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**SAMPLE PAPER- 1 (Solved)**  
**ACCOUNTANCY**  
**Class – XI**

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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)**

1. Give the meaning of Accounting. (1)
  2. What do you mean by Invoice or Bill? (1)
  3. Define Revenue with example? (1)
  4. Give two examples of Fictitious Assets. (1)
  5. Explain any three internal users of Accounting Information. (3)
  6. Rectify the following errors by passing entries:
    - (i) Credit sale of old furniture to Mohan for 1,500 was posted as 5,100.
    - (ii) Goods purchased from David Rs.2,000 passed through sales book.
    - (iii) Sales Book has been totaled Rs.2,000 short. (3)
  7. Write any three objectives of Accounting Standards (AS). (3)
  8. Explain Consistency assumption and Revenue Recognition principle of accounting. (3)
  9. Give any two differences between Reserve and Provision. (4)
  10. Prepare Trial Balance from the following information:  
Capital 1,00,000 ; Drawings 16,000; Machinery 20,000; Sales 2,00,000; Purchases 2,10,000  
Sales return 20,000; Purchases return 30,000; Wages 40,000; Goodwill 60,000; Interest received  
15,000; Discount allowed 6,000; Bank overdraft 22,000; Bank loan 90,000;
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**Debtors:** Nathu 55,000; Roopa 20,000; **Creditors:** Reena 35,000; Ganesh 25,000  
Cash 54,000; Stock on April 01, 2008 16,000. (4)

11. On March 15, 2010 Ramesh sold goods for Rs. 8,000 to Deepak on credit. Deepak accepted a bill of exchange drawn upon him by Ramesh payable after three months. On April, 15 Ramesh endorsed the bill in favour of his creditor Poonam in full settlement of her debt of Rs. 8,250. On May 15, Poonam discounted the bill with her bank @ 12% p.a. On the due date Deepak met the bill. Record the necessary journal entries in the books of Ramesh. (4)

12. Prepare Cash Book with Bank Column of Vinod from the following transactions:

April 1	Cash in hand .....	2,200	
	Cash at Bank .....	5,000	
April 15	Received a Cheque from Naresh.....	1,000	
April 18	Cheque received from Naresh endorsed to Suresh in full settlement.	1,050	
April 10	Paid Life Insurance premium of Mr.Mohan.....	100	
April 13	Received and banked a cheque from Pawan in full settlement .....	750	
April 16	Pawan's Cheque returned dishonoured by bank		
April 20	Deposited into Bank, Balance of Cash in excess of .....	250	(4)

13. Following transactions are of M/s. Vinod Kumar & Sons for the month of April, 2014. Prepare their Purchases Book:

**April 5 Purchase on credit from M/s. Birla Mills:**  
100 pieces long cloth @ Rs.80  
50 pieces shirting @ Rs.100

**April 8 Purchased for cash from M/s. Ambika Mills:**  
50 pieces muslin @ Rs.120

**April 15 Purchased on credit from M/s. Arvind Mills:**  
20 pieces coating @ Rs.1,000  
10 pieces shirting @ Rs.90

**April 20 Purchase on credit from M/s. Bharat Typewriters Ltd:**  
5 typewriters @ Rs.1,400 each (4)

14. Prepare a Bank Reconciliation Statement on 31 May 2012 for the following:

- (1) Cheques issued before May 31, 2012, amounting to Rs. 25,940 had not been presented for encashment.
- (2) Two cheques of Rs. 3,900 and Rs. 2,350 were deposited into the bank on May 31 but the bank gave credit for the same in June, 2012.
- (3) There was also a debit in the passbook of Rs. 2,500 in respect of a cheque dishonoured on 31.5.2012. Prepare a bank reconciliation statement as on May 31, 2012. (6)

15. On 1<sup>st</sup> January, 2005, VK Ltd. Purchased machinery for Rs.2,40,000 and on 30<sup>th</sup> June 2006, it acquired additional machinery at a cost of Rs.40,000. On 31<sup>st</sup> March, 2007, one of the original machine (purchased on 1<sup>st</sup> January, 2005) which had cost of Rs.10,000 was found to have become obsolete and was sold as scrap for Rs.1,000. It was replaced on that date by a new machine costing Rs.16,000. Depreciation is to be provided @ 15% p.a. on the written down value. Show machinery account by following calendar year. (8)

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**Part – B (Financial Accounting – II)**

16. What is Single Entry System? (1)
17. Where will you record a specific donation received, while preparing accounts for a Non-profit organization. (1)
18. In 2014 the subscriptions received were Rs.50,000. These subscriptions include Rs.300 for 2013 and Rs.400 for 2015. On 31<sup>st</sup> December, 2014 subscription due but not received were Rs.500. The corresponding figure on 1<sup>st</sup> January, 2014 was Rs.600. What amounts should be credited to the Income and Expenditure account as subscription for the year 2014? (3)
19. From the following information, find out profit:  
Capital at the end of the year Rs.5,00,000  
Capital in the beginning of the year Rs.7,50,000  
Drawings made during the period Rs.3,75,000  
Additional capital introduced Rs.50,000 (3)
20. The capital of Mr. Vinod Kumar on 1<sup>st</sup> April 2002 was Rs.50,000 and 31<sup>st</sup> March was Rs.48,000. He has informed you that he withdrew from the business Rs.800 per month for his private use. He paid Rs.2,000 for his income tax and the instalment of the loan of his personal house at the rate of Rs.1,500 per month from the business. He had also sold his shares of X Ltd. Costing Rs.10,000 at a profit of 20% and invested half of this amount in the business. Calculate profit/loss of the business. (6)
21. Following is the extract from a Trial Balance:

Particulars	Amount (Dr.)	Amount (Cr.)
Debtors	84,000	--
Bad Debts	2,000	--

Adjustments:

- (i) Write off Rs.4,000 as further bad debts.  
(ii) Create a provision for doubtful debts at 5% on Sundry Debtors.

Show the treatment of above items in final accounts. (6)

22. Explain Readymade and Customized software with their advantages & limitations. (6)

23. Following is the Receipts & Payments Account of a Club for the year ending Dec. 31, 2006:

Receipts	Amount	Payments	Amount
To Balance b/d	1,90,000	By Salaries	3,30,000
To Subscriptions	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
	<b>8,90,000</b>		<b>8,90,000</b>

Additional information:

- (i) The club had received Rs.20,000 for subscription in 2005 for 2006.
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- (ii) Salaries had been paid only for 11 months.  
 (iii) Stock of sports equipment on 31<sup>st</sup> December 2005 was Rs.3,00,000 and on 31<sup>st</sup> December 2006 Rs.6,50,000. Prepare Income & Expenditure Account. (6)

24. From the following Trial Balance of M/s.Vinod and Sons as on 31st March. 2002, prepare Trading and Profit & Loss Account and Balance Sheet.

Particulars	Amount	Particulars	Amount
Capital	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 31-3-2002 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) Write off a further sum of Rs.100 as bad debts and provision for bad debts is to be made equal to 10% on sundry debtors. (8)

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## Solution

1. Accounting is a process of identifying financial transactions, measuring them in monetary terms, and recording, classifying, summarizing, analyzing, interpreting them and communicating the results to the users.
  2. When a seller sells goods on credit, he prepares an invoice or bill with the details of party to whom goods are sold with the quantity of goods and total amount.
  3. Revenue is sum of cash and credit sales which is earned as a result of sale of goods or rendering of services.
  4. (i) Preliminary Expenses      (ii) Deferred Revenue Expenditures
  5. Internal users of Accounting Information:
    - (i) **Proprietors** : The proprietors or owners of the business need accounting information to Estimate the trading results of the business, its financial position towards the end of the accounting period and future prospects of the business.
    - (ii) **Management** : Management requires accounting information for planning and controlling Purposes. By proper use of this information, management can help to improve efficiency and thereby increase profits of the enterprise.
    - (iii) **Employees**: Good results of the business provide a great 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.
  6. (a) Furniture A/c Dr. 3,600 and Mohan Cr. Rs.3,600.  
(b) Purchase A/c Dr.2,000; Sales A/c Dr.2,000 and David Cr.4,000.  
(c) Suspense A/c Dr.2,000 and Sales A/c Cr.2,000.
  7. (i) Facilitates in better understanding of financial statements.  
(ii) Adopts significant accounting policies.  
(iii) Enhancing reliability of financial statements.
  8. **Consistency Assumption**: Accounting practices/method once selected and adopted should be applied consistently year after year. Consistency helps in eliminating personal bias in accounting and makes it comparable. The accounting practices may be changed if necessary or required by the law or accounting standards.  
  
**Revenue Recognition Principle**: According to this principle revenue is considered to have been realised when transaction has been entered into and the obligation to receive the amount has been established.
  9. Differences between Reserve and Provision:
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Reserve	Provision
1. Reserve is an appropriation of profit.	1. A provision is a charge on profit.
2. Main purpose of creating a reserve is to strengthen the financial position and to meet the unforeseen losses or liabilities.	2. Main purpose of provision is to meet the known liability.

10. Trial Balance:

Particulars	Dr.	Cr.
Capital		1,00,000
Drawings	16,000	
Machinery	20,000	
Sales		2,00,000
Purchases	2,10,000	
Sales return	20,000	
Purchases return		30,000
Wages	40,000	
Goodwill	60,000	
Interest received		15,000
Discount allowed	6,000	
Bank overdraft		22,000
Bank loan		90,000
<b>Debtors :</b>		
Nathu	55,000	
Roopa	20,000	
<b>Creditors :</b>		
Reena		35,000
Ganesh		25,000
Cash	54,000	
Stock on April 01, 2008	16,000	
<b>Total</b>	<b>5,17,000</b>	<b>5,17,000</b>

11. Journal of Ramesh

2010

Mar.15	Deepak A/c Dr.	8,000	
	To Sales A/c		8,000
	(Sold goods to Deepak on credit)		
Mar.15	Bills Receivable A/c Dr.	8,000	
	To Deepak A/c		8,000
	(Received Deepak's acceptance for three months)		
Apr.15	Poonam's A/c Dr.	8,250	
	To Bills Receivable A/c		8,000
	To Discount Received A/c		250

## 12. Cash Book

Date	Particulars	L.F	Cash	Bank	Date	Particulars	L.F	Cash	Bank
April 1	To Balance b/d		2,200	5,000	April 10	By Drawings		100	
13	To Pawan			750	16	By Pawan			750
20	To Cash	C		1,850	20	By Bank	C	1,850	
					30	By Balance c/d		250	6,850
			2,200	7,600				2,200	7,600
May 1	To Balance b/d		250	6,850					

## 13. Purchase Book

April 3	<b>M/s. Birla Mills :</b> 100 pieces long cloth @ Rs 80 50 pieces shirting @ Rs.100	8,000 <u>5,000</u>	13,000
April 15	<b>M/s Arvind Mills :</b> 20 pieces coating @ Rs.1,000 10 pieces shirting @ Rs.90	20,000 <u>900</u>	20,900
	<b>Purchase A/c Dr.</b>		<b>33,900</b>

## 14. Bank Reconciliation Statement

<i>Particulars</i>	(+) <i>Amount</i> <i>Rs.</i>	(-) <i>Amount</i> <i>Rs.</i>
1. Balance as per passbook	45,000	
2. Cheques deposited but not collected by the bank (Rs. 3,900+ Rs. 2,350)	6,250	
3. Cheque dishonoured recorded only in passbook	2,500	
4. Cheques issued but not presented for payment		25,940
5. Balance as per cash book		27,810
<b>Total</b>	<b>53,750</b>	<b>53,750</b>

## 15. Machinery Account

Date	Particulars	Amount	Date	Particulars	Amount
2005 Jan 1	To Bank A/c	2,40,000	2005 Dec.31	By Depreciation A/c	36,000
			Dec.31	By Balance c/d	2,04,000
		2,40,000			2,40,000
2006 Jan 1	To Balance b/d	2,04,000	2006 Dec 31	By Depreciation A/c	33,600
June 30	To Bank A/c	40,000	Dec 31	By Balance c/d	2,10,400

2007		2,44,000	2007		2,44,000
Jan 1	To Balance b/d	2,10,400	March 31	By Bank (sale)	1,000
March 31	To Bank A/c	16,000	March 31	By Depreciation A/c	270
			March 31	By P/L A/c	5,954
			Dec.31	By Depreciation A/c	32,276
			Dec.31	By Balance c/d	1,86,900
		2,26,400			2,26,400
2008					
Jan 1	To Balance b/d	1,86,900			

16. Under Single Entry System only personal accounts and cash book are maintained.

17. It is shown in the Liabilities side of Balance Sheet.

18. Analytical Statement

Subscription Already received	50,000	
Less : Relating to year 2013	300	
Received in advance for 2015	<u>400</u>	<u>700</u>
		50,700
Add: Subscriptions due for the year 2014	<u>200</u>	
Subscription to be credited to Income & Exp. A/c	50,900	

Note: Subscription due for the year 2014 is only Rs.200 (500 – 300).

19. Profit = 5,00,000 + 3,75,000 - 7,50,000 – 50,000 = 75,000

20. Profit = closing capital + drawings – additional capital – opening capital

48,000 + (800 x 12 + 2,000 + 1,500 x 12) – 6,000 – 50,000 = 21,600

Note: Profit on sale of shares = 10,000 x 20/100 = 2,000

Additional capital = 10,000 + 2,000 = 12,000/2 = 6,000

21. Profit and Loss Account

Particulars	Amount	Particulars	Amount
Bad debts provision	10,000		

Balance Sheet

Liabilities	Amount	Assets	Amount
		Sundry Debtors	84,000
		Less : Bad debts	4,000
		Less : Provision	<u>4,000</u>
			76,000



## 24. Trading Account

Particulars	Amount	Particulars	Amount
To Opening Stock	3,460	By Sales	15,450
To Purchases	5,475	Less : Return	<u>200</u>
Less : Return	<u>125</u>	By Closing Stock	5,750
To Gross Profit	12,190		
	<u>21,000</u>		<u>21,000</u>

### Profit and Loss Account

Particulars	Amount	Particulars	Amount
To Bad debts provision	395	By Gross Profit	12,190
To Advertisement	450	By Commission (375 – 125)	250
To Interest on Bank overdraft (118 + 85)	203		
To Taxes & Insurance (1,250 + 120)	1,370		
To General Expenses	782		
To Salaries (3,300 + 300)	3,600		
To Dep. on buildings	375		
To Dep. on furniture & fittings	64		
To Dep. on motor vehicles	1,250		
To Net Profit	3,951		
	<u>12,440</u>		<u>12,440</u>

### Balance Sheet

Liabilities	Amount	Assets	Amount
Capital	12,500	Building less depreciation	7,125
Add : Profit	<u>3,951</u>	Motor vehicles less depreciation	5,000
Creditors	2,500	Furniture & fitting less dep.	576
Bank overdraft (2,850 + 85)	2,935	Debtors (3,800 - 100 - 370)	3,330
Advance commission	125	Stock	5,750
Salaries due	300	Cash at bank	600
Taxes due	120	Cash in hand	50
	<u>22,431</u>		<u>22,431</u>