

NEW ERA PUBLIC SCHOOL

CLASS-XI

ACCOUNTANCY

Chapter-Introduction to Accounting

Very Short Answer Type Questions:

Q1. "Accounting records transactions and events that can be measured in money terms". Is this in your opinion, a limitation of accounting or an advantage? Support your views with reasons.

Q2. Resignation by a Marketing Manager is not recorded in the books of Accounts. Why?

Q3. Which type of accounting information reveals profit earned or loss incurred?

Q4. Under the 'Double Entry System' every transaction has two aspects-debit and credit of equal amounts. It is because of this reason that the Trial Balance should always agree. Are you in agreement with this statement? Give your reasoning.

Q5. Define Accounting.

Q6. Define Book keeping.

Q7. State what is the end product of Financial Accounting.

Q8. Define Single Entry System.

Q9. Define Double Entry System.

Objective type questions:

1. Select the best alternative:

(i) Which of the following is not recorded in the books of Accounts?

(a) Sales of goods (b) Payment of salary (c) Quality of staff.

(ii) Transactions are posted into Ledger Account from

(a) Vouchers (b) Journal book (c) None of these.

(iii) Which of the following is not a business transaction?

- (a) Purchase of goods for resale amounted to ₹ 20,000.
- (b) Paid salaries & wages amounted to ₹ 5,000.
- (c) Purchased LCD for personal use.

(iv) Which system of accounting is more widely used:

- (a) Single entry system (b) Double entry system.

Short Answer Type Questions:

Q1. Why are the following parties interested in accounting information:

- (a) Investor (b) Government (c) Management (d) Owners (e) Banks & financial institutions
- (e) Employees & Workers.

Q2. Explain the various functions of Accounting.

Q3. Give any five differences between Book Keeping & Accounting.

Q4. Explain any five objectives of Accounting.

Q5. Explain any five advantages of Accounting.

Q6. Explain any five limitations of Accounting.

Q7. Give any three advantages of Double Entry System.

Q8. Give any three disadvantages of Double Entry System.

Chapter-Basic Accounting Terms

Very Short Answer Type Questions:

Q1. Name any four fixed assets.

Q2. Give any two examples of Intangible Assets.

Q3. Give any two examples of Current Assets.

Q4. A firm earns revenue of ₹ 75,000 and the expenses to earn this revenue are ₹ 54,000. Calculate its income.

Q5. What is a cash transaction?

Q6. What is a credit transaction?

Objective Type Questions:

1. Select the best alternative:
 - (i) A person who owes money to a firm is called a:
(a) Creditor. (b) Debtor.
 - (ii) A person to whom money is owed by a firm is called a:
(a) Creditor. (b) Debtor.
 - (iii) The amount invested by the proprietor in a business is called:
(a) Cash (b) capital (c) revenues.
 - (iv) Bank overdraft is:
(a) Short term liability (b) Long term liability (c) contingent liability.
2. Determine, if the following are Assets, Liabilities, Revenues, Expenses or none:
(a) Machinery (b) Purchases (c) Stock (d) Creditors (e) Capital (f) Salary paid to a clerk (g) Sales (h) Furniture (i) Interest received and (j) Rent paid.

Short Answer Type Questions:

- Q1. Explain the meaning of following terms:
- (a) Business transaction. (b) Capital (c) Drawings (d) Liabilities (e) Assets (f) Expenditure (g) Expenses (h) Income (i) Purchases (j) Sales (k) Stock (l) Debtor (m) Creditor (n) Goods.
- Q2. Give the classification of various types of Assets.
- Q3. Give the classification of various types of Liabilities.
- Q4. Classify the various types of Expenditure.

Chapter-Bases of Accounting

Very Short Answer Type Questions:

- Q1. Dr.K.Kumar, a homeopath doctor in a practice has been advised by his Accountant to maintain his accounts on Accrual basis instead of presently followed Cash basis of Accounting. Do you agree with the advice of the Accountant? Give reasons.

Q2. M/s. Arora Bros., a dealer in Electric Appliances, has received an order for five LCDs along with an advance of ₹1,00,000 . The firm maintains its accounts on accrual basis of Accounting. Should the amount received i.e. ₹ 1,00,000 be credited to the sales account or the advance received account? Give reasons for your answer.

Q3. What do you understand by Cash Basis of Accounting?

Q4. What do you understand by Accrual Basis of Accounting?

Objective Type Questions:

Q1. Choose the correct option:

- (i) Under the cash basis of accounting expenses are recorded
(a) On payment (b) on being incurred (c) none of these.
- (ii) Under the accrual basis of accounting expenses are recorded
(a) On payment (b) on being incurred (c) none of these.

Short Answer Type Questions:

Q1. Write down any five differences between Cash Basis and Accrual Basis of Accounting.

Q2. Give three advantages of Accrual basis of Accounting.

Q3. Give three disadvantages of Accrual basis of Accounting.

Q4. Give three advantages of Cash basis of Accounting.

Q5. Give three disadvantages of Cash basis of Accounting.

Q6. During the financial year 2011-12, Salman had cash sales of ₹ 1,00,000 and credit sales of ₹ 80,000. His expenses for the year were ₹ 1,20,000 out of which ₹40,000 is still to be paid. Find out Salman's income for 2011-12 following the cash basis of accounting & accrual basis of accounting.

Chapter-Accounting equation

Very Short Answer Type Questions:

- Q1. Do you think that a transaction can break the accounting equation?
- Q2. Briefly explain the Accounting equation.

Practical questions:

Q1. Show the effect of following transactions on the Accounting equation:

- (i) Tanya started business with cash ₹10,00,000.
- (ii) Purchased goods for cash ₹ 40,000 & ₹ 60,000 on credit.
- (iii) Withdrew for Private use ₹ 10,000.
- (iv) Purchased machinery for cash ₹ 20,000.
- (v) Paid salaries ₹ 5,000.
- (vi) Received Interest ₹ 10,000.
- (vii) Paid to creditors ₹ 20,000.
- (viii) Sold goods for cash ₹ 25,000 (costing ₹ 15,000).
- (ix) Sold goods on credit ₹ 15,000 (costing ₹ 10,000).
- (x) Purchased furniture from Janak Furnitures ₹ 10,000.
- (xi) Purchased goods on credit from Hari & Sons Ltd. ₹15,000.
- (xii) Additional Capital introduced ₹ 2,00,000.
- (xiii) Deposited ₹ 40,000 into bank.
- (xiv) Commission received in advance ₹ 5,000.
- (xv) Sold goods (costing ₹ 10,000) for ₹ 15,000 out of which ₹ 5,000 received in cash.
- (xvi) Depreciation on machinery @ 10%.
- (xvii) Purchased a building from Sanya. Paid by raising loan from PNB ₹ 5,00,000.
- (xviii) Paid interest on loan ₹ 10,000 & instalment of ₹ 1,00,000.
- (xix) Took goods costing ₹ 10,000, selling price ₹ 12,000 for personal use.
- (xx) Accrued Interest ₹ 10,000.

Q2. Show the effect of following transactions on the Accounting equation:

- (i) Abhay started business with cash ₹ 6,00,000; goods ₹ 2,00,000; machinery ₹ 1,00,000 & Furniture ₹ 1,00,000.
- (ii) $\frac{1}{4}^{\text{th}}$ of the above goods sold at a profit of 20% on cost and half of the payment received in cash.
- (iii) Depreciation of machinery provided @ 10%.
- (iv) Cash withdrawn for personal use ₹ 5,000.

- (v) Interest on drawings charged @ 10%.
- (vi) Paid cartage ₹ 10,000.
- (vii) Received rent from tenants ₹ 5,000.
- (viii) Received security deposits from tenants ₹ 20,000.
- (ix) Invested in securities (personal) ₹ 20,000.
- (x) Interest on capital @10%.
- (xi) Goods destroyed by fire ₹ 10,000.
- (xii) Paid rent ₹ 15,000 including ₹ 10,000 paid in advance.
- (xiii) Goods sold to Sharma for ₹ 15,000 and received a Bill Receivable for the same amount for 3 months.
- (xiv) Received ₹ 15,000 from Sharma against the Bills Receivable on its maturity.
- (xv) Sold goods to M/S Jagdamba costing ₹ 10,000 for ₹ 8,000.
- (xvi) Sold goods for cash costing ₹ 20,000 and on credit costing 40,000 both at a profit of 25%.
- (xvii) Paid rent in advance ₹ 5,000.
- (xviii) Bought L.G refrigerator for personal use ₹ 20,000.
- (xix) Purchased motorcycle for cash ₹ 50,000.
- (xx) Rent outstanding ₹ 10,000.