



INDIAN SCHOOL SOHAR
TERM II EXAMINATION (2022-23)
ACCOUNTANCY (055)

CLASS XI

Date: 26/02/2023

Time: 3 Hours

Max. Marks: 80

General Instructions:

- This question paper contains 34 questions. All questions are compulsory.
- This questions paper is divided into two parts, Part A and B.
Part A is compulsory for all candidates. Part B is Financial Accounting.
- Questions 1 - 16 and 27 to 30 carry 1 mark each.
- Questions 17 - 22, carry 3 marks each.
- Questions 23, 31 and 32 carry 4 marks each.
- Questions 24 to 26 and 33 to 34 carry 6 marks each.
- There is no overall choice. However, an internal choice has been provided in 7 questions of one mark, 2 questions of three marks, 1 question of four marks and 2 questions of six marks.

1. A person who owes money to a firm for goods sold on credit is called a : (1)
- (a) Creditor (b) Debtor
(c) Proprietor (d) Debentures

Or

Ganesh, a businessman, had paid the Electricity charges of the house where he lives from the business. Is this a business transaction? Give reason.

2. Read the following statement – Assertion (A) and Reason (R). Choose one of the alternatives (1)
given below:

Assertion (A): Purchase account is credited when the proprietor withdrawal goods from the business for his personal use.

Reason (R): Purchase account is credited because as a withdrawal of goods, net amount of purchase of the business is reduced.

Alternatives:

- (a) Both (A) and (R) are correct, and (R) is the correct explanation of (A).
(b) Both (A) and (R) are correct, and (R) is the not correct explanation of (A).
(c) (A) is correct but (R) is incorrect.
(d) Both (A) and (R) are incorrect.
3. Deepak is a dealer of furniture in Surat. He sold goods worth ₹ 78,000 on credit to Mohan Singh. Identify the 'subsidiary Book' where it is to be recorded/ shown. (1)

Or

Manish is running a cloth business in Kolkata. He purchased new machinery for ₹ 1, 35,000 on credit. Identify the 'subsidiary Book' where it is to be recorded/ shown.

4. According to which concept, all expenses incurred to earn revenue of a particular period should be charged against that revenue to determine the net income. (1)
- (a) Conservatism (b) Business entity
(c) Accounting Period (d) Matching
5. Define Accounting. State any one objective of Accounting. (1)
6. Imprest amount ₹ 10,000. What will be the amount reimbursement if following expenses were incurred by the petty cashier during the month: Wages- ₹ 2,000; Tiffin- ₹ 1,550, small repairs- ₹ 500; General Expenses- ₹ 750. (1)

- (a) ₹ 5,200 (b) ₹ 10,000
(c) ₹ 4,800 (d) ₹ 5,000

Or

Purchase of ₹ 9,000 from Ram recorded as ₹ 900 is an example of error of _____.

- (a) Error of Omission (b) Error of Commission
(c) Error of Principle (d) Compensating Errors

7. Mr. Menon commenced business on 1st April 2021 with a Capital of ₹ 12,00,000. On 31st March 2022 his assets worth ₹ 16,00,000 and liabilities ₹ 1,00,000. Find out his closing capital. (1)
(a) ₹ 4,00,000 (b) ₹ 11,00,000
(c) ₹ 5,00,000 (d) ₹ 15,00,000
8. Choose the correct answer from the following: (1)
Modern Furniture House returned tables and chairs Worth ₹ 55,000 to Diwan Furniture Mart. Where would you record this transaction?
(a) Return Inward Book (b) Purchases Book
(c) Return Outward Book (d) Cash Book
9. Find the Correct Statement. (1)
(a) Increase in liability is credited (b) Decrease in revenue is credited
(c) Increase in Expenses is credited (d) increase in revenue is debited
10. Production at a factory had to stop for a week due to a labour strike. The owner estimated the loss of production and the likely loss of profit arising out of the situation. He directed the accountant to record the loss in the books of account. Is the owner correct in recording the likely loss? Give reasons. (1)

Or

Gurpreet, the accountant of the organization compares the income statement of two years to decide how much investment is to be made outside the business. Identify the qualitative features of Accounting information from the given statement. (1)

11. During the financial year 2021-22, Akshay had total sales of ₹ 1,20,000 out of which 2/3rd is for cash and balance on a credit for 3 months. His total expenses for the years were ₹ 50,000 out of which ₹ 15,000 are still to be paid. He also paid ₹ 10,000 (apart from the ₹ 50,000 given previously) for expenses related to 2023-24. Find out Akshay's income for 2021-22 following the cash basis of accounting. (1)

Or

During the accounting period 2021-22, Raghav's cash sales were ₹ 3,00,000, and credit sales were 1/3rd of the cash sales. Total expenses paid by him were ₹ 1,80,000 out of which ₹ 25,000 pertained to 2022-23. Expenses of ₹ 40,000 were still to be paid. Determine Raghav's income as per 'Accrual' basis of accounting. (1)

12. M/S Ram Ratan & Sons receives back goods worth ₹ 48,500 which was sold to M/S Murali & Sons. Which source document will be prepared by M/S Ram Ratan & Sons? (1)
(a) Cash Memo (b) Invoice
(c) Debit Note (d) Credit Note
13. Following are the ledger balances in the books of Rajgopal as on 01/04/2021. (1)
Building ₹ 2,50,000; Machinery ₹ 1,00,000; Stock ₹ 75,000; B/R ₹ 15,000; Cash ₹ 2,500
Bank Overdraft ₹ 42,500; Capital ₹ 4,00,000.
14. Choose the correct sequence of accounting process: (1)
(a) Trial Balance and Financial Statements → Ledger → Vouchers → Recording → Identifications.
(b) Identifications → Voucher → Ledger → Recording → Trial Balance and Financial

Statements.

(c) Vouchers → Ledger → Identification → Recording → Trial Balance and Financial Statements.

(d) Identification → Voucher → Recording → Ledger → Trial Balance and Financial Statements.

15. Match the following:

(1)

Column 1		Column 2	
A	It contains, in summarized and classified form, a permanent record of all transactions.	1	Journal
B	An account showing the financial position of a business as on a certain date.	2	Temporary Accounts (Eg. Expenses Account)
C	Closed at the end of accounting period by transferring them to income statement.	3	Ledger Accounts
D	Book of Original or Primary Entry.	4	Balance Sheet

Alternatives:

(a) A1, B2, C3, D4

(b) A3, B4, C2, D1

(c) A2, B3, C1, D4

(d) A4, B1, C3, D2

16. Ram Bros. purchased a machine on 1st April, 2021 at a cost of ₹ 1,00,000, the firm charges depreciation @ 10% p.a. by the Straight Line Method. But the firm does not use the Machinery during the previous year. Whether the firm should charge the depreciation? Justify your answer.

(1)

17. Prepare a Trail Balance from the balances extracted from the books of Ankit as at 31/03/2022. (3)

Particulars	₹
Capital	2,25,000
Interest on investment	2,000
Wages and salaries	5,000
Opening stock	45,000
Purchases	4,00,000
Carriage inward	10,000
Discount received	16,000
Investment	1,00,000
Insurance claim received	12,000
Outstanding Advertising expenses	5,000
Sales	3,00,000

18. Show an Accounting Equation for the following transaction:

(3)

(i) Started business with cash ₹ 1,00,000 and goods worth ₹ 40,000.

(ii) Sold 50% of the above goods at a profit 5,000 on credit to Gupta.

(iii) Gupta Paid 90% of his amount due in full settlement.

19. On 1st April 2021, Mr. Manoj Manohar Lal started a new business with cash of ₹ 12,00,000 .

He thought that his funds were insufficient and he borrowed ₹ 5,00,000 from his brother and took a loan of ₹ 5,00,000 from SBI. For the business he purchased furniture worth ₹ 50,000. On 5th April he decided to buy the goods for cash for ₹ 50,000 and on credit from Jankidas and Sons

for ₹ 3,00,000 . On 6th April he was able to sell the goods . So he paid 80% of the amount due to Jankidas immediately. He rented a shop in ' City Bazar' at a monthly rent of ₹ 10,000 per month, and paid ₹ 60,000 to landlord Mr. Jeevan as rent for 6 months .

Calculate the following from the above information:

- (a) Creditor (b) Lenders (c) Prepaid Expenses. (3)

Or

Shifali is a talented fashion designer and has created her own fashion label 'Fashion Hub'. She had ₹ 5,00,000 in her savings a/c and decided to launch her label. On 5th April 2021 she took a loan of ₹ 2,00,000 from her friend Aryan @ 10% rate of interest. Out of this she paid ₹ 3,00,000 for the purchase of garments and ₹ 50,000 for furniture and ₹ 50,000 for computers and the remaining amount was deposited into the bank.

On 10th April she sold some of the ladies and kids garments for ₹ 3,50,000 for cash and ₹ 2,00,000 on credit to Angel Fashions . She rented a shop in 'Lotus Mall' .Mall maintenance expenses were ₹ 15,000 of which she paid ₹ 10,000 immediately.

She had ₹ 3,00,000 surplus funds and purchased the shares of Infosys Ltd., with the surplus funds. And received the dividend from the shares of Infosys Ltd. The books are closed on 31st March each year. Calculate the following from the above cases.

- (a) Debtor (b) Investments (c) Outstanding Expenses (3)

20. (a) A firm bought machinery for ₹ 1,80,000 on 1st April, 2021 and ₹ 20,000 spent on its installation. Its estimated useful life is 10 years. The books are closed on 31st March, every year.

(b) There is Machinery in the organization that needs to be replaced after 10 years.

For replacing a machinery separate fund of ₹ 10,00,000 is created out of the profit. This fund is supposed to be invested in the Securities Market.

(i) Identify which one is Provisions and which one is Reserve.

(ii) Distinguish between Provisions and Reserves on the basis of effect on profit. (3)

Or

Sumit Traders has written off excess provisions for bad debts. Identify and explain the type of reserve involved in this case.

Distinguish Between Revenue reserve and Capital Reserve on the basis of Source. (3)

21. Identify and explain the Accounting Principle/ Concepts/ conventions followed or violated in the following situations: (3)

(i) The directors of Himalaya Ltd. interested to adopt Written Down Value method of charging depreciation in place of Straight Line Method in the current accounting period to show higher profit.

(ii) Production Manager of Vertika & Sons interested in recording good industrial relations in the accounts.

22. Journalize the following transactions in the books of Gupta Bros., Lucknow (UP) (3)
assuming CGST and SGST @ 6% each.

1. Purchased goods from Bharat of list price ₹ 50,000 less trade discount of 10%.

2. Sold goods to Gopal of list price ₹ 20,000 less 5 % trade discount.

3. Purchased Machinery costing ₹ 1,25,000 and paid installation charges ₹ 25,000 there on.

4. Charge depreciation on Machinery at 10%.

23. Prepare a Bank Reconciliation Statement from the following: (4)

	₹
(i) Debit balance as per Bank column of Cash Book.	12,000
(ii) Cheque issued or drawn but not yet presented for payment or cashed by the customers or debited in the Pass Book.	5,000
(iii) Bank charged debited by the bank in the Pass Book but not entered in the	500

Cash Book.

- (iv) Divided collected by Bank but not recorded in Cash Book. 2,000
(v) Cheque deposited or paid into bank but not yet collected or cleared or credited by the bank. 6,000

24. The Trail Balance of Mr. Mayank ₹ 2,980 excess credit. The difference has been posted to suspense Account. Subsequently, the following errors were discovered. You are required to pass necessary entries for rectifying the error and also prepare Suspense Account.

- (i) Total of Returns Inward Book was cast by ₹ 750 short.
(ii) Purchase of Motor bike for personal use costing ₹ 45,000 had been posted to Motor Vehicle A/c.
(iii) An amount of ₹ 3,750 paid for wages for making show cases had been charged to Wages A/c.
(iv) Purchase of ₹ 4,350 has been posted to Creditors Account as ₹ 3,450.
(v) Machinery was written off by ₹ 2,500 has not been posted to Depreciation A/c.
(vi) Goods purchased for ₹ 6,700 were posted as ₹ 670 to Purchases A/c.
(vii) Amount of ₹ 12,800 paid to Maya wrongly debited to Daya as ₹ 18,200. (6)

25. A firm purchased on 1st April, 2019 a second – hand machinery for ₹ 36,000 and spent ₹ 4,000 on its installations. On 1st October in the same year, another machinery costing ₹ 20,000 was purchased. On 1st October, 2021, machinery bought on 1st April, 2019 was sold for ₹ 12,000 and a new machine was purchased for ₹ 64,000 on the same date. Depreciation is provided annually on 31st March @ 10% p.a. on the Written Down Value Method. Show Machinery Account for three years ending on 31st March, 2022. (6)

Or

The following balances appeared in the books of Sunrise Limited as on 1st April 2021:

Machinery account : ₹ 10,00,000

Provision for Depreciation Account : ₹ 4,50,000

The machine was depreciated at 10% per annum on original cost method. On 1st October 2021, a machine which was purchased on 1st April 2019 ₹ 1,20,000 was sold for ₹ 54,000. Prepare Machinery account and provision for depreciation account for the year ended 2021-22.

26. Prepare a double column Cash Book with Cash and Bank column from the following transactions and prepare Journal Proper if required: (6)

Date	Particulars	Amount (₹)
2021		
April 1	Cash in hand	50,000
	Bank Overdraft	35,000
April 2	Cash Sales deposited in bank	30,000
April 4	Paid Salaries	5,000
April 8	Cash deposited into bank	10,000
April 10	Goods purchased from Ram Lal	10,000
April 12	Payment made to Ram Lal in full settlement	9,750
April 14	Goods sold to Rohan	20,000
April 20	Received cheque from Ram and allowed him discount of ₹ 200	19,800
April 24	Cheque received from Ram deposited into Bank	
April 25	Withdrew cash from Bank for personal use	500
April 28	Paid rent by Cheque	5,000

PART- B

27. Rearrange the following assets in order of 'Liquidity'. (1)
i. Computer software

- ii. Stock
- iii. Debtors
- iv. Machinery

Options:

- (a) (i),(ii), (iii), (iv) (b) (iii), (ii), (iv), (i)
 (c) (iv), (i), (iii), (ii) (d) (ii), (i), (iii), (iv)

28. Net Profit of a firm before charging manager's commission is ₹ 21,000. If a manager is entitled to 5% commission on net profit after charging such commission, what is the commission payable to the manager? (1)

- (a) ₹ 1,050 (b) ₹ 2,000
 (c) ₹ 950 (d) ₹ 1,000

29. Akash Ltd. is a business organization based in Delhi. During the year 2022-23 ₹ 14,000 spent for repairing motor vehicle. And ₹ 10,000 spent for annual maintenance charges. Identify the type of expenditure/ expenditures and also calculate the total amount of expenditure/expenditures. (1)

Or

Aditya Ltd. spent ₹ 1,745 on freight of newly purchased machinery and ₹ 15,000 towards the additions to the machinery. Identify the type of expenditure/ expenditures and also calculate the total amount of expenditure/expenditures. (1)

30. If sales are ₹ 1,25,000 and the rate of Gross Profit on Cost of Goods Sold is 25%. (1)

Cost of Goods sold will be :

- (a) ₹ 1,00,000 (b) ₹ 93,750
 (c) ₹ 75,000 (d) ₹ 1,20,000

Or

If sales are ₹ 2,50,000 and the rate of Gross Profit on Cost of Goods Sold is 25%. Cost of goods sold will be: (1)

- (a) ₹ 1,80,000 (b) ₹ 2,00,000
 (c) ₹ 3,00,000 (d) ₹ 2,25,000

31. The following balances appear in the Trial Balance of M/S Gupta Traders as at 31/03/2022. (4)

- Debtors ₹ 6,10,000
- Bad debts ₹ 6,000
- Provision for bad debts ₹ 40,000

Adjustments: Further bad debts were ₹10,000 and they decided to maintain a provision for bad debts @ 10%. Show the relevant extracts of the Profit & Loss Account and the Balance Sheet.

Or

From the following figures, calculate the operating profit:

Net Profit: ₹ 1,25,000	Interest on loans: ₹ 20,000
Gain on sale of Machine: ₹ 18,000	Loss on sale of Furniture: ₹ 22,000
Donation : ₹ 5,000	Printing & stationery: ₹ 3,500
Rent received : ₹ 10,000	

32. (i) What is Marshalling of assets and liabilities?

(ii) If adjusted purchase and closing stock are given in Trial Balance, will you transfer closing stock to Trading Account? Give reasons. (4)

(6)

33. From the following balances extracted from the books of M/s Akhil & Sons. Calculate the following:

- (i) Cost of goods sold during the year.
 (ii) Gross Profit (iii) Net Profit

Opening stock : ₹ 25,000 Credit Purchases: ₹ 7,50,000 Cash Purchases : ₹ 3,00,000 Credit Sales : ₹ 12,00,000 Cash Sales: ₹ 4,00,000 Wages : ₹ 1,00,000 Salaries : ₹ 1,40,000	Closing stock: ₹ 30,000 Sales Return: ₹ 50,000 Purchases Return: ₹ 10,000. Administrative Expenses: ₹ 10,000 Selling and Distribution Expenses : ₹ 5,000 Interest on investment: ₹ 12,500
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34. Following is the Trial Balance of M/S M.S Kapoor Traders as at 31/03/2022

(6)

Particulars	Debit Balance (₹)	Credit Balance (₹)
Opening stock	40,000	
Rent	2,000	
Capital		2,70,000
Creditors		50,000
Plant and Machinery	1,20,000	
Bills Payable		50,000
Land and Building	2,55,000	
5% Loan		1,10,000
Factory Power	1,500	
Discount		1,500
Purchases	75,000	
Sales		1,50,000
Returns	2,500	
Provision for bad debts		1,000
Internet and postage	400	
General Reserve		50,000
Wages	4,500	
Salaries	2,500	
Insurance	3,200	
Repairs	3,000	
Legal charges	6,400	
Debtors	75,000	
4% Investments	65,000	
Commission	2,480	
Drawings	20,020	
Bad debts	2,000	
	<u>6,82,500</u>	<u>6,82,500</u>

Adjustments:

1. Closing stock ₹ 35,500
2. Depreciate Plant and Machinery by 5 % and Land and Building by 6%
3. Write off bad debts ₹ 2,500 and discount on debtors is ₹ 1,450 and Provision for bad debts is to be maintained @ 5%
4. Salaries outstanding ₹ 200, wages due ₹ 100 and unexpired insurance ₹ 500.
5. Gross Profit was calculated to be ₹ 59,900 for the year ended 31/03/2022.
6. Prepare Profit & Loss A/c and Position Statement only.

Or

The following is the Trial Balance of Zindal Steels Ltd. as on 31st March 2021.

(6)

Name of Accounts	Debit (₹)	Credit (₹)
Cash in hand	1,080	
Cash at Bank	5,260	
Purchases and Sales	81,350	1,97,560
Returns Inwards and Outwards	1,360	1,000
Wages	20,960	
Fuel and power	9,460	
Carriage on Sales	13,400	
Carriage on Purchases	4,080	
Opening stock	11,520	
Building	60,000	
Freehold land	20,000	
Machinery	36,000	
Salaries	33,000	
Patents	12,000	
General expenses	6,000	
Insurance	1,200	
Capital		1,42,000
Drawings	10,490	
Sundry debtors and Creditors	29,000	15,600
Total	<u>3,56,160</u>	<u>3,56,160</u>

You are required to prepare Trading Account, Profit & Loss Account and Balance Sheet as on date after considering the following adjustments:

1. Stock at the end was ₹ 13,600, against its market value ₹ 14,500.
2. Insurance includes a premium of ₹ 200 for the next year.
3. Wages include a sum of ₹ 4,000 spent on the erection of cycle shed for employees and customers.
4. A provision for bad debts and doubtful debts is to be created on debtors @ 5 % on sundry debtor.
5. Machinery is to be depreciated @ 10 % p.a. and Patents at @ 20%.