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**SAMPLE PAPER- (solved)**  
**For Examination March 2018**  
**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. Name any two external users directly concerned with accounting information. [1]
2. 'Cash Memo' is a source document or an Accounting Voucher? [1]
3. What is meant by the term 'Merchandise' in accounting? [1]
4. Vinod Bros. not following the Double Entry System while preparing books of accounts. They are preparing accounting on the basis of Single Entry System. Give any two limitations which they may face in future. [1]
5. Identify Personal, Real and Nominal account from the following: [3]  
(i) Rent Paid                      (ii) Rent Received                      (iii) Rent Accrued  
(iv) Machinery                      (v) Capital                      (vi) Purchase
6. Rectify the following errors by passing entries: [3]  
(i) Rs.4,800 received from Vinod wrongly entered as from Vikas.  
(ii) The Purchase Book was under cast by Rs.2,500.  
(iii) Total of Sales return was under cast by Rs.8,100
7. Describe any two objective of International Financial Reporting System. Also identify any two values disclosed by IFRS. [3]
8. Explain the following Assumptions/Principles of Accounting: [3]  
(i) Prudence Principle  
(ii) Historical Cost Principle  
(iii) Accrual Assumption
9. Give any two differences between Reserve and Provision [4]
10. Fill in the blanks and complete the Journal Entries. [4]

Date	Particulars	L.F.	Debit	Credit
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_____ A/c Dr. Vinod's A/c Dr. To _____ A/c (Being goods sold to Vinod and 40% amount received by cheque)		? 15,000	?
_____ A/c Dr. To _____ A/c (Being cheque received from Mohan for Rs.5,000 not deposited)		?	?
_____ A/c Dr. To _____ A/c (Being goods taken for personal use costing Rs.3,500; sales price 4,000)		?	?
_____ A/c Dr. To _____ A/c (Being sold personal car for Rs.1,00,000 and brought that money into business)		?	?

11. Vinod owed Rs.10,000 to Mohan. Mohan wrote a bill of exchange for Rs.10,000 on Vinod for three months, which was duly accepted by Vinod. Mohan discounted the bill with Bank at a discount of Rs.100. On maturity, Bill was dishonoured. Bank paid Rs.20 as noting charges. Pass journal entries in the books of Mohan. [4]
12. Prepare Cash Book with Bank Column of Vinod from the following transactions: [4]
- Jan. 1 Cash in hand Rs.2,300 and Bank overdraft Rs.12,000
- Jan. 7 Cheque received from Ram Rs.4,000.
- Jan. 9 Deposited the above cheque into Bank.
- Jan. 12 Goods sold for Rs.15,000 and deposited into the bank on the same day.
- Jan. 18 Money withdrawn from bank for office use Rs.2,000.
- Jan. 23 Money withdrawn from bank for personal use Rs.1,000.
- Jan. 31 Bank charges Rs.200.
13. Vinod has the following transactions. Show accounting equation for the same: [4]
- Commenced business with cash Rs.80,000.
  - Paid rent in advance Rs.1,000.
  - Purchased goods for cash Rs.30,000 and credit Rs.20,000.
  - Sold goods costing Rs.20,000 for Rs.30,000.
  - Paid Salary Rs.800 and Salary outstanding Rs.200.

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14. Prepare a Bank Reconciliation Statement of Mr. Divij Jain on 31 May 2017 from the following: [6]
- (i) Dr. Balance as per Pass Book Rs.50,000.
  - (ii) Cheque issued to Mr. Himesh Rohatgi for Rs.2,000 not entered in Cash Book.
  - (iii) Mr. Dhanraj (debtor) deposited an amount of Rs.1,000 directly into the bank account of Mr. Divij Jain.
  - (iv) Cheque received from Mr. Dhruv Guleria for Rs.6,000 entered in cash book but not sent to bank.
  - (v) There was a credit in the pass book for Rs.600 and another credit of Rs.200 for interest.
  - (vi) Bank charges Rs.500 entered twice in the cash book.
15. Vinod Ltd., purchased a Plant on 1st April, 2005 for Rs.15,000. It purchased another plant on 1st October, 2005 costing Rs.20,000 and on 1st July, 2006 costing Rs.30,000. On 1st January, 2007 the Plant purchased on 1st April, 2005 became useless and was sold for Rs.2,000. Show Plant Account charging 10% p.a. depreciation by fixed instalment method for four years. The plant purchased on 1st October, 2005 was sold for Rs.8,000 on 1st January, 2008. Accounts of the company are closed on 31st December each year.

OR

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]

### **Part - B (Financial Accounting - II)**

16. How would you define 'Provision for Doubtful Debts'? [1]
17. 'Manual Accounting is not that effective, computerized accounting system is better'. How would you express this statement? [1]
18. (a) Identify any two values disclosed by Not-for Profit Organisations in India.  
(b) Find out the amount to be shown in the Liabilities Side of Balance Sheet.
- |                               |              |
|-------------------------------|--------------|
| Tournament Fund .....         | Rs.6,00,000  |
| Tournament Expenses.....      | Rs.1,80,000  |
| Receipts from Tournament..... | Rs.2,40,000. |
- [3]
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19. Vinod Bros. prepare accounts by using Single Entry System. They have provided the following information at the end of the year. You are required to calculate the profit for Vinod Bros.

Capital at the end of the year..... Rs.10,00,000

Capital in the beginning of the year..... Rs.15,00,000

Drawings made during the period .....Rs.7,50,000

Additional capital introduced..... Rs.1,00,000

[3]

20. Vinod maintains his account on Single Entry System. Calculate his profit on 31<sup>st</sup> March, 2013 from the following information:

[6]

Particulars	1 April 2012	31 March 2013
Cash in hand	6,000	2,000
Bank Balance	18,000	14,000
Furniture	8,000	8,000
Stock	4,000	12,000
Creditors	16,000	12,000
Debtors	12,000	16,000

During the year his drawings were Rs.4,000 and additional capital invested Rs.8,000.

21. Following is the extract from a Trial Balance:

[6]

Particulars	Amount (Dr.)	Amount (Cr.)
Debtors	21,000	--
Bad Debts	500	--

Adjustments:

- Write off Rs.1,000 as further bad debts.
  - Create a provision for doubtful debts at 5% on Sundry Debtors.
- Show the treatment of above items in final accounts.

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

[6]

23. Given below is the Receipts and payments Account of Vinod Sports Club for the year ended 31.12.2008.

[6]

Receipts	Amount	Payments	Amount
Balance of Cash	400	Salaries	10,000
Balance of Bank	3,600	Billiard Table	8,000
Subscriptions	11,000	Office Expenses	3,400
Life Membership Fee	8,000	Stationery	2,700
Tournament Fund	15,000	Tournament Expenses	16,000
Locker Rent	2,000	Furniture purchased	5,000
Sale of old sports material (costing 5,000)	3,000	Sports equipment purchased	6,000
Sale of old newspapers	2,000	Fixed Deposit on 1.1.2008 @ 12% p.a.	5,900
Legacy	10,000	Balance of Cash	200
Entrance Fee	5,000	Balance of Bank	2,800
	60,000		60,000

Additional information:

- (i) On 1.1.2008 subscriptions outstanding were Rs.800 and on 31 December 2008 Rs.900.
- (ii) On 1.1.2008 the club had Building Rs.50,000; Furniture Rs.20,000 and Sports Equipment Rs.14,000. Charge depreciation @10% on these items (including purchases).
- Prepare Income and Expenditure Account. [6]

24. Vinod Bros. providing you following information on 31<sup>st</sup> March 2015. Show the treatment of following items in related accounts without doing calculation of profit or loss: [8]

Particulars	Amount	Amount
Debtors	51,000	--
Bad debts	1,500	--
Provision for doubtful debts	--	800
Prepaid salaries	300	--
Outstanding rent	--	400
Commission received	--	6,000

Additional Information:

- (i) Further bad debts were Rs.1,000.
- (ii) Bad debts recovered Rs.600.
- (iii) Make provision for doubtful debts @ 5%.
- Commission received includes 1/3 for the next year.

OR

From the following Trial Balance of M/s.Vinod and Sons as on 31st March. 2015, prepare Trading and Profit & Loss Account and Balance Sheet.

Particulars	Amount	Particulars	Amount
Opening stock	10,000	Capital	5,00,000
Purchases	1,05,000	Sales	2,02,000
Sales return	2,000	Creditors	80,000
Interest on bank loan	300	B/P	20,000
Import duty	700	Outstanding expenses	5,000
Cash in hand	4,000	10% Bank Loan (1 Dec.2014)	15,000
Cash at bank	22,000	Purchase Return	5,000
Manufacturing expenses	6,000		
Expenses on purchase	2,000		
Expenses on sales	3,000		
Salaries & wages	8,000		
Land & building	2,64,000		
Plant & machinery	1,80,000		
Investments	1,50,000		
Debtors	70,000		
	8,27,000		8,27,000

**Adjustments:**

- (i) Stock at the end was Rs.60,000 (cost) and Rs.80,000 market price.
- (ii) Bad debts Rs.2,000.

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- (iii) Make provision for doubtful debts 5% on debtors.
  - (iv) Depreciate plant & machinery @ 10% p.a.
  - (v) Manager is entitled for a commission on net profit @ 10% after charging such commission.
- [8]
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## Solution

1. (i) Creditors (ii) Bankers or Financial Institutions
2. Cash Memo is prepared by the seller (when goods are sold in cash), it is a source document.
3. 'Goods for Resale' are known as Merchandise in accounting.
4. (i) Difficult to find correct profit (ii) Balance sheet does not reflect the true picture.
5. Personal, Real and Nominal Accounts:
  - (i) Rent Paid ----- Nominal A/c
  - (ii) Rent Received -----Nominal A/c
  - (iii) Rent Accrued ----- Personal A/c
  - (iv) Machinery ----- Real A/c
  - (v) Capital -----Personal A/c
  - (vi) Purchase ----- Nominal A/c
6. Rectifying Entries
  - (i) Vikas Dr. 4,800 and Vinod Cr.4,800
  - (ii) Purchase Dr.2,500 and Suspense Cr.2,500.
  - (iii) Sales Return Dr.8,100 and Suspense Cr.8,100.
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;

Values: (i) Transparency (ii) Trust and Honesty
8. **Prudence Principle:** This principle is nothing but a formal expression of the maxim "Anticipate no profits and provide for all possible losses." In other words, it considers all possible losses but ignores all possible profits.

**Historical Cost Principle:** According to this concept all fixed assets are recorded in the books at cost i.e. the price paid to acquire them. Any subsequent increase or decrease in their value will not be shown in the records except the depreciation of these assets. In subsequent years, therefore fixed assets are shown at cost less depreciation provided on them up to date. Continuous charging of depreciation on the asset will ultimately eliminate the asset from the books.

**Accrual Assumption:** Under this assumption of accounting, all transactions are recorded in

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the books of accounts (Cash and Non-Cash). Entries are made on the Accrual basis, it means cash and Non-cash both transactions are recorded in the books of accounts when it is entered into and not when the settlement takes place.

9. Differences between Reserve and Provision:

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. Journal Entries.

Date	Particulars	L.F.	Debit	Credit
	Bank A/c Dr. Vinod's A/c Dr. To Sales A/c (Being goods sold to Vinod and 40% amount received by cheque)		10,000 15,000	25,000
	Cheques in Hand A/c Dr. To Mohan's A/c (Being cheque received from Mohan for Rs.5,000 not deposited)		5,000	5,000
	Drawings A/c Dr. To Purchase A/c (Being goods taken for personal use costing Rs.3,500; sales price 4,000)		3,500	3,500
	Cash A/c Dr. To Capital A/c (Being sold personal car for Rs.1,00,000 and brought that money into business)		1,00,000	1,00,000

11. Mohan's Journal

Date	Particulars	L. F.	Debit	Credit
	Bills Receivable A/c Dr To Vinod (Being acceptance received)		10,000	10,000

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	Bank A/c Dr. Discount A/c Dr To Bills Receivable A/c (Being bill discounted)		9,900 100	10,000
	Vinod Dr. To Bank (Being bill dishonoured and noting charges paid by bank)		10,020	10,020

## 12. Cash Book

Date	Particulars	L.F	Cash	Bank	Date	Particulars	L.F	Cash	Bank
Jan 1	To Balance b/d		2,300		Jan. 1	By balance			12,000
9	To Cheque in hand			4,000	18	By Cash	C		2,000
12	To Sales			15,000	23	By drawings			1,000
18	To Bank	C			31	By bank charge			200
					31	By balance		2,300	3,800
			2,300	19,000				2,300	19,000
Feb 1	To Balance b/d		2,300	3,800					

## 13. Accounting Equation

Particulars	Assets			=	Liabilities		
	Cash	Stock	Prepaid Rent	=	Creditors	+	Capital
(i) Commenced Business	80,000	0	0	=	0	+	80,000
(ii) Paid Rent in advance	(1,000)	0	1,000	=	0	+	0
<b>New Equation</b>	<b>79,000</b>	<b>0</b>	<b>1,000</b>	<b>=</b>	<b>0</b>	<b>+</b>	<b>80,000</b>
(iii) Purchased goods	(30,000)	50,000	0	=	20,000	+	0
<b>New Equation</b>	<b>49,000</b>	<b>50,000</b>	<b>1,000</b>	<b>=</b>	<b>20,000</b>	<b>+</b>	<b>80,000</b>
(iv) Sold goods	30,000	(20,000)	0	=	0	+	10,000
<b>New Equation</b>	<b>79,000</b>	<b>30,000</b>	<b>1,000</b>	<b>=</b>	<b>20,000</b>	<b>+</b>	<b>90,000</b>
(v) Salary paid & outstanding	(800)	0	0	=	200	+	(1,000)
<b>Final Equation</b>	<b>78,200</b>	<b>30,000</b>	<b>1,000</b>	<b>=</b>	<b>20,200</b>	<b>+</b>	<b>89,000</b>

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14. Bank Reconciliation Statement

Particulars	Amount Rs.	Amount Rs.
Balance as per passbook		50,000
Add : Direct deposit by customer	1,000	
Add : Credit in pass book 600 + 200	800	
Add: Bank charges	500	2,300
		47,700
Less: Cheque of Mr. Himesh Rohtagi	2,000	
Less: Cheque received not sent to bank	6,000	8,000
<b>Balance as per cash book (Cr.)</b>		<b>39,700</b>

15. Machinery Account

Date	Particulars	Amount	Date	Particulars	Amount
2005 April 1	To Bank	15,000	2005 Dec.31	By Depreciation A/c	1,625
Oct 1	To Bank	20,000		By Balance c/d	33,375
		35,000			35,000
2006 Jan.1	To Balance b/d	33,375	2006 Dec 31	By Depreciation A/c	5,000
July 1	To Bank A/c	30,000		By Balance c/d	58,375
		63,375			63,375
2007 Jan. 1	To Balance b/d	58,375	2007 Jan 1	By Bank	2,000
				By P/L A/c	10,375
			Dec 31	By Depreciation A/c	5,000
		58,375		By Balance c/d	41,000
					58,375
2008 Jan 1	To Balance b/d	41,000	2008 Jan 1	By Bank	8,000
				By P/L A/c	7,500
			Dec 31	By Depreciation A/c	3,000
		41,000		By Balance c/d	22,500
					41,000
2009 Jan 1	To Balance b/d	22,500			

OR

Truck Account

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

#### Truck Disposal Account

Date	Particulars	Amount	Date	Particulars	Amount
2012	Truck A/c	20,000	2012	Prov. for Dep. Bank A/c P/L A/c	2,000 15,000 3,000
		20,000			20,000
2013	Truck A/c P/L A/c	20,000 3,000	2013	Prov. for Dep. Bank A/c	5,000 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 Dec 31	To Truck Disposal To Balance b/d	2,000 16,000	2012 Jan. 1 Dec 31	By Balance c/d By Depreciation A/c	10,000 8,000
		18,000			18,000
2013 Jan. 1 Dec 31	To Truck Disposal To Balance b/d	5,000 18,750	2013 Jan. 1 Dec 31	By Balance c/d By Depreciation A/c	16,000 7,750

16. Provision for doubtful debts is always calculated as a percentage of debtors. This provision is made against debts of the amount that are doubtful of recovery.

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17. Computerized accounting system is better than manual accounting system because Computers are able to perform all accounting tasks at high speed without committing errors.

18. (a) Values: (i) Social Work (ii) Promotion of Art, Science, Culture, Traditions and good values without any personal benefit.

(b) Balance of Tournament fund to be shown in the liabilities side Rs.6,60,000

$$6,00,000 + 2,40,000 - 1,80,000 = 6,60,000$$

19. Calculation of Profit = Profit =  $10,00,000 + 7,50,000 - 15,00,000 - 1,00,000 = 1,50,000$

20. Statement of Affairs (opening)

Liabilities	Amount	Assets	Amount
Creditors	16,000	Cash in hand	6,000
Capital (Bal.fig)	32,000	Bank Balance	18,000
		Furniture	8,000
		Stock	4,000
		Debtors	12,000
	48,000		48,000

Statement of Affairs (closing)

Liabilities	Amount	Assets	Amount
Creditors	12,000	Cash in hand	2,000
Capital (Bal.fig)	40,000	Bank Balance	14,000
		Furniture	8,000
		Stock	12,000
		Debtors	16,000
	52,000		52,000

Calculation of profit:

Capital at the end + Drawings – Additional capital – opening capital

$$20,000 + 2,000 - 4,000 - 16,000 = 2,000$$

21. Profit & Loss Account

Particulars	Amount	Particulars	Amount
Bad debts provision	2,500		

Balance Sheet

Liabilities	Amount	Assets	Amount
		Sundry Debtors	21,000
		Less : Bad debts	1,000
		Less : Provision	<u>1,000</u>
			19,000

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22. Readymade Software: These software's are ready to use, easy to handle or easy to operate. These software's save time and cost. The best example for accounting software is 'Tally'

Advantages of Readymade Software's

- (i) Suitable for small business firms.
- (ii) Easily available.
- (iii) Affordable (Less expensive)
- (iv) User friendly (No special training required)

Limitations of Readymade Software's

- (i) Knowledge of computer is required (as well as knowledge of accounting is also required).
- (ii) Costly and installation problems.
- (iii) Not safe.

Customized Software: Readymade software's are modified as per the requirement. It is known as customized Software's. The cost of customised software is higher than the readymade software cost and this cost is paid by the user.

Advantages of Customised Software's

- (i) Suitable for medium and large business houses.
- (ii) All transactions are recorded in a systematic manner.
- (iii) Software is customised according to the requirement.
- (iv) Reliable.

Limitations of Customised Software's

- (i) Special training is required to handle these types of software's.
- (ii) Costly.
- (iii) Outdated software's may cause problems.

### 23. Income and Expenditure Account

Expenditure	Amount	Income	Amount
To Salaries	10,000	By Subscriptions 11,000 + 900 – 800	11,100
To Office Expenses	3,400	By Locker Rent	2,000
To Stationery	2,700	By Sale of old newspapers	2,000
To Loss on sale of sports material	2,000	By Entrance Fee	5,000
To Depreciation on Building	5,000	By Accrued interest	708
To Depreciation on Furniture	2,500	By Deficit	7,792
To Depreciation on Sports Equipment	2,000		
To Tournament Expenses	1,000		
	28,600		28,600

### 24. Profit and Loss Account (Extract)

Particulars	Amount	Particulars	Amount
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Bad Debts 1,500 Add : Further bad debts 1,000 Provision for bad debts: Debtors 51,000 Less : <u>1,000 (new bad debts)</u> <u>50,000</u>	2,500	Bad debts recovered Commission 6,000 Less : 1/3 2,000	600  4,000
Now; $50,000 \times 5/100 = 2,500$ Less : Old provision <u>800</u>	1,700		

Balance Sheet (Extract)

Liabilities	Amount	Assets	Amount
Commission (advance)	2,000	Debtors 51,000	
Outstanding Rent	400	Less : Bad debts 1,000	
		Less : Provision 2,500	47,500
		Cash (bad debts recovered)	600
		Prepaid Salaries	300

OR

**Gross Profit** Rs.1,41,300; **Net Profit** Rs.1,06,400 before manager commission and Rs.96,727 after manager's commission; **Balance Sheet** Rs.7,26,600.

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