

**D.A.V Public School, Sector-49 Gurugram**

**Academic plan (2017-18)**

**ACCOUNTANCY**

**CLASS-XI**

**TIME: 3 HRS**

**MARKS: 90+10**  
**(Theory-90)**  
**(Project Work-10)**

**Objectives:**

- ◆ To familiarize the students with accounting as an information system;
- ◆ To acquaint the students with basic concepts of accounting and accounting standards;
- ◆ To develop the skills of using accounting equation in processing business transactions;
- ◆ To develop an understanding about recording of business transactions and preparation of financial statements;
- ◆ To familiarize students with the fundamentals of computerized system of accounting.

**Part A**

**Financial Accounting-I**

**Marks**

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**Part B**

**Financial Accounting-II**

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## APRIL (16)

### Part A

#### Financial Accounting - I

#### CONCEPT

**Businessmen want to know the result of financial events of the business. He maintains systematic record of all business transactions. Accounting is the language of business. The basic function of any language is to serve as a means of communication. Accounting serves his function.**

#### Unit 1 : Introduction to Accounting

- Accounting- objectives, advantages and limitations.
- Types of accounting information; users of accounting information and their needs.
- Basic accounting terms: business transaction, account, capital, drawings, liability (internal & external, long term & short term) asset ( tangible & intangible, fixed, current, liquid and fictitious) receipts (capital & revenue), expenditure (capital, revenue & deferred), expense, income, profits, gains and losses, purchases, sales, stock, debtors, bills receivable, creditors, bills payable, goods, cost, vouchers, discount - trade and cash.

#### Unit 2: Theory Base of Accounting

- Fundamental accounting assumptions: going concern, consistency, and accrual.
- Accounting principles: accounting entity, money measurement, accounting period, full Disclosure, materiality, prudence, cost concept, matching concept and dual aspect.
- Accounting standards: concept & objective. IFRS (International Financial Reporting Standards). Continued.....

#### ACTIVITY: HOTS

- Kabil Machines Ltd imported from Germany one machinery for sale in India and another machinery for production purpose. Will you treat them as goods or fixed assets?
- On 1<sup>st</sup> Jan,2014 Mr. Robin was appointed as Marketing Manager of the firm with a salary of Rs. 50,000 per month. State whether this event will be recorded in the books of accounts.
- X Ltd. Gets a contract of Rs. 100 crore to build a Shopping Mall to be completed in 3 years. The management of the company wants to ascertain profit or loss on this contract only when the contract is completed. Is the management justified?

## MAY (40 periods)

#### CONCEPT:

Double Entry system of Book-Keeping refers to a system of accounting under which both the aspects (i.e. Debit and Credit) of every transaction are recorded in accounts involved.

## **Unit 2: Theory Base of Accounting(continued.....)**

- Double entry system.
- Basis of accounting - cash basis and accrual basis.

## **Unit 3: Recording of Transactions**

- Accounting equation: analysis of transactions using accounting equation.
- Rules of debit and credit: for assets, liabilities, capital, revenue and expenses.
- Origin of transactions- source documents (invoice, cash memo, pay in slip, cheque), Preparation of vouchers - cash (debit & credit) and non cash (transfer).
- Books of original Entry-- format and recording.---Journal (to be continued----

### **ACTIVITY:--**

- Abbreviation and pictorial method is used to explain rules of recording transactions in first book of entry.
- Students were asked to collect different types of original source documents in summer break to make them aware about the concept of source documents.

## **JULY(39 periods)**

### **Unit -3 to be continued**

- Cash book: simple, cash book with bank column, petty cash book.
- Subsidiary Books:- purchases book, sales book, purchases returns book, sales returns book, bills receivable book, bills payable book and journal proper.

## **Unit 4: Preparation of Ledger, Trial Balance and Bank Reconciliation Statement**

- Ledger - format, posting from journal, cash book and other special purpose books, balancing of accounts.
- Trial balance: objectives and preparation (Trial Balance with balance method only. )

### **ACTIVITY:**

#### **Brain Teasers....**

**Siya Ram sold goods on credit to Mani Ram for Rs. 2,00,000 @ 10% trade discount and 5% cash discount. As per the terms if, Mani Ram makes payment within 15 days of sale he can avail the cash discount. Mani Ram makes 40 % of the payment in cash after 15 days of sale. Journalise.**

## **AUGUST (36 periods)**

### **Unit 4 to be continued**

- Bank reconciliation statement: need and preparation. Ammended cash book balance.

### **CONCEPT:**

Fixed Assets like machinery, motor vehicles, furniture have a definite span of life after the expiry of which the asset will lose their usefulness for the business operations. Fall in the value and utility of such assets due to their constant use and expiry of time is termed as depreciation.

In order to strengthen the financial position of the business and with a view to meet all eventualities ---- both expected and unexpected, it is desirable that the entire profit should not be distributed among their owners. So provisions and reserves are created out of current year's profits.

### **Unit 5: Depreciation, Provisions and Reserves**

- Depreciation: concept need and factors affecting depreciation.
- Methods of computation of depreciation: straight line method, written down value method (excluding change in method)
  
- Accounting treatment of depreciation: by charging to asset account, by creating provision for depreciation/ accumulated depreciation account, treatment of disposal of asset.
- Provisions and reserves: concept, objectives and difference between provisions and Reserves.
- Types of reserves- revenue reserve, capital reserve, general reserve, specific Reserves and secret reserves.

#### **ACTIVITY: Brain teasers**

- On 1 January, 2005 , the Jaipur Transport Company purchased a Truck for Rs. 4,00,000. On 1<sup>st</sup> July, 2006 this truck was involved in an accident and was completely destroyed and Rs. 3,00,000 were received from the insurance company in full settlement. . The company writes off depreciation p.a. on Written Down Value method and the accounts are closed on 31<sup>st</sup> March every year. Prepare the Truck Account and Depreciation Account for 2005 to 2007.

**Suggested reference: Double Entry Book Keeping by D.K. Goel.**

### **SEPTEMBER (34 periods)**

- **Revision and First Term Examination.**

### **OCTOBER (30 periods)**

#### **CONCEPT :**

**In case of credit sale of goods, the purchaser usually promises to make payment after a certain period. In such a case, the seller would like to get a written undertaking from the buyer to get the payment after a fixed period. As such, the seller prepares a document in which all the terms and conditions related to sale of goods are given . The buyer puts his signature on the document and it is known as' Bills of Exchange'.**

**“To err is human.” Accountant, as a human being is likely to commit**

mistakes while recording the transactions ,posting them to ledger or in preparing trial balance itself. It is essential to locate and rectify errors.

### **Unit 6: Accounting for Bills of Exchange**

- Bills of exchange and promissory note: definition, features, parties, specimen and distinction.
- Important terms : term of bill ,due date, days of grace, date of maturity, bill at sight, bill after date, discounting of bill, endorsement of bill, bill sent for collection, dishonor of bill, noting of bill , retirement and renewal of a bill, insolvency of acceptor.
- Accounting treatment of bill transactions

**Suggested Reference :**

**Accountancy by P.C. Tulsian**

### **Unit 7: Rectification of Errors**

- Errors: types-errors of omission, commission, principles, and compensating; Their effect on Trial Balance.
- Detection and rectification of errors; preparation of suspense account.

**ACTIVITY :**

**Brain Teasers**

- A sold goods to B for Rs. 8,000 and drew a bill for three months who duly accepted the same. A endorsed the bill to C. C endorsed it to his creditor D. D discounted the bill at 15% per annum. On the date of maturity , the bill was dishonoured and bank paid noting charges ammonted Rs. 50.  
Show necessary Journal entries.
- A draws a bill on B for Rs 60,000 for mutual accommodation. A discounted the bill for Rs 57,000 and remitted Rs 19,000 to B. What amount will be sent by A to B on due date?

**NOVEMBER (36 periods)**

**CONCEPT :**

**Financial Statements refer to such statements which report the profitability and the financial position of the business at the end of accounting period. The term financial statements includes Income Statement and Statement of Financial Position.**

### **Unit 8: Financial Statements of Sole proprietorship**

- Financial Statements: objective and importance.
- Trading and profit and loss account: gross profit, operating profit and net profit.
- Balance Sheet: need, grouping, marshalling of assets and liabilities.
- Adjustments in preparation of financial statements : with respect to closing stock, outstanding expenses, prepaid expenses, accrued income, income received in advance,

depreciation, bad debts, provision for doubtful debts, provision for discount on debtors, manager's commission, abnormal loss, goods taken for personal use and goods distributed as free sample .

- **Preparation of Trading and Profit and Loss Account and Balance Sheet of sole proprietorship.**

**ACTIVITY :**  
**HOTS....**

- **The following balances appeared in the Trial Balance of M/s Kapil Traders as at 31<sup>st</sup> March 2006:-**

	<b>Rs.</b>
<b>Sundry Debtors</b>	<b>3,05,000</b>
<b>Bad Debts</b>	<b>5,000</b>
<b>Provision for bad-debts</b>	<b>20,000</b>

**The partners of the firm agreed to record the following adjustments in the books of the firm. Further Bad-debts Rs. 3,000: maintain provision for Bad-Debts 10%. Show journal entries and the Bad-Debts Account , Provision Account, Debtors Account, Profit and Loss Account and Balance Sheet.**

**Suggested Reference :**  
**Accountancy by P.C. Tulsian**

## **DECEMBER (38 periods)**

### **Part B**

#### **Financial Accounting-II**

#### **CONCEPT :**

**Non Profit seeking entities exist with a primary motive of providing services. Such as, club provides sports and recreational facilities, a hospital renders medical services. etc.**

#### **Unit 9: Financial Statements of not-for-Profit Organizations**

- Not-for-profit organizations: concept.
- Receipts and payment account: features and preparation.
- Income and expenditure account: features. Preparation of income and expenditure account and balance sheet from the given receipt and payment account with additional information.

#### **Unit 10: Accounts from Incomplete Records**

- Incomplete records: use and limitations.
- Ascertainment of profit/loss by statement of affairs method.

## ACTIVITY: HOTS

- The Literary Society of Chennai had received in 1998 Rs. 60,000 towards subscription. Further information is:-

Subscription for 1997 unpaid on 1-1-1998 were Rs. 4,000, Rs. 3,800 of which were received in 1998. Subscriptions paid in advance on 31-12-1997 were Rs. 1,600 and the same on 31-12-1998 were Rs. 2,100. Subscriptions for 1998 unpaid on 31-12-1998 were Rs. 5,100. What amount of subscription will be credited to Income and Expenditure Account?

- State when Donations are capitalised, and yet not shown under the head Donations in the Balance Sheet of a non-for-profit organisation.

Suggested Reference:

Double Entry Book Keeping by V. Wason and P. C. Tulsian

## UNIT 12: Project Work (Any One)-- (During winter Break)

- Preparation of Bank Reconciliation Statement (with the help of given Cash book and Pass Book with 20 to 25 transactions)

- Comprehensive project starting with

- ◆ Journal entries regarding any sole proprietorship business,
- ◆ Posting them to ledger & Preparation of Trial balance.
- ◆ Trading & profit & loss account

(Expenses, Incomes & profit (loss) are to be depicted using pie chart/bar diagram.)

## JANUARY(22 periods)

### CONCEPT :

Computers are now a days being used on a large scale in business houses for a number of manual functions. They are now used for recording and posting business transactions, preparing wages and salary sheets, keeping effective stock control etc. Computer performs all the accounting operations at a phenomenal speed and with high degree of accuracy.

### Unit 11: Computers in Accounting

- Introduction to Computer and Accounting Information system {AIS}: introduction to computers (Elements, Capabilities, & limitations of computer system)
- Introduction to operating software, utility software & application software. Introduction to AIS as part of MIS
- Automation of accounting process. Meaning
- Stages in automation (a) Accounting process in a computerized environment (comparison between manual & computerized accounting process)

- (b) Sourcing of accounting software (kinds of software: readymade, customized & tailor-made, Generic considerations before sourcing accounting software) (c) Creation of account groups & hierarchy (d) Generation of reports- Trial balance, profit & loss a/c & balance sheet.

## **FEBRUARY (33 periods)**

### **REVISION AND FINAL EXAMINATION**

#### **Common errors while attempting Accountancy Paper**

- Proper formats not made and narrations omitted.
- Debit and Credit aspects are not recorded correctly while preparing journal.
- Time period is not taken into consideration in case of sale of fixed assets during the year for calculation of depreciation.
- Misinterpretation of Accounting Principles in application based question.
- Unable to identify one sided and two sided errors, which leads to incorrect rectified entry.
- Generally, manager's commission (in case it is to be calculated after charging such commission) is not done correctly.
- Mistakes are committed while doing bad debts and provision related adjustment entries in final accounts.
- Multiple adjustments are not incorporated properly for calculation of subscriptions during the year.

## SAMPLE PAPER-1

**TIME: 3 HOURS**

**M.M.90**

***Instructions:***

***All the questions are compulsory.***

***Attempt all the parts of the question together.***

***Show the workings where ever necessary.***

***Make the formats and give narrations.***

Q1 D's capital on January 1<sup>st</sup>, 2014 was Rs 45,000. Interest on drawings Rs 5,000; interest on capital Rs 2,000; drawings Rs 14,000; loss for the year Rs 15,000. His capital on 31<sup>st</sup> December 2014 is

- a) 13,000
- b) 23,000
- c) 43,000
- d) None of these

Q2 If the stationery purchased during the year ended 31.3.2014 was Rs 47,000 and

Additional information

1.4.2013

31.3.2014

Stock of stationery

8,000

6,000

Creditors for stationery

9,000

11,000

The amount of stationery consumed posted to the expenditure side will be:

- a) 44,000 b) 51,000
- 49,000
- d) None of these

Q3 The nature of Receipts and Payments account is:

- a) Personal
- b) Real
- c) Nominal
- d) None of these

Q4

If the payment of Rs 45,000 is to be made to the creditor, who offers a discount of 2% if full payment is made within 30 days. What is the amount of discount if business pays 40% of the amount in 15 days?

- a) 3,600
- b) 9,000
- c) 5,400
- d) None of these

Q5

The original cost of machinery is Rs 10,00,000, its scrap value is Rs 40,000 and its expected useful life is 10 years. The rate of depreciation is :

- a) 10%
- b) 9.6%
- c) 8.4%
- d) None of these

Q6

A bill of Rs 5,000 was drawn by X on Y on 12.5.2013 for 3 months. What is the date of maturity if 14<sup>th</sup> August is declared as an emergency holiday?

- a) 16<sup>th</sup> August
- b) 13<sup>th</sup> August
- c) 15<sup>th</sup> August
- d) None of these

Q7

Advertisement suspense appears in the trial balance as Rs 1,00,000, according to the given adjustment, the amount has to be written off in 10 years. The amount to be shown in the

Balance Sheet is:

- a) 10,000
- b) 90,000
- c) 20,000
- d) None of these

Q8 The fund where the principal amount should be kept intact and only the income from the investment of such funds can be used for a specific purpose is

- a) Endowment fund
- b) Specific Fund
- c) General Fund
- d) None of these

Q9

Identify the following as Capital or Revenue receipt:

a)  
Sale of land and building by a dealer in real estate.

b)  
Raising of Capital.

[1x9]

Q10

Who are internal users? Why are they interested in Accounting Information?

[3]

Q11

Answer the following :

a) Name the source documents which helps in recording the transactions in i) cash book ii) purchase book.

b) “Debit note is prepared when goods are returned to the supplier.”Name two other reasons, for preparation of a debit note.

c) “A transaction i recorded in Journal proper but not posted in the ledger will affect the Trial Balance.” Comment.

[3]

Q12

Analyse the following transactions as per traditional approach:

a) Paid rent of the building Rs 12,000, half of the building was used by proprietor for his personal use.

b) Received commission Rs 1,000, half of which is received in advance.

[3]

Q13

Give two examples of each:

- a) Provision
- b) Specific reserve
- c) Capital reserve

[3]

Q14

If in one year the cost price of stock is Rs 1,000 and market price is Rs 1,200 and second year the market price falls down to Rs 800. At what value will the stock be recorded in two different years? Name the principle of accounting applicable here and also as a result which principle of accounting is violated? Explain.

[3]

Q15

Identify and explain the accounting principle applied in classification of assets as current assets and fixed assets.

[3]

Q16

Following balances appear in the books of Rama stores:

April 2014  
Machinery Account

Rs 2,60,000

Provision for depreciation  
Rs 1,26,000

On October 1, 2014, they decided to sell a machine for Rs 30,450 on credit to Harish. This machine was purchased for Rs 56,000 on April 1, 2010. On the same date they purchased another machinery for Rs 10,000 and paid commission of Rs 500 on it.

[4]

Q17

Discuss the assumptions in IFRS.

[4]

Q18 How will you show the following items in the Income and Expenditure Account and the Balance Sheet of a club to the year ending 31.3.2014.

Sports Fund as on 1.4. 2013

70,000

10% Sports Fund Investments

70,000

Interest on sports Fund Investments  
6,000

Donations for Sports Fund  
30,000

Sports Prizes awarded  
20,000

Expenses on Sports Fund  
8,000

General Fund  
1,60,000

10% General Fund Investments  
1,60,000

Interest on General Fund Investments  
12,000

[4]

Q19 Identify the software that are developed not for any specific users. Also discuss its advantages.

[5]

Q20 A sole trader maintains two bank accounts, account no 1(for business) and account no 2(his personal account). On 31<sup>st</sup> December, 2014 there was a balance of Rs 890 standing to his credit as per Bank statement. Prepare the Bank Reconciliation statement of account no 1:

Discount allowed Rs 110 has been included by mistake with the cheque amount entered in the cash book.

The bank has charged the no2 account with a cheque for Rs 2,000 in error. This should have been charged to account no 1.

In November, the trader had discounted the bill of exchange of Rs 10,000 with the bank for Rs 9,500(account no 2). This bill was dishonored in December and bank wrongly debited account no 1.

Payment of premium of life insurance of sole trader of Rs 500 was recorded by the trader in account no 1.

A cheque of Rs 4,000 received from Raj on 26<sup>th</sup> December was recorded by the trader in account no 2 instead of account no1. This cheque was not banked. [5]

Q21 A commenced business on January, 2014 with a capital of Rs 1,00,000. He immediately bought furniture and fixtures for Rs 20,000. On 30<sup>th</sup> June, he borrowed Rs 50,000 from his wife @ 9% p.a.(interest not yet paid). During the year A sold his personal car of Rs 55,000 at a loss of Rs 5,000 and invested 50% in the business. He withdrew from the business Rs 1,500 per month up to July31st, 2014, and thereafter Rs 4,500 per month (out of which Rs 3,000 was to meet the business expenses). Other than the above information his position on 31<sup>st</sup> December, 2014 was as follows:

Rs	
Cash in hand	
28,000	
stock	
68,000	
Creditors	
5,000	
S. Debtors	
48,000	
Bills Receivables	
16,000	
Owing for Rent	
1,500	

Furniture and fixtures to be depreciated by 10%. Ascertain the profit or loss made by A during 2014. [5]

Q22 Rectify the following transactions by giving suitable journal entries:

A credit sale of goods of Rs 423 to Krishan entered in the purchase book as Rs 432 and posted therefrom to the credit of Kishan as Rs 423.

Credit sale of Rs 100 has been credited to the sales and also to the sundry debtors account.

Amount payable to Manan for repairs done to computers Rs 4,500 and computer supplied for Rs 37,500 were entered in the purchase book as Rs 44,000.

The discount column on the receipt side of cash book was over totaled by Rs 650.  
Interest received on investments Rs 10,000 was recorded correctly but was posted as

Rs 1,000. [5]

Q23 Give the journal entries' in the following cases:

Harish sends Amit's acceptance for Rs 25,000 to Mani to meet his acceptance for like amount in favour of Mani. Pass the entry/ entries in the books of Harish.

Bill of Rs 10,000 received from Rajiv for sum due Rs 10,500 was endorsed in favour of Manish for the sum due to him Rs 10,300, Which was discounted with the bank. It got dishonoured on the due date and bank paid Rs 50 as noting charges. give the entry/entries for dishonor in our books.

The bill payable of Rs 20,000 to Girish was retired one month before due date @2%. Give the entry/entries in our books.

Kanika requested us to renew her acceptance of Rs 10,000 for 3 months, on condition that half of the amount is paid immediately and remaining carries interest @ of 5% p.a. Give the entries in the books of Kanika.

B had accepted a three months bill of Rs 10,000 in favour of A. A discounted the bill at Rs 9,500 and remitted the half of proceeds to B. Give the entry for remittance in the

books of A. [7]

Q24 On 1<sup>st</sup> April, 2013, the following balances were appeared in the books of M/s Hariram electronics:

Cash Rs 12,500; Varun (Dr) Rs 64,000; Stock Rs 45,000; furniture Rs 20,000 and Vansh (Cr) Rs 16,500.

The following transactions took place during the month of April, 2013: 2013

April, 1 Purchased 5 refrigerators from Videocone Electronics @ Rs 13,500 each. April, 3 Received payment from Varun, Discount allowed 5%.

April, 6 Sold 3 T.V. sets to Durga Electronics, sent invoice at Rs 8,750 per set; allowed 10% trade discount.

April, 9 Purchased furniture from Jai furniture for Rs 14,800.

April, 12 Sent to Durga Electronics a credit note because price per set was Rs 8,250 and not Rs 8,750.

April, 17 Settled Vansh's account to the extent of Rs 10,000 only, Discount allowed by him 5%.

April, 21 Purchased from Vansh 8 CD players @ Rs 3,500 each.

April, 24 Purchased a machine for Rs 8,000 in cash.

April, 27 Paid to Vansh Rs 28,000.

April, 30 Paid salaries Rs 8,000 and rent Rs 15,000

Prepare the subsidiary books. M/S Hariram decided that he will reserve 25% jobs for women. Identify the value reflected here. [8]

Q25 The following is the Receipts and payments account, of ABC club. The club was formed for the welfare of blind children.

**Receipts and Payments Account for the year ended 31<sup>st</sup> March,2013**

Receipts

Amount Rs

Payments

Amount Rs

To Balance b/d

By expenses on charity show

1,100

Cash in Hand

25,000

(for the welfare of blind

Cash at Bank

10,000

children)

To subscriptions

By Investments

10,000

2011-2012

500

By Insurance

2,000

2012-2013

700

By Sundry Expenses

400

2013-2014

600

By Office expenses

700

To receipts from charity show

2,500

By Fax Machine (purchased on

2,600

(for the welfare of blind

1.10.2012)

children)

By Salaries  
12,500  
To Donations  
4,000  
By Balance c/d

To miscellaneous receipts  
1,300  
Cash in Hand  
6,400

Cash at Bank  
8,900

44,600

44,600

The following additional information is given to you:

On 31.3.2013, subscription of Rs 2,500 (including Rs 200 for 2011-12) were in arrears and Insurance was prepaid by Rs 300.

On 1.4.2012 the club had the following assets and liabilities:

Fax Machine Rs 4,000  
Investments Rs 2,500

Salary outstanding Rs 1,500 and Insurance prepaid Rs 500  
Depreciation is to be charged on Fax Machine @ 10% p.a.  
Donations are to be capitalized.

Prepare the Income and Expenditure account of the club for the year ending 31<sup>st</sup> March 2013.  
Also identify the Value involved in the above case.

[8]

Q26 The Trial Balance of Mr Sunil as on 31<sup>st</sup> March, 2014 was as follows:

Particulars  
Dr. (Rs)  
Cr. (Rs)

Purchases/ Sales

16,25,050

25,24,000

Provision for Doubtful Debts

52,000

Sundry Debtors/ Sundry Creditors

5,02,000

3,05,260

Bills Payable

39,500

Cost of goods Sold

3,98,620

Salaries

55,750

Furniture

72,500

Insurance Claim

42,000

Carriage paid on Furniture

12,500

Trade Expenses

58,310

Bad Debts

5,250

Loan to Ram@ 10% p.a.(Dec. 1,2013)  
20,000

Cash in Hand and at Bank  
1,00,000

Trade Expenses outstanding

7,000

Drawings/ Capital

44,520

1,00,000

Wages Unpaid

20,000

Closing Stock

1,11,260

30,47,760

30,47,760

Prepare the Trading and Profit & Loss Account for the year ending March 31, 2014 and the Balance sheet as at that date after taking into account the following adjustments:  
Depreciation on Furniture is to be charged at 10%.

Debtors include Rs 20,000 to be received from Hanif and creditors include Rs 10,000 to be paid to him. Hanif became insolvent and nothing could be recovered from him.

Provision for Doubtful debts is to be maintained @ 5% on sundry debtors.  
Goods of the value of Rs 50,000 have been destroyed by fire and insurance

company admitted the claim for 84% in this year. The amount is received and is to be recorded. [8]

**SAMPLE PAPER 2**

**SUBJECT: ACCOUNTANCY**

**CLASS-XI**

**TIME: 3 HRS M.M.90**

**Instructions:**

**All the questions are compulsory.**

**Marks are indicated for each question in brackets.**

**All the parts of a question should be attempted together.**

**Working notes should be shown wherever required.**

**Q1**

“Deferred revenue expenditure is future year’s expenditure to be paid in current year.”

Comment.

[1]

**Q2**

Which Accounting is certainly followed and which one is certainly ignored under Single Entry System?

[1]

**Q3**

Liability of drawer is primary in case of a promissory note. Is it correct? Give reason in support of your answer.

[1]

**Q4**

Adjustments are not considered while preparing a Receipts and Payments Account. Why? [1]

**Q5**

The proprietor of a firm was shown a B.R.S. by the accountant showing the cash book balance

reconciled with the Bank Pass Book. The proprietor noted that a cheque deposited on the last day was not credited and therefore should have been shown in B.R.S. The accountant informed that it was not shown in B.R.S. because it was not recorded in the cash book. Do you agree with the

accountant's explanation? Give reason.

[1]

**Q6**

What is window dressing in accounting? Give one example.

[1]

**Q7**

"Book Keeping is a part of accounting". Do you agree with the statement? Explain.

[2]

**Q8**

Differentiate between Revenue Receipts and Capital Receipts with example.

[2]

**Q9** Ravi close his financial book on 31<sup>st</sup> Dec 2011. Stock taking takes place about two weeks. In 2012 value of closing stock thus arrived at was Rs 25,000. During the two weeks in which stock taking took place, purchases made were Rs 1,000 and sales totaled Rs 4,000. The firm makes a Gross Profit of 25% on cost. Ascertain the value of closing Stock of 31<sup>st</sup> Dec 2011. [2]

**Q10** Comment on the following statements:

(a) Reserve is not a liability in real sense but is shown on the liability side of the Balance Sheet.

(b) Creation of reserve reduces taxable profits of the business. [2]

**Q11** Give one example each for:

(a) Error of Commission

(b) Compensating Errors. [2]

**Q12** What do you understand by DBMS? Explain any two of its advantages. [3]

**Q13** For the year ended 31<sup>st</sup> March 2008 the following information related to subscriptions is given to you. Calculate the subscriptions due as on 1<sup>st</sup> April 2007. The club has 100 members each paying annual subscriptions @ Rs 500. Subscriptions received during the year Rs 50,600. Subscriptions received in advance on 31<sup>st</sup> March 2007 are Rs 2,000. Subscriptions received for the year 2008-09 are Rs 4,000. Subscriptions due but not received for the year 2007-08 is Rs 3,200. [3]

**Q14** Give Journal Entries for the following :

Received claim from Ravi for defects in goods supplied to them. Claim admitted Rs 150.

Goods Costing Rs 80,000 sold to Mohit at a profit of 20% on sales less 10% Trade discount and 2 % cash discount. 60% of amount has been settled.

(iii) Received an order for goods from Harish for Rs 5,000. [3]

**Q15** What is a 'Tailormade Software'? How is it different from a 'Readymade Software'? [4]

**Q16** Due to an accident on 22<sup>nd</sup> Feb 2010, a company's vital machinery is damaged completely. This will have an adverse impact on its production capacity. As result, the competitors are likely to take its advantage and capture the market. The company has not disclosed this fact in its annual report for the year ended 31<sup>st</sup> March 2010.

(a) Do you think that the company has done a right thing, if not which value is not taken care of by the Company?

(b) Is there any principle in accounting that support your answer? If yes name and explain. [4]

**Q17** A commenced business on January 1, 2010 with a capital of Rs 1,00,000. He immediately bought furniture and fixtures for Rs 20,000. On 30<sup>th</sup> June, he borrowed Rs 50,000 from his wife @ 9% p.a. (interest not yet paid) and introduced a further capital of his own amounting to Rs 11,500. A drew at the rate of Rs 3,000 per month at the end of each month for his household expenses. On 31<sup>st</sup> December, 2010 the other information was as follows:

Assets

Rs

Liabilities

Rs

Cash in hand

28,000

Creditors

5,000

Stock

68,000

Owing for rent

1,500

S. Debtors

48,000

Bills Receivables

16,000

Furniture to be depreciated by 10%. Ascertain the profit or loss made by A during 2010.

[5]

**Q18** On 31<sup>st</sup> Dec, 2012 the Pass Book of Ram Gopal shows the credit Balance of Rs 4,500. The following discrepancies were found. you are required to prepare the Bank Reconciliation Statement of Ram Gopal as on that date.

A bill receivable of Rs 500 which was discounted with the bank was dishonoured on 31<sup>st</sup> Dec.

A cheque issued for Rs 250 was recorded as Rs 205 in the cash column of cash book. This cheque was

presented for payment on 2<sup>nd</sup> Jan 2013.

The payment side of the cash book was overcast by Rs 650.

The Debit Balance of Rs 1,500 as on the previous day was brought forward as a credit balance by Ram Gopal.

(v) A Cash discount allowed of Rs 112 was recorded as Rs 121 in the Bank column.

(vi) The payment of Cheque of Rs 350 was recorded twice in the pass book. [6]

**Q19** The following is the Receipts and Payments Account of a Charitable Hospital for the year ended 31<sup>st</sup> March, 2010.

Receipts

Rs

Payments

Rs

To Balance B/d

By Medicines

1,500

Cash in Hand

50

By Honorarium to Doctors

500

Cash at Bank

300

By Salaries

1,375

To Subscriptions

2,500

By Sundry Expenses

25

To Donations

725

By Equipments Purchased

750

To Interest on Investment

350

By charity show expenses

50

@ 7% for full year

By Balance c/d

To Charity Show receipts

500

Cash in hand  
25

Cash at Bank  
200

4,425

4,425

**Additional Information :**

31-3-2009  
31-3-2010

Subscription outstanding  
 25  
 50  
 Subscriptions received in advance  
 50  
 25  
 Stock of medicines  
 500  
 750  
 Amount due to suppliers of medicines  
 400  
 600  
 Equipments  
 1,050  
 1,500  
 Building  
 2,000  
 1,900

You are required to prepare Income & Expenditure Account for the year ended 31<sup>st</sup> Mar, 2010. [6]

**Q20** On January 1, 2001, Plant and machinery stood at Rs 3,00,000 in the books of Nandu. A new machine for Rs 1,80,000 was purchased on 1<sup>st</sup> July, 2001. A part of machine which was purchased for Rs 1,00,000 (on 1<sup>st</sup> January 1999) was sold on 1<sup>st</sup> October, 2003 for Rs 43,000. On the same day, a new machine was purchased for Rs 80,000. Depreciation was provided @ 10% p.a. on diminishing value method. You are required to show machinery account till 2003. If the books were closed on 31<sup>st</sup> December every year. [6]

**Q21** Give Journal entries to rectify the following errors ;

a) Machinery originally purchased for Rs 20,000 depreciated to Rs 14,000 was sold at Rs 11,000 and was credited to Machinery account with the sale amount.

A sum of Rs 475 owed by Hari has been included in the list of s. creditors by Rs 375.

Machinery costing Rs 20,000 was purchased for a member of the staff and its cost was included in Machinery. A similar amount was deducted from salary (which was Rs 50,000) of that member and net payment was debited to salaries account.

A provision Of Rs 7,000 was created for bad debts but the bad debts for the year came out to Rs 5,500 only.

An item of Rs 300 in respect of purchase return instead of being debited to the personal account from the return outward book had been wrongly entered in the purchase book and posted there from wrongly to the debit of personal account.

An invoice for Rs 454 for goods purchased from Hari was entered in the sales day book as Rs 445 and there from to the account of Hari as Rs 44.

One item of purchase of Rs 25 has been posted from the purchase book to ledger as Rs 350. [7]

**Q22** Journalise the following transactions in the books of Rani.

Our acceptance to Girish for Rs 1,500 renewed for Rs 3 months on the condition that Rs 500 is paid in cash immediately and the remaining balance to carry interest @ 12% p.a.

Ria's Promissory Note for Rs 1,200 endorsed in favour of Anita returned dishonored. Anita paid Rs 30 as noting charges. Rani pays Anita by cheque and accepts from Ria another bill for the amount due along with interest Rs 80.

A bills payable accepted in favour of Dharmesh for Rs 4,000 returned unpaid due to lack of instructions to the bank. Mr Dharmesh claims Rs 4,050. Which is paid by cheque. [7]

**Q23** On 1<sup>st</sup> April 2012, the following balances were appeared in the books of Nalini Electronics : Cash in hand Rs 12,500; Cash at Bank Rs 10,000 ; Varun (Dr.) Rs 64,000 ; Stock Rs 45,000 ; Furniture Rs 20,000 ; Ganesh (Cr.) Rs 16,500 ; B/R 25,000 and B/P 10,000.

The following Transactions took place during the month of April, 2012

April 1 Purchased 5 Refrigerators from Videocon Electronics @ Rs 13,500.

April 3 Received cheque for payment from Varun , discount allowed 5%. The cheque was Deposited into bank.

April 6 Sold 3 Television sets to Durga Electronics, sent Invoice at Rs 8,750 per set; Trade

Discount Allowed 10% .

April 9

Purchased Furniture from Jai Furniture For Rs 14,800.

April 12

Sent to Durga Electronics a credit note because price per set was Rs 8,250 and not Rs

8,750.

April 17

Settled Ganesh's account to the extent of Rs 10,000 only. Discount allowed by him 5%.

April 21

Purchased from Ganesh 8 CD Players @ Rs 3,500.

April 24

Discounted a bill of exchange of Rs 10,000 from bank @ 5%.

April 27

Varun,s cheque was dishonored.

April 28

Varun made the payment to settle his account.

April 29

Bills sent for collection for Rs 10,000 were collected by bank .

April 30

Honored the acceptances by cheque.

Prepare subsidiary books of Nalini Electronics.

[8]

**Q24** From the following Balances and additional information of Mr Rakshit, a proprietor, prepare Trading and P& L Account for the year ending on 31<sup>st</sup> March 2013 and the Balance Sheet as at that date.

**Rs**

**Rs**

Stock as at 31<sup>st</sup> Mar 2013

40,000

Establishment Expenses

13,200

Sales

6,00,000

General Expenses

6,000

Cost of goods sold

5,60,000

Selling

&

Distribution

36,075

Rent paid

11,000

Expenses

Rent Received

6,500

VAT Paid

1,000  
Interest received  
4,500  
Interest Paid

3,750  
Discount allowed  
2,000  
Discount Received  
1,000  
Bad debts  
3,000  
Debtors

2,20,000  
10% Investments (bought on  
50,000  
Creditors

96,400  
31<sup>st</sup> March 2013)

Capital

3,28,000  
15% Loan from Bank(taken  
50,000  
Drawings

12,775  
on 1<sup>st</sup> Jan 2013)

Plant & Machinery  
50,000  
Provision for doubtful debts  
10,000  
Land & Building

60,000  
Provision for discount on  
2,400

Prepaid Rent

1,200

Debtors

Import

Duty

(paid on

30,000

purchase of machinery)

Outstanding Salaries

1,200

**Additional Information:**

An advance of Rs 10,000 given to an employee has been debited to wages account.

A bill receivable for Rs 15,000 was discounted from Bank @ 10%. The due date of the bill was 30<sup>th</sup> April 2013.

S. Creditors include an amount of Rs 5,400 received from Ramesh and Credited to his account. The amount was written off as a bad debt in the previous year.

Included amongst the debtors is Rs 30,000 due from Harish and included among the creditors Rs 10,000 due to him.

A commission of 1% on the gross profit is provided to Works Manager.

Sales Manager is to be allowed a commission @ 5% on Net profit after charging Works Manager's commission but before charging his own commission.

(g) Charge depreciation on Machinery @ 10%.

[12]