

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. Give two examples of Non for Profit Organization. [1]
2. Rohit, a businessman, had paid the school fee of his daughter from the business. Is this a business transaction? Give reason. [1]
3. In which accounting outstanding expenses are not recorded? [1]
4. Owner withdraws cash or goods for his personal use, it is known.....? [1]
5. Goods sold for cash Rs 10,000 plus VAT 5%. By what amount sales A/c would be credited? [1]
6. List two values stated by Non for Profit Organization. [1]
7. What amount of stationery will be recorded in Income & Expenditure A/c for the year 2017: [3]

	2016 (₹)	2017 (₹)
Stock of Stationery	3,000	500
Creditors for Stationery	2,000	1,300
Advance Stationery	200	1,300
Amount paid for Stationery	-	10,800

8. Calculate Closing Stock if [3]
Cash sales 1.5 times of credit sales
Credit sales ₹1, 20,000
Purchases ₹1, 40,000
Rate of Gross Profit 25% on cost.
9. Give any two differences between Book Keeping and Accounting. [3]
10. Give two differences between cash basis and accrual basis of accounting. [3]
11. Pass journal Entries: [3]
 1. An old machine with book value of 40,000 is exchanged for a new machine of 1,20,000. The old machine is valued at 30,000 for the exchange purpose by X Ltd.
 2. Rent paid ₹6,000, half of premises used by owner for his personal use.
 3. Ram became insolvent and a final dividend of 50 paise in a rupee was received for a debt of ₹1,000

12. Explain the following terms: [3]

1. Stock
2. Loss
3. Depreciation

13. Rectifying the following errors: [4]

1. Total of Returns inward book ₹800 was not posted.
2. Purchase of ₹750 from Shyam wrongly entered in sales book.
3. An item of ₹45 has been debited to a personal A/c as ₹54.
4. ₹1,000 paid as salary to a manager has been debited to his personal A/c.

14. Mrs. Payal started a business with a capital of ₹6, 00,000 on 1 July 2008. She took a loan of ₹1,00,000 from her friend @ 10% p.a. and introduced ₹2, 00,000 as additional capital. On 31 December 2008 her position was as:

Cash ₹90,000, Stock ₹5, 90,000, Debtors ₹6, 00,000, Creditors ₹3, 00,000.

She withdrew ₹10,000 p.m. for personal use. Find out profit or loss presuming interest on loan is yet to be paid. [4]

15. Prepare a Trial Balance: [4]

Particulars	(₹)
Capital	1,00,000
Machinery	20,000
Purchases	2,10,000
Drawings	16,000
Sales	2,00,000
Sales Returns	20,000
Purchase Returns	30,000
Wages	40,000
Discount Allowed	6,000
Bank loan	90,000
Stock	16,000
Roopa (Dr.)	20,000
Cash	54,000
Goodwill	60,000
Interest Received	15,000
Bank O/D	22,000
Nathu (Dr.)	55,000
Ganesh (cr.)	25,000
Reena (cr.)	35,000

16. (a) State with reason whether the following are revenue or capital expenditure: [2]

1. ₹1,000 spent on repairing a second hand machine before put to use.
2. ₹5,000 on repainting the factory.

(b) What do you mean by Specific Reserve? [2]

17. (a) Calculate total assets: [2]

Capital ₹40,000, Creditors ₹30,000, Revenue earned ₹75,000, Expenses ₹20,000.

(b) What are Accounting Vouchers? [2]

18. (a) P purchased 1,000 Sq. Meter Land for ₹3 crores to build a factory. At the end of the year market value of land was ₹2.70 crores. P treated ₹30 lakhs as loss and recorded the land at ₹2.70 crores. Is this a correct treatment? [2]
 (b) Shibani dealing in electronic goods sold 20 TV sets costing 30,000 each at ₹40,000 each. Out of this ₹5,00,000 were received in cash and the balance is not received yet. State the amount of revenue. [2]
 (c) The factory workers of XYZ Ltd. went on a labour strike as a result the production had to stop for a week. The owner estimated the loss of production and the likely loss of profit due to this situation and accordingly directed his accountant to book a loss in the accounts. The accountant did the same. Was the accountant correct in recording the likely loss? Give suitable reasons in support of your answer. [2]
19. Prepare two column cash book. [6]
 Jan. 01 Balance of cash ₹20,000 and Bank 13,800
 Jan. 02 Received from Raman ₹900 and discount allowed ₹100.
 Jan. 05 Sold goods for cash 5,000 and deposited half amount into the bank.
 Jan. 07 Paid salary ₹2,500
 Jan. 10 Settled account of Karan Traders ₹10,000 by paying in cash ₹9,500.
 Jan. 14 Received from Murli on behalf of Kurli ₹4,500
 Jan. 20 Settled a debt of ₹1,200 by cheque receiving a discount of 5%.
 Jan. 22 Drew ₹500 from bank and paid donation.
 Jan. 27 Received repayment of loan ₹8,000 and deposited out of ₹6,500 it into the bank.
20. Prepare a bank reconciliation statement. [6]
 (i) Debit Balance shown by bank statement ₹20,000
 (ii) Cheques of ₹16,500 were issued in last week of March but only of ₹11,000 were presented for the payment.
 (iii) A bill of exchange of ₹2,000 discounted with the bank was returned dishonoured but no entry made in the cash book.
 (iv) A cheque of ₹5,000 received from Mr. Nikhil on March 24, 2017 was recorded in the discount column of Cash Book and was not banked.
 (v) As per the bank pass book, bank collected ₹2,500 as interest on securities and charged ₹700 & ₹200 as interest on loan and bank charges. These were not recorded in the Cash Book.
 (vi) Credit transfer of ₹1,000 was not recorded in the Cash Book.
 (vii) Interest debited by bank but not recorded in the Cash Book ₹1,500.
21. Pass journal entries in the books of A. [6]
 A sold goods to B for ₹10,000 on December 10, 2016 and drew a bill for the same amount payable after 3 months. The bill was accepted by B which was later discounted for ₹9,500 by A on January 02, 2017. On the due date bill was dishonoured. B paid ₹4,200 immediately including Rs 200 as interest and accepted a new bill for ₹6,000. The new bill was endorsed by A to C, one of his creditor for Rs 6,000. The new bill was duly met by B.
22. A company purchased a machine for ₹5,00,000 (including a boiler worth for ₹1,00,000). Company provides depreciation @10% as per straight line method. After four years boiler became useless and it was discarded for ₹20,000. Prepare machine A/c for four Years. [6]
23. Prepare final accounts for the year 31.03.2017. [8]

Particulars	Debit (₹)	Credit (₹)
Furniture	6,400	
Motor vehicles	62,500	
Building	75,000	
Capital		1,25,000

Bad debts	1,250	
Provision for d/d		2,000
Debtors / Creditors	38,000	25,000
Stock	34,600	
Purchases / Sales	54,750	1,54,500
Bank O/D		28,500
Returns	2,000	1,250
Advertisements	4,500	
Interest	1,180	
Commission		3,750
Cash	6,500	
Taxes and insurances	12,500	
General expenses	7,820	
Salary	33,000	

Adjustments:

1. Stock on 31.03.2017 ₹32,500
2. Salary outstanding ₹3,000
3. Depreciation on building @5%
4. Write off ₹1,000 as bad debts and create a provision of 5% on debtors.
5. 1/3 of commission received is in respect for next year.

24. Prepare Income and Expenditure A/c for the year ending 31.12.2017 and Balance sheet:

[8]

Receipts	₹	Payments	₹
Balance b/d	95,000	Salary	1,65,000
Subscriptions	3,30,000	Sports equipment	2,00,000
Interest on investment (@8%p.a for full year)	20,000	Balance c/d	80,000
	4,45,000		4,45,000

Additional information:

1. Club received ₹10,000 for subscription in 2016 for 2017.
2. Salary has been paid for 11 months.
3. Stock of sports equipment as on 31.12.2016 ₹1,50,000 and on 31.12.2017 ₹3,25,000.

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Solutions

Answer 1

Hospitals, schools, and Sports Club all are categorized as Not for Profit Organisations.

Answer 2

No, payment of school fees for daughter is not regarded as a business transaction. It would be treated as a personal expenditure.

Answer: 3

Cash Basis of Accounting records a transaction based upon inflow and outflow of cash. Accordingly, outstanding expenses will not be recorded under this system.

Answer 4

Withdrawal of cash or goods/services for personal use is regarded as Drawings.

Answer 5

The entry to record this sale would be:

Cash or Bank or Debtors A/c	Dr.	10,500	
To Sales A/c			10,000
To VAT Collected A/c			500

Thus, Sales A/c will be credited by ₹10,000.

Answer 6

- (i) Justice to use Funds
- (ii) Respect for Revenue
- (iii) Equality

Answer 7

Amount will be recording in Income & Expenditure A/c:

Particulars	₹
Amount paid for stationery	10,800
Add: Outstanding of CY	1,300
Less: Outstanding of PY	2,000
Add: Stock of PY	3,000
Less: Stock of CY	500
Add: Advance of PY	200
Less: Advance of CY	1,300
	11,500

Answer 8

Calculation of Closing Stock:

Cash Sales=1, 20,000 × 1.5=₹1, 80,000

Total Sales=1, 20,000+1, 80,000=₹3,00,000

$$\text{Gross Profit} = 3,00,000 \times \frac{25}{125} = ₹60,000$$

$$\text{Cost of Goods Sold} = 3,00,000 - 60,000 = ₹2,40,000$$

$$\begin{aligned} \text{Closing Stock} &= \text{Cost of Goods Sold} - \text{Purchases} - \text{Opening Stock} \\ &= 2,40,000 - 1,40,000 - 40,000 \\ &= ₹60,000. \end{aligned}$$

Answer 9

Book Keeping	Accounting
It is a primary stage and regarded as basis for accounting	It is secondary stage and begins where the book keeping ends.
It is a routine task performed by junior staff.	It is a specialised function performed by senior staff.

Answer 10

Cash basis of accounting	Accrual basis of accounting
It records only cash transactions.	It records both cash and credit transactions.
It does not show true profit because it records partial transactions.	It shows true profit because it records all transactions

Answer 11

Journal

Sr. No.	Particulars	L.F.	Debit (₹)	Credit (₹)
1.	Machine A/c (New) Dr. Profit & Loss A/c Dr. To Machine A/c (Old) To X Ltd. A/c (Being Old Machine exchanged)		1,20,000 10,000	30,000 1,00,000
2.	Rent A/c Dr. Drawings A/c Dr. To Cash A/c (Being Rent paid)		3,000 3,000	6,000
3.	Cash A/c Dr. Bad Debts A/c Dr. To Ram A/c (Being Final amount received)		500 500	1,000

Answer 12

1. Stock: It is the tangible asset held by an enterprise for the purpose of sale in the ordinary course of business or for the purpose of using it in the production of goods meant for sale. Stock may include:
Stock of Finished Goods.
Work-in-Progress.
Stock of Raw Materials.
2. Loss: Excess of expenses of a period over its revenues. Losses lead to decrease in the owner's equity. It includes both the operating losses and the money or money worth lost in other activities where business received no benefit, like loss by theft.

3. Depreciation: Reduction or fall in the value of asset due to its usage or with efflux of time or obsolescence or accident. It is actually allocation of cost of fixed asset over its expected useful life.

Answer 13

Rectifying Journal Entries

Sr. No.	Particulars	L.F.	Debit (₹)	Credit (₹)
1.	Sales Returns A/c Dr. To Suspense A/c (Rectifying entry made)		800	800
2.	Purchases A/c Dr. Sales A/c Dr. To Shyam A/c (Rectifying entry made)		750 750	1,500
3.	Suspense A/c Dr. To Personal A/c (Rectifying entry made)		9	9
4.	Salary A/c Dr. To Manager's Personal A/c (Rectifying entry made)		1,000	1,000

Answer 14

Statement of Affairs

as on 31.12.2008

Liabilities	₹	Assets	₹
Creditors	3,00,000	Cash	90,000
Loan	1,00,000	Stock	5,90,000
Interest on Loan	5000	Debtors	6,00,000
Capital (<i>Balancing Figure</i>)	8,75,000		
	12,80,000		12,80,000

Statement of Profit or Loss

for the half year ended December 31, 2008

Particulars	₹
Capital at the end of the year	8,75,000
Add: Drawings made during the year	60,000
Less: Additional capital introduced during the year	2,00,000
Adjusted capital at the end of the year	7,35,000
Less: Capital in the beginning of the year	6,00,000
Net Profit (Profit After Adjustment)	1,35,000

Answer 15**Trial Balance**

Particulars	Dr. (₹)	Cr. (₹)
Capital		1,00,000
Machinery	20,000	
Purchases	2,10,000	
Drawings	16,000	
Sales		2,00,000
Sales Returns	20,000	
Purchase Returns		30,000
Wages	40,000	
Discount Allowed	6,000	
Bank loan		90,000
Stock	16,000	
Roopa (Dr.)	20,000	
Cash	54,000	
Goodwill	60,000	
Interest Received		15,000
Bank O/D		22,000
Nathu (Dr.)	55,000	
Ganesh (cr.)		25,000
Reena (cr.)		35,000
Grand Total	5,17,000	5,17,000

Answer 16

- (a) Capital expenditure is the amount spent by business to acquire or upgrade physical assets. The amount spent on repairing the second hand machinery before it is put to use is added to the cost of asset and accordingly regarded as Capital Expenditure.

Cost of repainting factory premises is regarded as a normal operational expenditure and would be treated as a Revenue Expenditure.

- (b) Specific Reserve: Reserve is an appropriation of profit. And when such appropriation is made for some specific purpose and such reserve can be utilized for only that purpose, it is termed as specific reserve. It includes reserves like Dividend Equalisation Reserve, created to maintain a steady rate of dividend.

Answer 17

- (a) Total Assets = Capital + Liabilities + Profit (Revenue – Expenses)

$$= 40,000 + 30,000 + 55,000 (75,000 - 20,000) = ₹1,25,000$$

- (b) **Accounting Vouchers:** it is a written document containing an analysis of business transactions for accounting and recording purposes, prepared by the accountant on the basis of supporting vouchers and signed by another authorised person. Accounting vouchers are of two types: (i) Cash vouchers and (ii) Non-cash Vouchers or Transfer Vouchers.

Answer 18

- (a) No, P is not correct in recording the land. This is because he has violated the Historical Cost Concept that states an asset should be recorded in the books at the price paid for.
- (b) $20 \times 40,000 = ₹8,00,000$. As per, Revenue Recognition Principle, revenue is considered to have been realised when a transaction has been entered into and the obligation to receive the amount has been established.
- (c) No, it is incorrect to record the above loss because only those transactions and events are recorded in the books of accounts if they can be measured in monetary terms. In this case, evidence to the effect of loss is missing on the basis of which the loss can be measured and recorded.

Answer 19**Cash Book****Dr.****Cr.**

Date	Particulars	L.F.	Cash (₹)	Bank (₹)	Date	Particulars	L.F.	Cash (₹)	Bank (₹)
2017					2017				
Jan. 01	To Balance b/d		20,000	9,800	Jan. 07	By Salary A/c		2,500	
Jan. 02	To Raman A/c		900		Jan. 10	By Karan Traders A/c		9,500	
Jan. 14	To Kurli's A/c		4,500		Jan. 20	By Debt A/c			1,140
Jan. 05	To Sales A/c		2,500	2,500	Jan. 22	By Donation A/c			500
Jan. 27	To Loan A/c		1,500	6,500	Jan. 31	By Balance c/d		17,400	17,160
			29,400	18,800				29,400	18,800

Answer 20**Bank Reconciliation Statement***as on 31st March 2017*

S. No.	Particulars	+	-
		(₹)	(₹)
(i)	Overdraft Balance as per the Pass Book		20,000
(ii)	Cheque issued but not presented		5,500
(iii)	Bill dishonoured but not recorded in Cash Book	2,000	
(v)	Interest on Securities collected and credited by bank		2,500
(v)	Bank charges charged by bank and not recorded in Cash Book	900	
(vi)	Credit transfer not recorded in Cash Book		1,000
(vii)	Interest debited by bank but not recorded in Cash Book	1,500	
	Overdraft (Credit Balance) as per Cash Book	24,600	
		29,000	29,000

*Entry (iv) will not affect the BRS as it has not been recorded in Cash Book (Bank Column) and also has not been banked.

Answer 21

**In the books of A's
Journal**

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
Dec. 10, 2016	B's A/c Dr. To Sales A/c (Being Goods sold)		10,000	10,000
Dec. 10, 2016	Bills Receivable A/c Dr. To B's A/c (Being Acceptance received)		10,000	10,000
Jan. 02, 2017	Bank A/c Dr. Discounting Charges A/c Dr. To Bills Receivable A/c (Being Bill discounted)		9,500 500	10,000
Mar. 13, 2017	B's A/c Dr. To Bank A/c (Being Bill dishonoured)		10,000	10,000
Mar. 13, 2017	B's A/c Dr. To Interest A/c (Being interest due)		200	200
Mar. 13, 2017	Cash A/c Dr. Bills Receivables(New) A/c Dr. To B's A/c (Being Bill Renewed)		4,200 6,000	10,200
Mar. 13, 2017	C's A/c Dr. To Bills Receivable(New) A/c (Being New Bill endorsed to C)		6,000	6,000

Answer 22

Machinery Account

Dr.

Cr.

Date	Particulars	₹	Date	Particulars	₹
Year 1.	To Bank A/c (1,00,000+4,00,000)	5,00,000	Year 1.	By Depreciation A/c (10,000+40,000) By Balance c/d (90,000+3,60,000)	50,000 4,50,000
		5,00,000			5,00,000
2.	To Balance b/d (90,000+3,60,000)	4,50,000	2.	By Depreciation A/c (10,000+40,000) By Balance c/d (80,000+3,20,000)	50,000 4,00,000

		4,50,000			4,50,000
3.	To Balance b/d (80,000+3,20,000)	4,00,000	3.	By Depreciation A/c (10,000+40,000) By Balance c/d (70,000+2,80,000)	50,000 3,50,000
		4,00,000			4,00,000
4.	To Balance c/d (70,000+2,80,000)	3,50,000	4.	By Depreciation A/c (on M1 for 12 months) By Bank A/c (Sale of M1) By Profit and Loss A/c (Loss on Sale) By Depreciation By Balance c/d	10,000 20,000 40,000 40,000 2,40,000
		3,50,000			3,50,000

Answer 23

Financial Statement of _____.

Trading Account

for the year ended 31.03.2017

Dr.

Cr.

Particulars	₹	Particulars	₹
To Opening Stock	34,600	By Sales	1,54,500
To Purchases	54,750	Less: Return Inwards	2,000
Less: Return Outwards	1,250	By Closing Stock	32,500
To Carriage			
To Gross Profit c/d (Balancing Figure)	96,900		
	1,85,000		1,85,000

Profit and Loss Account

for the year ended March 31, 2017.

Dr.

Cr.

Particulars	₹	Particulars	₹
To Salary (33,000+3,000)	36,000	By Gross Profit b/d	96,900
To Bad Debts	1,250	By Commission (3,750 – 1,250)	2,500
Add: new bad debts	1,000		
Add: New provision	1,850		
Less: old provision	2,000		
To Advertisement	4,500		
To Interest	1,180		
To Tax	12,500		
To General Expenses	7,820		
To Net Profit c/d (Balancing Figure)	31,550		
	99,400		99,400

Balance Sheet
as on March 31, 2017

Liabilities	₹	Assets	₹
Capital 1,25,000			
Add: Net Profit 31,550	1,56,550	Building 71,250	
		Furniture 6,400	
Current Liabilities		Cash in Hand 6,500	
Bank O/D 28,500		Closing Stock 32,500	
Advance Commission 1,250		Debtors (38,000 – 1,000 – 1,850) 35,150	
Outstanding Salary 3,000		Motor vehicles 62,500	
	2,14,300		2,14,300

Answer 24

Income and Expenditure Account
for the year ending 31.12.17

Dr.

Cr.

Expenditure	₹	Income	₹
To Salary (1,65,000+15,000)	1,80,000	By Subscription 3,30,000	
To Consumed Sports Equipment (2,00,000+1,50,000–3,25,000)	25,000	Add :Advance of 2016 10,000	3,40,000
To Surplus (Excess of Income over Expenditure)	1,55,000	By Interest on Investment	20,000
	3,60,000		3,60,000

Balance Sheet
as on 31.12.17

Liabilities	₹	Assets	₹
Capital Fund 4,85,000		Investment 2,50,000	
Add: Surplus 1,55,000	6,40,000	Sports equipment 3,25,000	
Outstanding Salary 15,000		Cash 80,000	
	6,55,000		6,55,000

Balance Sheet
as on 31.12.16

Liabilities	₹	Assets	₹
Advance Subscription 10,000		Investment 2,50,000	
Capital Fund (Balancing Figure) 4,85,000		Sports equipment 1,50,000	
		Cash 95,000	
	4,95,000		4,95,000