

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. Is Accounting a Science or an Art? [1]
2. What is meant by a Cash Memo? [1]
3. Why are the rules of Debit and Credit same for Liability and Capital? [1]
4. What do you mean by Posting? [1]
5. Write any three objectives of Book-keeping. [3]
6. Rectify the following errors by passing entries: [3]
 - i. ₹2,000 received from Ramesh wrongly entered as from Suresh.
 - ii. The Purchase Book was under cast by ₹300.
 - iii. Total of Sales return was under cast by ₹500
7. Distinguish between Cash Discount and Trade Discount? [3]
8. Explain Revenue Recognition and Verifiable objective concept of accounting. [3]
9. Explain the purpose of creating provisions. [4]
10. Prepare Trial Balance from the following information: Bank overdraft ₹28,000, Cash in hand ₹4,000, Purchase return ₹8,000, Sundry expenses ₹24,000, Sales return ₹16,000, Salaries ₹16,000, Purchases ₹56,000, Sales ₹88,000, Creditors ₹24,000, Debtors ₹16,000, Stock (opening) ₹20,000, Machinery ₹40,000, Capital ₹44,000. [4]
11. Basu accepted a bill drawn by Nandu amounted to ₹4,000 and payable after four months. Nandu discounted it with banker @ 18% per annum. On the due date, bill was dishonoured. Bank paid ₹40 as noting charges. After one month Basu paid the amount due to Nandu. Pass Journal entries in the books of Nandu only. [4]
12. Prepare Single Column Cash Book of Vinod from the following transactions: [4]

Aug. 1	Business started with cash ₹10,000
Aug. 2	Purchased goods for cash ₹6,000
Aug. 5	Purchased furniture for office use ₹1,000.
Aug. 7	Goods sold for cash ₹4,000.
Aug. 9	Goods purchased from Ram on credit ₹4,000.
Aug. 10	Commission received ₹500.
Aug. 15	Paid to Ram ₹2,000.

Aug. 18	Goods sold to Hari on credit ₹5,000.
Aug. 24	Received from Hari ₹4,000.
Aug. 28	Stationery purchased ₹300
Aug. 31	Rent paid ₹700 and withdrew for personal use ₹2,800.

13. Vinod has the following transactions. Show accounting equation for the same: [4]
- Commenced business with Cash ₹50,000; Stock ₹30,000 and Machinery ₹20,000.
 - Goods purchased on credit ₹10,000
 - Rent Received ₹5,000.
 - Sold goods costing ₹9,000 for Cash ₹12,000.
14. Prepare a Bank Reconciliation Statement on 31 December 2009 for the following when overdraft as per pass book is ₹20,000: [6]
- Cheques issued, but not presented for payment ₹25,000.
 - Interest on bank overdraft charged by the bank, but not entered in cash book ₹1,000.
 - Cheque deposited but not collected ₹22,000.
 - Insurance premium ₹500 paid by bank under s standing order but not recorded in cash book.
15. A company purchased on 1st July, 2015 machinery costing ₹30,000. It further purchased machinery on 1st January, 2016 costing ₹20,000 and on 1st October, 2016 costing ₹10,000. On 1st April, 2017, one-third of the machinery installed on 1st July, 2015 became obsolete and was sold for ₹3,000.
The company follows financial year as accounting year.
Show how the Machinery Account would appear in the books of company if depreciation is charged @10% p.a. on Written Down Value Method. [8]
16. The amount paid to obtain license to carry out business is a Capital Expenditure or Revenue Expenditure?[1]
17. What is meant by hardware component of a computer? [1]
18. Opening capital ₹1,40,000, profit for the year ₹40,000, drawings ₹14,000. During the year proprietor sold ornaments of his wife for ₹40,000 and invested the same in the business. Calculate closing capital. [3]
19. From the following information, calculate the amount of subscriptions outstanding for the year 2008-2009: A club has 250 members and each paying an annual subscription of ₹1,000. The Receipts and Payments account for the year showed a sum of ₹2,65,000 received as subscriptions. The following additional information is provided: Subscription outstanding on 31st March, 2008 ₹40,000 Subscription received in advance on 31st March, 2009 ₹30,000 Subscriptions received in advance on 31st March, 2008 ₹12,00 [3]
20. Vinod maintains his account on Single Entry System. Calculate his profit on 31st March, 2013 from the following information: [6]

Particulars	1 April 2012	31 March 2013
Cash in hand	3,000	1,000
Bank Balance	9,000	7,000
Furniture	4,000	4,000
Stock	2,000	6,000
Creditors	8,000	6,000
Debtors	6,000	8,000

During the year his drawings were ₹2,000 and additional capital invested ₹4,000.

21. Calculate value of Opening Stock from the following information: Cash sales ₹80,000; credit sales ₹3,30,000; sales return ₹10,000; Purchases ₹2,48,000; Purchase return ₹8,000; carriage inwards ₹16,000; closing stock ₹72,000; Rate of gross profit is 40% on sales. [6]
22. Explain the Tailor-made software. [6]
23. From the following particulars, prepare Income and Expenditure Account on 31-12-2006: [6]
24. From the following Trial Balance of M/s.Vinod and Sons as on 31st March 2010, prepare Trading and Profit & Loss Account and Balance Sheet. [8]

Particulars	₹	Particulars	₹
Cash at Bank	6,000	Capital	50,000
Cash in hand	900	Sales	1,77,000
Advertisement	2,000	Creditors	25,000
Rent, Rates and Taxes	10,000	Rent Received	525
Carriage on sales	1,200	Purchase Returns	750
Carriage on purchase	750		
Manufacturing wages	10,000		
Salaries	6,000		
Sundry debtors	45,000		
Bank charges	75		
Discount	350		
Opening stock	30,000		
Returns	1,000		
Purchases	60,000		
Plant and machinery	60,000		
Loan to Ram	20,000		

Adjustments:

- Stock in hand at the end ₹35,000.
- Charge 20% of the advertisement this year.
- Charge interest on loan given to Ram @ 9% p.a.
- Create 5% provision for bad and doubtful debts.

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Solutions

Answer 1

Accounting is an Art as well as a Science.

Answer 2

A seller prepares cash memo when goods are sold against cash. Cash memo contains details of goods sold, quantity and rate of each item.

Answer: 3

According to the Business Entity Concept, business is a separate and distinct entity from its owner. That is why capital is treated as a liability and rules of debit and credit for liability and capital are same.

Answer 4

Posting is a process of transferring entries from Journal to the Ledger Account.

Answer 5

Objectives of Book-keeping:

- i. Knowledge of Sale and Purchase of Goods: With the help of account books, a record of total sales and purchases during a particular period can be maintained.
- ii. Knowledge of Income and Expenses: The record of various incomes and expenses is kept in such a way that the net profit or loss during a particular period can be readily ascertained.
- iii. Record of Assets and Liabilities: Another objective of book-keeping is to keep records of various assets and liabilities in such a way that the financial position of the business at the end of the accounting period may be determined.

Answer 6

- i. Suresh Dr.2,000 and Ramesh Cr.2,000
- ii. Purchase Dr.300 and Suspense Cr.300.
- iii. Sales Return Dr.500 and Suspense Cr.500.

Answer 7

Trade Discount Vs Cash Discount

Trade Discount	Cash Discount
i. It is allowed when a certain quantity is Purchased.	It is allowed when payment is made within certain period.
ii. It is allowed to increase the sales.	It is allowed to get prompt payment from customer.
iii. It is deducted from the invoice itself.	It is not deducted from the invoice.
iv. It is not recorded in the books of accounts or ledger accounts.	Cash discount allowed and received both are recorded in their ledger accounts.

Answer 8

Revenue Recognition: According to this principle income is treated as being earned on the date on which it is realized, i.e., the date on which goods or services are transferred to the customers. Since this exchange of goods or services may be for cash or on credit, it is not important whether cash has actually been received or not. Verifiable Objective: This principle justifies the significance of verifiable documents supporting various

transactions. According to it, each transaction should be supported by Objective evidence like voucher. Objective evidence, here, means evidence free from bias of the accountant.

Answer 9

Reserves may be created for any of the following purposes:

- i. Meeting unforeseen contingency or liability.
- ii. Redemption of liabilities such as redemption of debentures etc.
- iii. Providing additional working capital and thus strengthening financial position of the business.
- iv. Utilising internal funds for expansion of business.
- v. Equalising the rates of dividends.

Answer 10

Trial Balance

Particulars	Dr. (₹)	Cr. (₹)
Bank overdraft		28,000
Cash in hand	4,000	
Purchase return		8,000
Sundry expenses	24,000	
Sales return	16,000	
Salaries	16,000	
Purchases	56,000	
Sales		88,000
Creditors		24,000
Debtors	16,000	
Stock (opening)	20,000	
Machinery	40,000	
Capital		44,000
Total	1,92,000	1,92,000

Answer 11

Journal

Particulars	L.F.	Dr. ₹	Cr. ₹
Bills Receivable A/c Dr. To Basu A/c (Being acceptance received)		4,000	4,000
Bank A/c Dr. Discount A/c Dr. To Bills Receivable A/c (Being bill discounted)		3,760 240	4,000
Basu A/c Dr. To Bank A/c (Being bill dishonoured and noting charges paid by bank)		4,040	4,040
After 1 month Cash A/c Dr. To Basu A/c (Being amount of bill received)		4,040	4,040

Answer 12

Date	Particular	L.F.	₹	Date	Particular	L.F.	₹
Aug				Aug			
1	To Capital A/c		10,000	2	By Purchase A/c		6,000
7	To Sales A/c		4,000	5	By furniture A/c		1,000
10	To Commission A/c		500	15	By Ram A/c		2,000
24	To Hari A/c		4,000	28	By Stationery A/c		300
				31	By Rent A/c		700
				31	By Drawings A/c		2,800
				31	By Balance A/c		5,700
			18,500				18,500
Sep 1	To Balance b/d		5,700				

Answer 13**Accounting Equation**

Particulars	Assets	=	Liabilities
	Cash + Stock + Machinery		Creditors + Capital
i. Commenced Business	50,000 + 30,000 + 20,000	=	0 + 1,00,000
ii. Goods purchased	0 + 10,000 + 0	=	10,000 + 0
New Equation	50,000 + 40,000 + 20,000	=	10,000 + 1,00,000
iii. Rent Received	5,000 + 0 + 0	=	0 + 5,000
New Equation	55,000 + 40,000 + 20,000	=	10,000 + 1,05,000
Sold goods	12,000 + (9,000) + 0	=	0 + 3,000
New Equation	67,000 + 31,000 + 20,000	=	10,000 + 1,08,000

Answer 14**Bank Reconciliation Statement**

Particulars	₹	₹
Balance as per passbook (overdraft)		20,000
Add: Cheque issued but not presented		25,000
		45,000
Less: Insurance premium paid by the bank	500	
Cheque deposited but not cleared	22,000	
Interest on Overdraft	1,000	23,500
Balance as per cash book (overdraft)		21,500

Answer 15**Machinery Account**

Dr.				Cr.			
Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2015				2016			
July 01	To Bank A/c M I (2/3)	20,000		Mar 31	By Depreciation A/c		
July 01	To Bank A/c M I (1/3)	10,000	30,000		M I (2/3) (9 months)	1,500	
2012					M I (1/3) (9 months)	750	
Jan 01	To Bank A/c M II		20,000		M II (3 m)	500	2,750
				Mar 31	By Balance c/d		
					M I (2/3)	18,500	
					M I (1/3)	9,250	
					M II	19,500	47,250
			50,000				50,000
2016				2017			
Apr 01	To Balance b/d						
	M I (2/3)	18,500					
	M I (1/3)	9,250					

Oct 01	M II To Bank A/c M III	19,500	47,250 10,000	Mar 31	By Depreciation A/c M I(2/3) 1,850 M I(1/3) 925 M II 1,950 M III 500	5,225
				Mar 31	By Balance c/d M I (2/3) 16,650 M I (1/3) 8,325 M II 17,550 M III 9,500	52,025
			57,250			57,250
2016 Apr 01	To Balance b/d M I (2/3) 16,650 M I (1/3) 8,325 M II 17,550 M III 9,500		52,025	2017 Apr 01	By Bank A/c M I (1/3)	3,000
				Apr 01	By Profit & Loss A/c	5,325
				2018 Mar 31	By Depreciation A/c M I(2/3) 1,665 M II 1,755 M III 950	4,370
				Mar 31	By Balance c/d M I(2/3) 14,985 M II 15,795 M III 8,550	39,330
			52,025	Mar 31		52,025

Working Note:

Calculation of Profit or Loss on Sale of Plant I (1/3)

Particulars	₹
Book Value of Plant I(1/3) as on Apr 01,2017	8,325
Less: Sale Value	(3,000)
Loss on Sale	5,325

Answer 16

The amount paid to obtain a licence is a capital expenditure.

Answer 17

Hardware is important component of a computer system which can be seen or touched for example; Monitor, CPU, Mouse and keyboard etc.

Answer 18

Closing capital = 1,40,000 + 40,000 + 40,000 – 14,000 = 2,06,000

Answer 19

Calculation of subscription

Subscription received during the year		2,65,000
Add: Subscription received in advance		12,000
		2,77,000
Less: Subscriptions received in advance 31-3-2009	30,000	
Subscriptions received for 2007-08	40,000	70,000
Subscription received for the year		2,07,000
Total Subscription due for the year $250 \times 1,000 =$	2,50,000	
Less: Subscription received for the year	2,07,000	
Subscription outstanding for the year	43,000	

Answer 20**Statement of Affairs (opening)**

Liabilities	₹	Assets	₹
Creditors	8,000	Cash in hand	3,000
Capital (Bal.fig)	16,000	Bank Balance	9,000
		Furniture	4,000
		Stock	2,000
		Debtors	6,000
	24,000		24,000

Statement of Affairs (closing)

Liabilities	₹	Assets	₹
Creditors	6,000	Cash in hand	1,000
Capital (Bal.fig)	20,000	Bank Balance	7,000
		Furniture	4,000
		Stock	6,000
		Debtors	8,000
	26,000		26,000

Calculation of profit:

Capital at the end + Drawings – Additional capital – opening capital 20,000 + 2,000 – 4,000 – 16,000 = 2,000

Answer 21**Trading Account**

Particulars	₹	Particulars	₹
To Opening Stock	56,000	By Sales* 4,10,000	
To Purchase 2,48,000		(-) Sales Return 10,000	4,00,000
(-) Purchases Return 8,000	2,40,000	By Closing stock	72,000
To Carriage Inward	16,000		
To Gross Profit	1,60,000		
	4,72,000		4,72,000

Net Sales = Cash Sales + Credit Sales

= 80,000 + 3,30,000 = 4,10,000

Answer 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

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

Limitations of Customised Softwares:

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

Answer 23**Income and Expenditure Account**

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

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

Answer 24**Trading Account**

Particulars	₹	Particulars	₹
To Opening Stock	30,000	By Sales	1,77,000
To Purchase	60,000	(-) Sales Return	1,000
(-) Purchases Return	750	By Closing stock	
To Carriage Inward	750		35,000
To Manufacturing wages	10,000		
To Gross Profit	1,11,000		
	2,11,000		2,11,000

Profit and Loss Account

Particulars	₹	Particulars	₹
To Advertisement written off	400	By Gross Profit	1,11,000
To Rent, Rates & Taxes	10,000	By Rent	525
To Carriage on sales	1,200	By Accrued interest on Ram's Loan	1,800
To Salaries	6,000		
To Bank Charges	75		
To Discount	350		
To Provision for bad debts	2,250		
To Net Profit	93,050		
	1,13,325		1,13,325

Balance Sheet

Liabilities	₹	Assets	₹
Capital	50,000	Plant & Machinery	60,000
Add : Profit	93,050	Loan to Ram 20,000 + 1,800	21,800
Creditors	25,000	Closing Stock	35,000
		Debtors 45,000 - 2,250	42,750
		Cash at Bank	6,000
		Cash in hand	900
		Advertisement 2,000 - 400	1,600
	1,68,050		1,68,050