f) Dividend collected and deposited by bank ₹ 6,000.</p>	6												
31.	<p>Raja Traders purchased on 1st April, 2022, a second-hand machinery for ₹ 1,80,000. Further expenses of ₹ 20,000 was incurred to improve its technical reliability. Useful life of the machinery is estimated to be 10 years. On 1st July, 2023, additional machinery costing ₹ 1,00,000 was purchased. On 1st April, 2024, the machinery purchased on 1st April, 2022 having become obsolete was sold for ₹ 1,10,000 and on 1st October, 2024, new machinery was purchased at a cost of ₹ 1,50,000. Depreciation is charged @ 10% p.a. following Straight Line Method (SLM). Prepare the Machinery Account for three years ending on 31st March, 2025.</p>	6												
32.	<p>Record the following transactions in Double Column Cash Book and balance the book on 31st March, 2022:</p> <table border="1" data-bbox="380 1738 1300 1900"> <thead> <tr> <th>DATE</th> <th>PARTICULARS</th> <th>₹</th> </tr> </thead> <tbody> <tr> <td>1.1.2025</td> <td>Cash in hand</td> <td>45000</td> </tr> <tr> <td></td> <td>Bank overdraft</td> <td>7500</td> </tr> <tr> <td>4.1.2025</td> <td>Bought goods for cash</td> <td>18000</td> </tr> </tbody> </table>	DATE	PARTICULARS	₹	1.1.2025	Cash in hand	45000		Bank overdraft	7500	4.1.2025	Bought goods for cash	18000	6
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	6.1.2025	Received cash from Anupam	46000	
	7.1.2025	Deposited cash into bank	35000	
	11.1.2025	Received from Bhoomika as commission	6000	
	14.1.2025	Paid wages	11100	
	15.1.2025	Sold goods to Nasir for ₹ 80000, half payment received by cheque		
	16.1.2025	Cheque received from Nasir deposited into bank		
	18.1.2025	Payment for repairs of proprietor's car made from office a/c	10000	
	19.1.2025	Nasir's cheque returned dishonored		
	25.1.2025	Deposited all cash in bank in excess of minimum cash balance of ₹ 15000		
33.	<p>Rectify the following errors by passing Journal entries:</p> <p>i) ₹ 10,800 received from Mohan was posted to the debit of his account.</p> <p>ii) ₹ 2,000 being purchase return was posted to the debit of Purchase Account.</p> <p>iii) Discount received ₹ 400 was posted to the debit of Discount Allowed Account.</p> <p>iv) ₹ 11,480 paid for repairs of motor car were debited to Motor Car Account as ₹ 1,480.</p> <p>v) A sale of ₹ 23,500 to Raman was entered in the Sales Book as ₹ 25,300.</p> <p>vi) While carrying forward the balance on one page in Pawan's Account, the amount of ₹ 2,500 was written on the credit side instead of the debit side.</p>			6

34.	<p>From the following trial balance of M/S Sanjeev as on 31st March 2025, prepare Profit and loss account and the Balance Sheet.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Heads of Account</th> <th style="width: 30%;">Debit (₹)</th> <th style="width: 30%;">Credit (₹)</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td></td> <td style="text-align: right;">80,000</td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;">18,000</td> <td></td> </tr> <tr> <td>Sales and Purchases</td> <td style="text-align: right;">82,600</td> <td style="text-align: right;">1,55,000</td> </tr> <tr> <td>Stock (1.4.24)</td> <td style="text-align: right;">42,000</td> <td></td> </tr> <tr> <td>Returns Outwards</td> <td></td> <td style="text-align: right;">1,600</td> </tr> <tr> <td>Carriage Inward</td> <td style="text-align: right;">1,200</td> <td></td> </tr> <tr> <td>Wages</td> <td style="text-align: right;">4,000</td> <td></td> </tr> <tr> <td>Power</td> <td style="text-align: right;">6,000</td> <td></td> </tr> <tr> <td>Machinery</td> <td style="text-align: right;">50,000</td> <td></td> </tr> <tr> <td>Furniture</td> <td style="text-align: right;">14,000</td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">22,000</td> <td></td> </tr> <tr> <td>Salary</td> <td style="text-align: right;">15,000</td> <td></td> </tr> <tr> <td>Insurance</td> <td style="text-align: right;">3,600</td> <td></td> </tr> <tr> <td>Bank Loan</td> <td></td> <td style="text-align: right;">25,000</td> </tr> <tr> <td>Debtors and Creditors</td> <td style="text-align: right;">20,600</td> <td style="text-align: right;">18,900</td> </tr> <tr> <td>Cash</td> <td style="text-align: right;">1,500</td> <td></td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">2,80,500</td> <td style="text-align: right;">2,80,500</td> </tr> </tbody> </table> <p>ADJUSTMENTS</p> <ol style="list-style-type: none"> 1) Gross profit for the year ended 31.3.2025 ₹ 82400 2) Closing stock on 31.3.2025 was ₹ 64000 3) Outstanding wages ₹ 2400 4) Bad debts ₹ 600 and create a provision for doubtful debts @5% 5) Charge depreciation on machinery @10% and furniture @5% pa. 6) Insurance premium is paid per annum, ended 31st May 2025. 	Heads of Account	Debit (₹)	Credit (₹)	Capital		80,000	Drawings	18,000		Sales and Purchases	82,600	1,55,000	Stock (1.4.24)	42,000		Returns Outwards		1,600	Carriage Inward	1,200		Wages	4,000		Power	6,000		Machinery	50,000		Furniture	14,000		Rent	22,000		Salary	15,000		Insurance	3,600		Bank Loan		25,000	Debtors and Creditors	20,600	18,900	Cash	1,500		TOTAL	2,80,500	2,80,500	6
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