

CBSE
Class XI Accountancy

Questions

Time: 3 hours

Max. Marks: 90

General Instructions:

1. All questions are **compulsory**.
 2. Show your working notes clearly.
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1. What is meant by Book keeping? [1]
2. What is meant by invoice or bill? [1]
3. What is capital receipts with example. [1]
4. Give two examples of Liquid Assets. [1]
5. Explain any three internal users of accounting information. [3]
6. Rectify the following entries by passing entries: [3]
 - i. A credit sale of ₹2,000 to Ram was posted to Raman's Account.
 - ii. Goods costing ₹1,000 (Market price ₹1,500) were taken by proprietor for personal use, not recorded anywhere.
 - iii. Sales book was overcast by ₹600.
7. Write any three objectives of Accounting Standards. (AS) [3]
8. Explain Consistency assumption and Revenue Recognition principal of accounting. [3]
9. Give any two difference between Reserves and Provisions. [4]
10. Prepare Trial Balance from the following information: [4]

Bank overdraft	₹80,000
Purchase	₹3,90,000
Outstanding Expenses	₹20,000
Sales	₹4,20,000
Rent paid in advance	₹30,000
Purchase Return	₹10,000
Opening stock	₹1,10,000
Fixed Assets	₹2,00,000
Interest Received	₹15,000
Bank Loan	₹1,85,000

11. On 1st April, 2015 Vinod sold goods to Mohan worth ₹60,000.
Mohan accept the bill for ₹60,000 for two months .
The bill is payable at ICICI Bank Delhi, on the same day Vinod gives bill to the banker for the collection (after two months). On the due date bill was honoured and Vinod received the due amount. Give entries in the books of Vinod and Mohan. [4]

12. Prepare a Bank Reconciliation Statement of Mr. Rivij Jain on 31st May 2012 from the following: [4]

- i. Dr. Balance as per Pass book ₹50,000.
- ii. Cheque issued to Mr. Ram for ₹2,000 not entered in Cash Book.
- iii. Mr. Dhanam (Debtor) deposited an amount of ₹1,000 directly into the bank account of Mr. Rivij Jain.
- iv. Cheque Received from Mr. Guru for ₹6,000, entered in cash book but not sent to bank.
- v. There was a credit in the pass book for ₹600 and another credit for ₹200 for interest.
- vi. Bank charges ₹500 entered twice in cash book.

13. Following transactions are of M/s Rakesh Kumar and Sons for the month of April, 2015. Prepare their Purchase Book: [4]

Apr. 5	Purchase on credit from M/s Raj Mills: 100 pieces long cloth @ ₹80 50 pieces shirting @ ₹100
Apr. 8	Purchased for cash from M/s Ambika Mills: 50 pieces muslin @ ₹120
Apr. 15	Purchased on credit from M/s Sagar Mills: 20 pieces coating @ ₹1,000 10 pieces shirting @ ₹90
Apr. 20	Purchased on credit from M/s Bharat Typewriters Ltd.: 5 Typewriters @ ₹1,400 each

14. Record the following transactions of Mr. Kaushal in a cash book with cash and bank columns for the month October 2015. [6]

- 1: Cash Balance ₹35,000; Bank Balance ₹22,000.
- 5: Paid for printing and stationery ₹9,400.
- 8: Cash sales ₹25,000.
- 9: Cash purchases ₹28,000.
- 10: Deposited cash into bank ₹3,000.
- 12: Withdrew from bank for personal use ₹2,500.
- 14: Received bearer cheque from Arjun in full and final settlement ₹7,700 and deposited same into bank.
- 16: Withdrew from bank for office use ₹7,000.
- 18: Received cash from Sahil on account ₹6,500.
- 21: Received bearer cheque from Akhil ₹4,500.
- 22: Paid legal charges ₹2,300 by cheque.
- 24: Paid for carriage ₹500.
- 28: Cheque received from Akhil deposited into bank for collection.
- 31: Paid telephone bill ₹2,000.

15. Vinod Ltd. purchased a machinery of ₹3,00,000 on 1st July, 2012 and ₹3,00,000 on 1st November 2012. A company purchased one more machinery on 1st January 2013 for ₹2,00,000. A company sold one machinery for ₹2,10,000 on 31st March 2014 which was purchased on 1st July 2012. Company purchased on second hand machinery on the same date for ₹1,00,000. Rate of the depreciation is 10% by Straight Line Method and closes its accounts on 31st December every year.
Prepare Machinery Account, Machinery Disposable Account and Provision for Depreciation A/c. [8]

16. What is Single Entry System? [1]

17. Where will you record a specific donation received, while preparing accounts for Non-profit organisation. [1]

18. In 2014 the subscriptions received were ₹50,000. These subscriptions include ₹300 for 2013 and ₹400 for 2015. On 31st December, 2014 subscription due but not received were ₹500. The corresponding figure on 1st January, 2014 was ₹600. What amounts should be credited to the income and Expenditure account as subscription of the year 2014? [3]

19. Justify, whether books maintained by the single entry system is reliable as the books maintained by the double entry system. [3]

20. Following is the extract from a Trial Balance: [4]

Head of Accounts	Dr. ₹	Cr. ₹
Machinery A/c	2,00,000	
Provision for Depreciation on Machinery A/c		80,000
Depreciation on Machinery	20,000	
Furniture A/c	24,000	
Depreciation on Furniture	3,000	

Show necessary extracts from the Profit and Loss Account and the balance Sheet.

21. Rupesh started a firm on 1st April, 2015 with a capital of ₹10,000. On 1st July 2016 he borrowed from his son Mr. Rohit a sum of ₹ 4000 @ 9% p.a. (interest not yet paid) for business and introduces a further capital of his own amounted to ₹ 1500. On 31st March, 2016 his position was as follows Cash ₹ 600, stock ₹9,400, debtors ₹7000 and creditors ₹6000. Ascertain his profit or loss taking into account ₹2000 for his drawings during the year. [6]

22. Explain Readymade and Customized software with advantages and limitations. [6]

23. Following is the Receipts & Payments Account of a Star Club for the year ending Dec. 31, 2015: [8]

Receipts	₹	Payments	₹
To Balance b/d	1,90,000	By Salaries	4,40,000
To Subscriptions	6,70,000	By Sports Equipment	4,00,000
To interest on investments @8% p.a. for full year	40,000	By Balance c/d	1,60,000

Additional information:

- The club had received ₹30,000 for subscription in 2014 for 2015.
- Salaries had been paid only for 11 months
- Stock of sports equipment on 31st December 2014 was ₹3,50,000 and on 31st December 2015 ₹7,00,000. Prepare Income & Expenditure Account.

24. From the following Trial Balance of M/s.Mehta and Sons as on 31st March. 2016, prepare Trading and Profit & Loss Account and Balance Sheet. [8]

Particulars	₹	Particulars	₹
Cash in Hand	50	Bank overdraft	2,850
Bank Balance	600	Creditors	2,500
Debtors	3,800	Capital	12,500
Bad debts	125	Provision for bad debts	200
Stock (opening)	3,460	Sales	15,450
Purchases	5,475	Purchase return	125
Sales return	200	Commission	375
Furniture & fittings	640		
Motor vehicles	6,250		
Buildings	7,500		
Advertisement	450		

Interest on bank overdraft	118	
Taxes & insurance	1,250	
General expenses	782	
Salaries	3,300	

Adjustments:

- i. Stock in hand on 31-3-2016 Rs.5,750
- ii. Depreciate building @ 5%, furniture and fittings @ 10% and motor vehicles @ 20%.
- iii. Rs.85 is due for interest on bank overdraft.
- iv. Salaries Rs.300 and taxes Rs.120 are outstanding.
- v. One third of the commission received is in respect of work to be done next year.
- vi. Further Bad Debts ₹100 and make provision for doubtful debts @10%.

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Solutions

Answer 1

Book keeping is primary stage of accounting. It is mainly concerned with identifying financial transactions and events, measuring them in terms of money and recording them in the books of account and classifying the recorded transactions.

Answer 2

When a trader sells goods on credit, she/he issue an invoice or bill in the name of the purchaser which contains details about the product, quantity, agreed price of product, terms of payment, the name and address of the seller and purchaser.

Answer: 3

Capital receipts are those which are not revenue receipts or are receipts for the purpose specified by the donor. For example, building fund and corpus donations.

Answer 4

Cash in hand and bank balance are liquid assets which are temporary in nature and may change from time to time.

Answer 5

Internal users of accounting information:

- i. **Owners:** The owners of the business need accounting information to estimate the trading results of the business, it's financial position towards the end of accounting period and future prospects of business.
- ii. **Management:** Management requires accounting information for planning and controlling and taking decisions efficiently.
Management can help to improve efficiency and thereby increase profits of the enterprise.
- iii. **Employees:** Good results of the business provide satisfaction to employees as their bread and butter depends on these results. In those business concerns in which profit sharing schemes are introduced, employees become very much interested in knowing how the profit has been ascertained.

Answer 6

Rectifying Journal Entries

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
	Ram's A/c Dr. To Raman's A/c (Being credit sale to Ram was posted to Raman, now rectified)		2,000	2,000
	Drawings A/c Dr. To Purchases A/c (Being goods taken by proprietor for personal use omitted to record, now recorded)		1,000	1,000
	Sales A/c Dr. To Suspense A/c (Being error of Sales Book Totalling, now rectified)		600	600

Answer 7**Three objectives of Accounting Standards:**

- i. Facilitates in better understanding of financial statements.
- ii. Adopts and facilitates significant accounting policies
- iii. Enhancing reliability of financial statements.

Answer 8

Consistency Assumption: Accounting policies and practices followed by an enterprise should be uniform and consistent over a period of time. However, consistency does allow changes in accounting policies but it should be disclosed.

Revenue Recognition principal of accounting: Revenue is considered as income earned on a particular date when it is realised; say when a transaction has been entered and obligation to receive the amount has been established.

Answer 9

Difference between Reserves and Provisions:

Reserves	Provisions
i. A reserve is an appropriation of profit.	i. A provision is a charge on profit.
ii. Main purpose of creating a reserve is to strengthen the financial position and to meet unforeseen liabilities or losses.	ii. Main purpose of provision is to meet the known liability or contingency, if the amount is not determined.
iii. Profit is not affected because it is debited to the profit and loss appropriation account.	iii. Profit is reduced because debited to the profit and loss account.
iv. It may be invested outside the business.	iv. But it is not invested.
v. It is shown on the liabilities side of Balance Sheet under the 'Reserves and Surplus'.	v. It is shown either as a liability under the head 'Current Liabilities' or as deduction from the asset.

Answer 10**Trial Balance as on.....**

Head of Accounts	L.F.	Dr. Balance	Cr. Balance
Bank Overdraft A/c		-----	80,000
Purchase A/c		3,90,000	
Outstanding Expenses A/c		-----	20,000
Sales A/c		-----	4,20,000
Rent paid in Advance A/c		30,000	
Purchase Return A/c		-----	10,000
Opening Stock A/c		1,10,000	-----
Fixed Assets A/c		2,00,000	-----
Interest Received A/c			15,000
Bank Loan A/c			1,85,000
		7,30,000	7,30,000

Answer 11**Vinod's Journal**

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
2015 Apr. 1	Mohan's A/c To Sales's A/c (Being goods sold to Mohan)	Dr.	60,000	60,000

Apr. 1	Bills Receivable A/c To Mohan's A/c (Being the bill drawn on Mohan for 2 months)	Dr.		60,000	60,000
Jun. 1	Bill sent for collection A/c To Bills Receivable A/c (Being Bills sent to bank for collection)	Dr.		60,000	60,000
Jun. 1	Bank A/c To Bill sent for collection A/c (Being amount collected by bank)	Dr.		60,000	60,000

Mohan's Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
2015 Apr. 1	Purchases A/c To Vinod's A/c (Being goods purchased from Vinod)	Dr.	60,000	60,000
Apr. 1	Vinod's A/c To Bills Payable A/c (Being the acceptance of bill from Vinod)	Dr.	60,000	60,000
Jun. 1	Bills Payable A/c To Cash A/c (Being the bill met on maturity)	Dr.	60,000	60,000

Answer 12

Bank Reconciliation Statement

Particulars	Details ₹	Amount ₹
Overdraft as per Pass Book (Dr.)		50,000
Add: Direct deposit by customer	1,000	
Add: Credit in pass book 600 + 200	800	
Add: Bank charges	500	2,300
		52,300
Less: Cheque of Mr. Ram not entered in the cash Book	(2,000)	
Less: Cheque received not sent to bank	(6,000)	(8,000)
Balance as per cash book (Cr.)		44,300

Answer 13

Purchases Book

Date	Particulars	L.F.	Details (₹)	Amount (₹)
2015 Apr. 3	M/s Raj Mills: 100 pieces long cloth @₹80 50 pieces shirting @₹100		8,000 5,000	13,000
Apr. 20	M/s Sagar Mills: 20 pieces coating @₹1,000 10 pieces shirting @ ₹90		20,000 900	20,900
Apr. 30	Purchases A/c	Dr.		33,900

Purchases for cash are recorded in the cash book and the purchase of a typewriter is not recorded in the purchases book since the firm does not trade in it.

Answer 14

In the books of Mr. Kaushal Cash Book (Double Column)

Dr.					Cr.				
Date	Particulars	L.F.	Cash ₹	Bank ₹	Date	Particulars	L.F.	Cash ₹	Bank ₹
2015					2015				
Oct 1	To Balance b/d		35,000	22,000	Oct 5	By Printing and Stationery A/c		9,400	
Oct 8	To Sales A/c		25,000		Oct 9	By Purchases A/c		28,000	
Oct 10	To Cash A/c	C		3,000	Oct 10	By Bank A/c	C	3,000	
Oct 14	To Arjun's A/c			7,700	Oct 12	By Drawings A/c			2,500
Oct 16	To Bank A/c	C	7,000		Oct 16	By Cash A/c	C		7,000
Oct 18	To Sahil's A/c		6,500		Oct 22	By Legal charges A/c			2,300
Oct 28	To Cheque in hand A/c (Akhil)			4,500	Oct 24	By Carriage A/c		500	
					Oct 31	By Telephone Exp. A/c		2000	
					Oct 31	By Balance c/d		30,600	25,400
			73,500	37,200				73,500	37,200
Nov 1	To Balance b/d		30,600	25,400					

Working Notes:

1. Received bearer cheque from Akhil Rs.4,500 on 21st October will be recorded in the Journal proper.

₹ ₹

Cheques in Hand A/c Dr. 4500

To Akhil A/c 4500

(Being the cheque received from Akhil not yet deposited)

When the Akhil's cheque is deposited into bank on 28th October, it will be recorded in the debit column of Bank.

Answer 15

Machinery A/c

Dr.			Cr.		
Date	Particulars	₹	Date	Particulars	₹
2012			2012		
Jul. 1	To Bank A/c (Machine I)	3,00,000	Dec. 31	By Balance c/d	6,00,000
Nov.1	To Bank A/c (Machine II)	3,00,000			
		6,00,000			6,00,000
2013			2013		
Jan. 1	To Balance b/d	6,00,000	Dec. 31	By Balance c/d	8,00,000
	To Bank A/c	2,00,000			
		8,00,000			8,00,000
2014			2014		
Jan. 1	By Balance b/d	8,00,000	Mar. 31	By Machinery Disposal A/c	3,00,000
Mar. 31	To Bank A/c	1,00,000	Dec. 31	By Balance c/d	6,00,000
	(Second Machinery)				
		9,00,000			9,00,000
2015					
Jan. 1	By Balance b/d	6,00,000			

Provision for Depreciation A/c

Dr.			Cr.		
Date	Particulars	₹	Date	Particulars	₹
2012 Jul. 1	To Balance c/d	20,000	2012 Dec. 31	By Depreciation A/c @10% machinery I-15000 @10%Machinery II-5000	20,000
		20,000			20,000
2013 Dec. 31	To Balance c/d	1,00,000	2013 Jan. 1	By Balance b/d By Depreciation A/c @10% machinery I-30,000 @10%Machinery II-30,000 @10%Machinery III-20,000	20,000 80,000
		1,00,000			1,00,000
2014 Mar. 31 Dec. 31	To Machinery Disposal A/c To Balance c/d	52,500 1,12,500	2014 Jan. 1	By Balance b/d By Depreciation A/c @10% machinery I-7,500 @10%Machinery II-30,000 @10%Machinery III-20,000 @10% Old Machinery -7,500	1,00,000 65,000
		1,65,000			1,65,000

Machinery Disposal A/c

Dr.			Cr.		
Date	Particulars	₹	Date	Particulars	₹
2014 Mar. 31	To Machinery I A/c	3,00,000	2014 Mar. 31	By Provision for Depreciation By Bank A/c (Sale) By profit and Loss A/c (Loss on sale)	52,500 2,10,000 37,500
		3,00,000			3,00,000

Working Notes

- i. Book value of Machine I (Mar. 31st 2014) = 2,47,500
 Cost 3,00,000 × 10/100 = 30,000
 For 2012 July to Dec. 201: 30,000 × 6/12 = 15,000
 For 2013: 30,000
 For 2014; 30,000 × 3/12 = 7,500
 Total Depreciation till 31 March., 2014 = 15,000 + 30,000 + 7,500 = 52,500
 Cost - Depreciation = 3,00,000 - 52,500 = 2,47,500
 Loss on sale of Machine I for July 1, 2012 - March 31, 2014
 Book value - Sale Proceeds
 2,47,500 - 2,10,000 = 37,500
- ii. Depreciation for Machinery II
 Cost 3,00,000 × 10/100 = 30,000
 For 2012 Nov. to Dec. 2012 = 30,000 × 2/12 = 5,000
 For 2013: 30,000
 For 2014: 30,000

iii. Depreciation for Machinery III
 Cost $2,00,000 \times 10/100 = 20,000$
 For 2013 = 20,000
 For 2014 = 20,000

iv. Depreciation for Old Machinery
 Cost $1,00,000 \times 10/100 = 10,000$
 For 2013 March to Dec = $10,000 \times 9/12 = 7,500$

Answer 16

Single entry system does not record both the aspect of the transaction. It records single aspect of the transaction and therefore it is an incomplete system of recording financial transaction.

Answer 17

In non-profit organisation, specific donation received will be shown under Liability side of the Balance sheet as they are Capital Receipts.

Answer 18

Income and Expenditure Account (Extract)

Dr.			Cr.
Expenditure	₹	Income	₹
		By Subscription 50,000	
		Add: Outstanding for 2014 200	
		50,200	
		Less: Received for 2013 300	
		Received for 2015 400	49,500

Note: Outstanding Subscription as on 31st December, 2014 amounted ₹500. It includes subscription outstanding for the year 2013 ₹300 (i.e., ₹600- ₹300). Therefore, outstanding subscription for the year 2014, amounted to ₹200.

Answer 19

Double entry system of accounting records both aspects of a transaction. Hence it is able to provide accurate information as to profit, liabilities and assets. While single entry system of accounting does not record all transactions in certain cases. Sometimes it records both aspects but still only in some aspect. So, single entry system is less reliable than double entry system of book keeping.

Answer 20

Profit and Loss A/c (Extract)

Particulars	₹	Particulars	₹
To Depreciation on Machinery 20,000			
Furniture 3,000	23,000		

Balance Sheet(Extract)

Liabilities	₹	Assets	₹
		Machinery 2,00,000	
		Less: Provision for Depreciation 80,000	1,20,000
		Furniture	24,000

Answer 21**Statement of Affairs***as at 31st March 2016*

Liabilities	₹	Assets	₹
Creditors	6,000	Cash	600
Mr. Rohit's Loan 4000		Stock	9,400
Interest on loan 270	4,270	Debtors	7,000
Capital (Balancing Figure)	6,730		
	17,000		17,000

Statement of Profit or Loss*for the year ended 31st March 2016*

Particulars	₹
Capital at the end	6,730
Less: Capital introduced during the year	1,500
	5,230
Add: Drawings	2,000
Adjusted Capital at the end	7,230
Less: Capital in the beginning	10,000
Net Loss for the year	2,770

Answer 22

Readymade Software: These Software's are ready to use, easy to handle or easy to operate. These software's save time and cost. The best example of accounting software is "Tally".

Advantages of Readymade Software's:

- Suitable for small business firms.
- Easily available.
- Affordable (less expensive)

User friendly (No special training required)

Limitations of Readymade Software's:

- Knowledge of computer is required (as well knowledge of accounting is also required)
- Costly and installation problems.
- Not safe.

Customised Software: Readymade software's are modified as per the requirement. It is known as customised Software's. The cost of customised software is higher than the readymade software cost and this cost is paid by the user.

Advantages of Customised Software's:

- Suitable for large and medium houses.
- All transactions are recorded in a systematic manner.
- Software is customised according to the requirement.
- Reliable.

Limitations of Customised Software's:

- Special training is required to handle these types of software's.
- Costly
- Outdated Software's may cause problems.

Answer 23

Income and Expenditure Account
For the year ended 31st December, 2015

Dr.			Cr.		
Expenditure		₹	Income		₹
To Salaries	4,40,000	4,80,000	By Subscription	6,70,000	7,00,000
Add: outstanding	40,000		Add: Advance Subscription received (PY)	30,000	
To Dep. on sports equipment:			By Interest on investments		
Opening stock	3,50,000	50,000			40,000
Add: Purchases	4,00,000				
	7,50,000				
Less: closing stock	7,00,000	2,10,000			7,40,000
To Excess of income over expenditure, i.e, Surplus					
		7,40,000			7,40,000

Answer 24

Trading Account
for the year ended 31st March, 2016

Dr.			Cr.		
Particulars		₹	Particulars		₹
To Opening Stock		3,460	By Sales	15,450	15,250
To Purchases	5,475	5,350	Less : Return	200	
Less : Return	125		By Closing Stock		
To Gross Profit c/d		12,190			21,000
		21,000			

Profit and Loss Account
for the year ended 31st March, 2016

Dr.			Cr.		
Particulars		₹	Particulars		₹
To Bad Debts	125		By Gross Profit b/d		12,190
Add: Further Bad Debt	100		By Commission	375	250
Add: Provision for doubtful debts	370		Less: 1/3 rd Received in Advance	125	
	595	395			
Less: Provision for Bad Debts	200				12,440
To Advertisement		450			
To Interest on Bank overdraft	118	203			
Add: Interest Due	85				
To Taxes & Insurance	1,250	1370			
Add: Outstanding	120				
To General Expenses		782			
To Salaries	3300	3600			
Add: Outstanding	300				
To Depreciation		375			
Buildings					
Motor vehicles					
Furniture & fittings		64			
To Net Profit c/d		3951			
		12,440			12,440

Balance Sheet
as on 31st March, 2016

Liabilities	₹	Assets	₹
Current Liabilities		Current Assets	
Creditors	2,500	Cash at bank	600
Bank overdraft (2,850 + 85) 2850		Cash in hand	50
Add: Interest Due 85	2,935	Debtors (3,800 -100 -370) 3,800	
Outstanding Salaries	300	Less: Further Bad Debts 100	
Outstanding Taxes	120		3,700
Advance commission	125	Less: Provision for Doubtful Debts @10% (3,700×10%) 370	3,330
		Stock (closing)	5,750
Capital		Fixed Assets	
Opening Balance 12,500		Building 7,500	
Add : Net Profit 3,951	16,451	Less: Depreciation @5% 375	7,125
		Motor vehicles 6,250	
		Less: Depreciation @20% 1,250	5,000
		Furniture & fitting less dep. 640	
		Less: Depreciation @10% 64	576
	22,431		22,431