
SAMPLE PAPER- (solved)

For Examination March 2017

ACCOUNTANCY

Class – XI

Time allowed: 3 hours

Maximum Marks: 90

General Instructions:

- 1. This question paper contains Two parts A & B.*
 - 2. Both the parts are compulsory for all.*
 - 3. All parts of questions should be attempted at one place.*
 - 4. Marks are given at the end of each question.*
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Part – A (Financial Accounting – I)

- Accounting provides information about the profitability and financial soundness of a concern. In addition, it provides various other valuable information also. However, accounting has certain Limitations? Explain the limitation which is concerned with the manipulation of accounts. [1]
 - When a person wants to deposit checks or cash in his bank account he customarily fills out a slip to show the number of his account, the date, and the details of the deposit. What is this slip called? [1]
 - Vinod & Sons received an order form Karbon Textile Co. for Rs.35,00,00. Will it be recorded in the books of account of the firm? Give Reason. [1]
 - Some small traders follow a system of accounting under which only Personal Accounts and Cash Book are maintained. Name this system of accounting. [1]
 - Accounting provides qualitative information about the financial transactions which are useful in making economic decisions. Accounting collects, records, classifies and summarises the financial information which is communicated to its users. In the same context explain any three external users of accounting. [3]
 - Which of the following items will take place in the debit side & credit side of Trial Balance? [3]
Loan given to Mohan Rs.1,00,000; Trade Receivables Rs.50,000; Livestock Rs.30,000; Drawings Rs.10,000. Preliminary Expenses Rs.20,000; Investment Rs.50,000; Interest on investment Rs.5,000. Capital Rs.1,85,000; Advance from
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Sohan Rs.35,000; Bank overdraft Rs.15,000; Provision for doubtful debts Rs. 8,000; General Reserve Rs.12,000.

7. International Financial Reporting Standards (IFRS) are designed as a common global language for business affairs so that company accounts are understandable and comparable across international boundaries. Give any three objective of International Financial Reporting Standards (IFRS). [3]
8. Explain the following Assumptions/Principles of Accounting: [3]
 - (i) Going Concern Assumption
 - (ii) Consistency Assumption
 - (iii) Matching Principle
9. Give any four examples of Provisions and four examples of Reserves. [4]
10. Fill in the blanks and complete the Journal Entries. [4]

----- A/c Dr.	?
To -----	?
To -----	?

(Being cash paid to Vinod in full settlement after deducting 5% discount i.e. Rs.500)

----- A/c Dr. ?
To ----- ?
(Being 40% cash received on account of recovery of a bad debt of Rs.20,000
which was previously written off)

-----A/c Dr. ?
-----A/c Dr. ?
To ----- ?

(Being 60% amount received from official receiver of Mukesh on his account of Rs.1,000)

----- A/c Dr. ?
To ----- ?
(Being additional capital introduced in the business Rs.20,000)

11. On 1st January, 2014, A drew a bill on B for Rs.10,000 payable after 3 months. B accepted the bill and returned it to A. After 10 days, A endorsed the bill to his creditor, C. On the due date, the bill was dishonoured and C paid Rs.200 as noting charges. Record the transactions in the books of A, B and C. [4]
12. Prepare Cash Book with Bank Column of Vinod & Sons from the following [4]

transactions:

Jan. 1	Cash in hand Rs.100 and Bank Balance.....	Rs.2,000
Jan. 5	Purchased goods by Cheque.....	Rs.1,200
Jan. 6	Drew Cheque for office use	Rs.50.
Jan. 7	Purchased Stationery for Cash.....	Rs.10
Jan. 8	Received cheque from Mr.X and sent to bank.....	Rs.125.
Jan. 10	Carriage paid in cash.....	Rs.33.
Jan. 12	Z paid us cheque.....	Rs.175
Jan. 12	Paid Mr. A by cheque.....	Rs.195
Jan. 27	Received cheque for sales.....	Rs.200.

13. M/s Vinod & Sons showing following transactions. Prepare accounting equation for the same: [4]
- (i) Commenced business with cash..... Rs.3,00,000.
 - (ii) Purchased goods for cash..... Rs.80,000.
 - (iii) Purchased machinery on credit..... Rs.1,25,000.
 - (iv) Purchased old car for personal use for Rs.1,00,000.
14. Prepare a Bank Reconciliation Statement on 31 December 2009 for the following when overdraft as per pass book is Rs.20,000: [6]
- (1) Cheques issued, but not presented for payment Rs.25,000.
 - (2) Interest on bank overdraft charged by the bank, but not entered in cash book Rs.1,000.
 - (3) Cheque deposited but not collected Rs.22,000.
 - (4) Insurance premium Rs.500 paid by bank under s standing order but not recorded in cash book.
15. On January 01 2011, Vinod Transport Co. purchased five trucks for Rs. 20,000 each. Depreciation has been provided at the rate of 10% p.a. using straight line method and accumulated in provision for depreciation account. On January 01, 2012, one truck was sold for Rs. 15,000. On July 01, 2013, another truck (purchased for Rs. 20,000 on Jan 01, 2011) was sold for Rs. 18,000. A new truck costing Rs. 30,000 was purchased on October 01, 2013. You are required to prepare trucks account, Provision for depreciation account and Truck disposal account for the years ended on December 2011, 2012 and 2013 assuming that the firm closes its accounts in December every year. [8]
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Part – B (Financial Accounting – II)

16. What is meant by Provision? [1]
17. Give one advantage of Single Entry System. [1]
18. Record the following items of a Non-profit organisation: [3]
Tournament Fund..... Rs.2,00,000
Tournament Expenses..... Rs.60,000
Receipts from Tournament..... Rs.80,000.
19. From the following find out the additional capital introduced during the year: [3]
Opening capital..... Rs.2,60,000
Closing capital..... Rs.4,00,000
Drawings made during the period..... Rs.1,00,000
Profit made during the year..... Rs.2,00,000
20. Vinod Traders maintain his books of Accounts on Single entry system. His books [6]
provide the following information.
- | Particulars | April 1, 2015 | March 31, 2016 |
|------------------|---------------|----------------|
| Furniture | 200 | 200 |
| Stock | 2,800 | 3,800 |
| Debtors | 2,100 | 3,400 |
| Cash | 150 | 200 |
| Creditors | 1,750 | 1,900 |
| Bill Receivables | -- | 300 |
| Loan given | -- | 500 |
| Investments | -- | 1,000 |
- His drawings were Rs.500. Prepare the Statement showing profit for the year.
21. Calculate value of Opening Stock from the following information: [6]
Cash sales Rs.80,000; credit sales Rs.3,30,000; sales return Rs.10,000; Purchases Rs.2,48,000; Purchase return Rs.8,000; carriage inwards Rs.16,000; closing stock Rs.72,000; Rate of gross profit is 40% on sales.
22. Explain the Tailor-made software. [6]
23. From the following prepare Income and Expenditure Account on 31-12-2006: [6]

Receipts	Amount	Payments	Amount
To Balance b/d	1,90,000	By Salaries	3,30,000
To Subscription	6,60,000	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
	8,90,000		8,90,000

Additional Information:

- (i) The club had received Rs.20,000 for subscriptions in 2005 for 2006.
- (ii) Salaries had been paid only for 11 months.
- (iii) Stock of sport equipment on 31st December, 2005 was Rs.3,00,000 and on 31st December 2006 Rs.6,50,000.

24. From the following Trial Balance of M/s.Vinod and Sons as on 31st December. [8]
2009, prepare Trading and Profit & Loss Account and Balance Sheet.

Particulars	Amount	Particulars	Amount
Opening Stock	11,300	Capital	20,000
Purchases	40,000	Loan	5,000
Sales Return	300	Creditors	8,000
Gas and Water	480	Sales	55,000
Cash in hand	1,000	Purchase return	580
Cash at bank	5,700	Commission	500
Salaries and wages	800	Bill Payable	1,500
Rent, Rate & Taxes	700		
Wages	1,250		
Insurance	1,000		
Carriage	750		
Discount	300		
Debtors	10,000		
Machinery	7,000		
Building	10,000		
	90,580		90,580

Adjustments:

- (i) Stock in hand on 31-12-2009 Rs.12,300.
- (ii) Outstanding wages Rs.200 and Salaries Rs.100.
- (iii) Accrued Commission Rs.300.
- (iv) Create 5% provision for bad and doubtful debts.
- (v) Charge 10% depreciation on Machinery.

Solution Sample Paper 01

1. Manipulation in accounts is also termed as Window Dressing. It presents the financial statements in a better way than what it actually is. In such a case, it is difficult to understand the actual financial position of the business.
2. Pay-in-slip.
3. It will not be recorded in the books because it is not a transaction.
4. Single Entry System.
5. Users of accounting information:
 - (1) Creditors: The persons to whom business owes money are the creditors of the business. Since they have advanced some money or money's worth to the business, their fate is tagged to the prosperity of the concern.
 - (2) Potential Investors : It is only after getting a detailed information about the profitability of the concern that investors take decisions regarding investment to be made in that particular business. Accounting information is of great use to them in this connection.
 - (3) Government: Accounting information is required by the government for fixing sales tax, assessing the profitability of the concern, computing national income and determining the growth rate of industry.
6. Trial Balance

Particulars	Debit	Credit
Loan given to Mohan	1,00,000	
Trade Receivables	50,000	
Livestock	30,000	
Drawings	10,000	
Preliminary Expenses	20,000	
Investment	50,000	
Interest on investment		5,000
Capital		1,85,000
Advance from Sohan		35,000
Bank overdraft		15,000
Provision for doubtful debts		8,000
General Reserve		12,000
Total	2,60,000	2,60,000

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7. The IFRS Foundation is an independent, not-for-profit private sector organisation working in the public interest. Its principal objectives are:
- (1) To develop a single set of high quality, understandable, enforceable and globally accepted International Financial Reporting Standards (IFRS) through its standard-setting body, the IASB;
 - (2) To promote the use and rigorous application of those standards;
 - (3) To take account of the financial reporting needs of emerging economies, small and Medium-sized entities (SMES); and
 - (4) To bring about convergence of National Accounting Standards and IFRS to high quality solutions.

8. **Going Concern Assumption:** This assumption assumes that every business has a long and indefinite life. Since financial statements are prepared on the basis of this assumption, all fixed assets are shown in the books at their cost ignoring their market value. In fact market value of a fixed asset has no relevance under this assumption, since these assets are acquired for continuous use in the business and not to sell them at a profit. It is a gain even though they may be unsaleable.

Consistency Assumption: The accounting information provided by the financial statements would be useful in drawing conclusions regarding the working of an enterprise only when it allows comparisons over a period of time as well as with the working of other enterprises. Thus, both inter-firm and inter-period comparisons are required to be made. This can be possible only when accounting policies and practices followed by enterprises are uniform and are consistent over the period of time.

Matching Concept: This principle states that it is necessary to charge all the expenses Incurred to earn revenue during the accounting period against that revenue, in order to Ascertain the net income or trading results of the business. The matching principle Which is so closely related to accrual principle and accounting period principle helps a Businessman in realising his objective i.e. in ascertaining the trading results or profit Or loss from the business.

9. Four Examples of Provisions (i) Provision for doubtful debts (ii) Provision for Depreciation (iii) Provision for Taxation (iv) Provision for Repairs
Four Examples of Reserves: (i) General Reserve (ii) Capital Reserve (iii) Securities Premium Reserve (iv) Specific Reserve i.e. Dividend Reserve & Capital Redemption Reserve etc.

10. Journal Entries.

Vinod's A/c Dr.	10,000	
To Cash A/c		9,500
To Discount Received		500

(Being cash paid to Vinod in full settlement after deducting 5% discount i.e. Rs.500)

Cash A/c Dr. 8,000

To Bad Debts Recovered 8,000

(Being 40% cash received on account of recovery of a bad debt of Rs.20,000 which was previously written off)

Cash A/c Dr. 600

Bad Debts A/c Dr. 400

To Mukesh 1,000

(Being 60% amount received from official receiver of Mukesh on his account of Rs.1,000)

Cash A/c Dr. 20,000

To Capital A/c 20,000

(Being additional capital introduced in the business Rs.20,000)

11. A's Journal

2011				
Jan. 1	Bills Receivable A/c	Dr.	10,000	
	To B			10,000
	(Being acceptance received)			
Jan. 11	C	Dr.	10,000	
	To Bills Receivable A/c			10,000
	(Being bill endorsed to C)			
April 4	B	Dr.	10,200	
	To C			10,200
	(Being bill dishonoured and noting charges paid by C)			

B's Journal

2011				
Jan. 1	A	Dr.	10,000	
	To Bills Payable			10,000
	(Being acceptance given)			
April. 4	Bills Payable A/c	Dr.	10,000	
	Noting Charges A/c	Dr.	200	
	To A			10,000
	(Being bill dishonoured and noting charges paid)			

C's Journal

2011				
Jan. 11	Bills Receivable	Dr.	10,000	
	To A			10,000
	(Being bill received from A)			
April. 4	A	Dr.	10,200	
	To Bills Receivable		10,000	
	To Cash A/c		200	
	(Being bill dishonoured and noting charges paid)			

12. Cash Book

Date	Particulars	L.F	Cash	Bank	Date	Particulars	L.F	Cash	Bank
Jan 1	To Balance b/d		100	2,000	Jan. 5	By purchase			1,200
6	To Bank	C	50		6	By cash	C		50
8	To X			125	7	By stationery		10	
12	To Z			175	10	By Carriage		33	
27	To Sales			200	20	By Mr. A			195
					31	By Bal. c/d		107	1,055
			150	2,500				150	2,500
Feb 1	To Balance b/d		107	1,055					

13. Accounting Equation

Particulars	Assets			=	Liabilities	
	Cash	+ Stock	+ Machinery	=	Creditors	+ Capital
(i) Commenced Business	3,00,000	+ 0	+ 0	=	0	+ 3,00,000
(ii) Purchased goods	(80,000)	+ 80,000	+ 0	=	0	+ 0
New Equation	2,20,000	+ 80,000	+ 0	=	0	+ 3,00,000
(iii) Purchased Machine	0	+ 0	+ 1,25,000	=	1,25,000	+ 0
New Equation	2,20,000	+ 80,000	+ 1,25,000	=	1,25,000	+ 3,00,000
(iv) Purchased car	(1,00,000)	+ 0	+ 0	=	0	+ (1,00,000)
Final Equation	1,20,000	+ 80,000	+ 1,25,000	=	1,25,000	+ 2,00,000

14. Bank Reconciliation Statement

<i>Particulars</i>	<i>Detail Amount Rs.</i>	<i>Detail Amount Rs.</i>
Balance as per passbook (overdraft)		20,000
Add: Cheque issued but not presented		<u>25,000</u>
		45,000
Less: Insurance premium paid by the bank	500	
Cheque deposited but not cleared	22,000	
Interest on Overdraft	<u>1,000</u>	<u>23,500</u>
Balance as per cash book (overdraft)		21,500

15. Truck Account

Date	Particulars	Amount	Date	Particulars	Amount
2011 Jan 1	To Bank	1,00,000	2011 Dec.31	By Balance c/d	1,00,000
		1,00,000			1,00,000
2012 Jan. 1	To Balance b/d	1,00,000	2012 Jan. 1	By Asset Disposal	20,000
		1,00,000	Dec 31	By Balance c/d	80,000
					1,00,000
2013 Jan. 1	To Balance b/d	80,000	2013 July 1	By Asset Disposal	20,000
Oct. 1	To Bank A/c	30,000	Dec. 31	By Balance c/d	90,000

Truck Disposal Account

Date	Particulars	Amount	Date	Particulars	Amount
2012	Truck A/c	20,000	2012	Prov. for Dep.	2,000
				Bank A/c	15,000
				P/L A/c	3,000
		20,000			20,000
2013	Truck A/c	20,000	2013	Prov. for Dep.	5,000
	P/L A/c	3,000		Bank A/c	18,000
		23,000			23,000

Provision for Depreciation Account

Date	Particulars	Amount	Date	Particulars	Amount
2011 Dec 31	To Balance c/d	10,000	2011 Dec 31	By Depreciation A/c	10,000
		10,000			10,000
2012 Jan. 1	To Truck Disposal	2,000	2012 Jan. 1	By Balance c/d	10,000
Dec 31	To Balance b/d	16,000	Dec 31	By Depreciation A/c	8,000
		18,000			18,000
2013 Jan. 1	To Truck Disposal	5,000	2013 Jan. 1	By Balance c/d	16,000
Dec 31	To Balance b/d	18,750	Dec 31	By Depreciation A/c	7,750

16. Provision is a charge against the profit. The main purpose of making a provision is to meet a known liability, the amount of which is unknown.
17. Single entry system is less expensive when it is compared to double entry system of book keeping.
18. Balance of Tournament fund to be shown in the liabilities side Rs.2,20,000
 $2,00,000 + 80,000 - 60,000 = 2,20,000$
19. Additional capital = $4,00,000 + 1,00,000 - 2,60,000 - 2,00,000 = 40,000$
20. Statement of Affairs (1 April 1995)

Liabilities	Amount	Assets	Amount
Creditors	1,750	Cash	150
Capital (Bal. fig)	3,500	Debtors	2,100
		Stock	2,800
		Furniture	200
	5,250		5,250

Statement of Affairs (31 March 1996)

Liabilities	Amount	Assets	Amount
Creditors	1,900	Cash	200
Capital (Bal. fig)	7,500	Bill Receivables	300
		Debtors	3,400
		Stock	3,800

		Furniture	200
		Investment	1,000
		Loan	500
	9,400		9,400

21. Trading Account

Particulars	Amount	Particulars	Amount
To Opening Stock (Bal.fig)	56,000	By Sales 4,10,000	
To Purchase 2,48,000		Less: Return <u>10,000</u>	4,00,000
Less: Return 8,000	2,40,000	By Closing Stock	72,000
To Carriage inwards	16,000		
To Gross Profit	1,60,000		
	4,72,000		4,72,000

22. Tailor-made software: Softwares which are developed after the discussion between the user and the developers. These softwares are used for special purpose. For example, softwares for security of data etc.

Advantages of Tailor-made Softwares

- (i) Suitable for large business houses.
- (ii) Level of secrecy and authenticity is reliable.
- (iii) Special training and knowledge is provided to the users.
- (iv) Transactions are recorded properly with accuracy.

Limitations of Customised Softwares

- (i) Very costly (high cost of installation and training).
- (ii) Only large business houses can afford, small business houses cannot afford these software.

23. Income and Expenditure Account

Expenditure	Amount	Income	Amount
To Salary 3,30,000		By Subscriptions	
Add : O/s for month <u>30,000</u>	3,60,000	6,60,000	6,80,000
To Depreciation on sport equipment		Add: Advance	
Opening stock 3,00,000		<u>20,000</u>	40,000
Add: Purchase <u>4,00,000</u>			
7,00,000		By Interest on Investments	
Less: Closing stock <u>6,50,000</u>	50,000		
To Surplus i.e. excess of income over exp.	3,10,000		
	7,20,000		7,20,000

Note: Investment = $40,000 \times 100/8 = 5,00,000$

24.

Trading Account

Particulars	Amount	Particulars	Amount
To Opening Stock	11,300	By Sales	55,000
To Purchases	40,000	Less : Return	<u>300</u>
Less : Return	580	By Closing Stock	12,300
To Gas & Water	480		
To Wages 1,250 + 200	1,450		
To Carriage	750		
To Gross Profit	13,600		
	67,000		67,000

Profit and Loss Account

Particulars	Amount	Particulars	Amount
To Salaries & wages 800 + 100	900	By Gross Profit	13,600
To Rent & Rates	700	By Commission 500 + 300	800
To Insurance	1,000		
To Discount	300		
To Depreciation on Machinery	700		
To Provision for doubtful debts	500		
	10,300		
To Net profit	14,400		14,400

Balance Sheet

Liabilities	Amount	Assets	Amount
Capital	20,000	Building	10,000
Add : Profit	<u>10,300</u>	Machinery less depreciation	6,300
	30,300	Debtors less provision	9,500
Loan	5,000	Closing stock	12,300
Creditors	8,000	Cash at bank	5,700
B/P	1,500	Cash in hand	1,000
Outstanding wages	200	Cash in hand	300
Outstanding salaries	100	Accrued Commission	
	45,100		45,100