**Accountancy (Class XI)**

**Practice Paper – 02**

Instructions:

1. This paper has 33 questions, carrying 1 mark each
2. All questions are compulsory.
3. Answer the questions as per the given instructions

**Multiple Choice Questions**

1. Which of the following is not a business transaction?
2. Bought furniture of Rs.10000 for business
3. Paid for salaries of employees Rs.5000
4. Paid son’s fee from her personal bank account Rs.20000
5. Paid son’s fee from the business Rs.2000
6. Which of the following is not an internal user of accounting information?
7. Chief executive officer
8. Plant managers
9. Creditors
10. Line supervisors
11. Which of the following is objective of accounting?
12. To maintain systematic and complete record of business transactions in the books of accounts
13. To ascertain the financial position of the business
14. To provide useful information to various interested parties
15. All of the above
16. \_\_\_\_\_\_\_\_\_ are economic resources of an enterprise that can be usefully expressed in monetary terms.
17. Liabilities
18. Assets
19. Capital
20. None of these
21. X, a Chartered Accountant earned Rs.1,20,000 during the financial year 2019-20 out of which, he received Rs.1,05,000. He incurred an expenses of Rs.51,000 out of which Rs.12,000 are outstanding. He also received his fees relating to previous year Rs.13,500 and also paid Rs.6,000 expenses of last year. Find out X’s income for 2019-20 following cash basis of accounting.
22. Rs.69,000
23. Rs.73,500
24. Rs.73,000
25. Rs.1,36,000
26. If total assets of a business at the end of the year are Rs.20,00,000 capital is Rs.8,00,000 and drawings are Rs.60,000 calculate creditors.
27. Rs.28,00,000
28. Rs.12,00,000
29. Rs.11,40,000
30. Rs.18,00.000
31. The accounting vouchers for simple transactions are known as\_\_\_\_\_\_\_\_\_\_\_\_.
32. Transaction voucher
33. Complex voucher
34. Journal voucher
35. None of these
36. What will be the effect of the following transaction on accounting equation? Goods purchased from M/s ABC Ltd. For Rs.55,000.
37. This transaction increases stock (assets) and increases liabilities (M/s ABC Ltd as creditors) by Rs.55,000
38. This transaction increases stock (assets) and decreases cash by Rs.55,000
39. This transaction increases stock (assets) and decreases bank by Rs.55,000
40. None of the above
41. \_\_\_\_\_\_\_\_\_ is the basis of classification of data within the journal; \_\_\_\_\_\_\_\_\_ is the basis of classification of data within the ledger.
42. Account; transaction
43. Transaction; account
44. Transaction; ledger folio
45. None of the account
46. If goods of Rs.75,000 are purchased on credit from Insha, the
47. Purchased account will be debited with Rs.75,000 and Insha’s account will be credited with Rs.75,000
48. Purchases account will be debited with Rs.75,000 and cash account will be credited with Rs.75,000
49. Insha’s account will be debited with Rs.75,000 and purchases account will be credited with Rs.75,000
50. None of the above
51. What will be the journal entry if plant and machinery of Rs.2,50,000 purchased by paying Rs.75,000 cash immediately?
52. Plant and machinery A/c Dr 2,50,000

To cash A/c 75,000

To creditors A/c 1,75,000

1. Cash A/c Dr 75,000

Creditors A/c Dr 1,75,000

To plant and machinery A/c 2,50,000

1. Plant and machinery A/c Dr 2,50,000

To cash A/c 75,000

To suspense A/c 1,75,000

1. None of the above
2. What will be the journal entry if salary of Rs.25,000 is outstanding?
3. Outstanding salary A/c Dr 25,000

To salary A/c 25,000

1. Salary A/c Dr 25,000

To cash A/c 25,000

1. Salary A/c Dr 25,000

To outstanding salary A/c 25,000

1. None of the above
2. Bad debt is a personal account.
3. True
4. False
5. Can’t say
6. Partially true
7. The credit balance as per cash book is Rs1500. Cheques for Rs400 were deposited but were not collected. The cheques issued but not presented were Rs100, Rs125 and Rs50. Balance as per pass book will be
8. Rs1625
9. Rs2175
10. Rs1375
11. Rs825
12. Original cost= Rs.1,26,000, salvage value= Rs.6,000. From the information given, calculate depreciation for 2nd year @ 10% p.a. under written down value method.
13. Rs.10,800
14. Rs.11,340
15. Rs.11,304
16. Rs.14,000
17. Which of the following is not a specific reserve?
18. Dividend equalisation reserve
19. Capital reserve
20. Debenture redemption reserve
21. Capital redemption reserve
22. Binod owed us Rs.10,000. He is declared as insolvent and 70 paise in a rupee is received from his estate. Calculate the amount to be debited in Cash A/c.
23. Rs.10,000
24. Rs.7,000
25. Rs.3,000
26. None of these
27. In which of the following situation is a contra entry passed?
28. Deposit of Rs.50,000 cash in bank
29. Withdrawal of Rs.20,000 from bank
30. Cheque previously received of Rs.99,000 deposited in bank
31. All of the above
32. Overdraft as per the pass book will be less than the overdraft as per cash book when there are cheques issued of Rs.25,000 are not presented for payment.
33. True
34. False
35. Can’t say
36. Partially true
37. There is a wrong entry on the credit side of the pass book worth Rs.780. How will it be treated for the purpose of bank reconciliation statement?
38. Rs780 will be deducted from the balance as per cash book
39. Rs780 will be added to the balance as per pass book
40. Rs780 will be added to the balance as per cash book
41. None of the above

**Assertion- Reasoning MCQs**

Direction: There are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the appropriate option from the options given below.

1. Both assertion and reason is true and reason is the correct explanation of assertion
2. Both assertion and reason is true but reason is not the correct explanation of assertion
3. Assertion is true but reason is false
4. Assertion is false but reason is true
5. Assertion- Accounting is regarded as a language of business.

Reason- Accounting describes and analyses a mass of data of an enterprise through measurement, classification and summarisation and reduces those data into reports and statements, which show the financial condition and results of operations of that enterprise.

1. Assertion- Accounting principles are static in nature.

Reason- Accounting principles are constantly influenced by changes in the legal, social and economic environment as well as the needs of the users.

1. Assertion- Accounting equation is also known as balance sheet equation.

Reason- The balance sheet is a statement of assets, liabilities and capital.

1. Assertion- When money is withdrawn from bank, cash account is debited while passing journal entry.

Reason- As per rules of accounting, decrease in asset is credited.

1. Assertion- When debtor directly deposits payment in bank, favourable balance as per the pass book is greater than that of the cash book.

Reason- If an entry of receipt has been recorded in the passbook but not in the cash book, then the balance of pass book will be lesser than of cash book.

**Case Based MCQs**

**Direction: Read the following case study and answer the questions.**

Akshita’s father is the sole proprietor of AKS Ltd. A firm engaged in the sale of glass items. In the process of preparing financial statements, the accountant of the firm, Mr. Rao fell ill and had to take leave. Akshita’s father was urgently in need of the statements as these had to br submitted to the bank, in pursuance of loan of Rs.10,00,000 applied for the expansion of the business of the firm.

Akshita, who is studying accounting in her school, volunteered to complete the work. On scrutinising the accounts, the banker found that the value of building bought a few years back for Rs.14 lakh has been shown in the books at Rs.40 lakh, which is its present market value. Similarly, as compared to the last year, the method of valuation of stock was changed, resulting in value of goods to be about 10 % higher. Also, the whole amount of Rs.1,40,000 spent on purchase of personal computer (expected life 8 years) during the year had been charged to the profits of the current year. The banker did not rely on the financial data provided by Akshita.

1. The banker did not rely on the financial data provided by Akshita because
2. The valuation of building was wrong
3. Valuation of stock was wrong
4. Treatment of purchase of computer was wrong
5. All of the above
6. “The value of building bought a few years back for Rs.14 lakh has been shown in the books at Rs.40 lakh, which is its present market value.” What is the correct accounting concept that should have been used to record the correct value of building?
7. Historical cost concept
8. Matching concept
9. Business entity concept
10. All of the above
11. What is the importance of the above concept you identified in question above?
12. It brings in objectivity in recording as the cost of acquisition is easily verifiable from the purchase documents.
13. It does not show the true worth of the business and may lead to hidden profits.
14. It means that for the purposes of accounting the business and its owners are to be treated as two separate entities.
15. None of the above
16. “The method of valuation of stock was changed, resulting in value of goods to be about 10% higher.” Which of the following accounting concept has been violated?
17. Revenue recognition concept
18. Conservatism concept
19. Materiality concept
20. Consistency concept
21. In charging the whole amount of Rs.1,40,000 spent on purchase of personal computer to the profits of the current year, which of the following concept has been violated?
22. Revenue recognition concept
23. Conservatism concept
24. Going concern concept
25. Consistency concept

WERE Ltd. Is a trading organisation. The following transactions take place in the month of February. On 8th February, it returned goods to Ram Book Centre, Delhi for Rs.6000 at a trade discount of 10%. On 18th February, returned goods to Pooja book centre, Mumbai for Rs.20000 as goods are not as per sample, trade discount 5% (debt note 102). On 25th February, returned goods to Ramesh Chand for Rs.10000 (debit note 103). On the same day, returned goods (which were purchased for cash) worth Rs.5000 to SM Chand Centre. On 27th February, returned one typewriter being defective of Rs.7200 to Vim Ltd.

1. What will be the total amount recorded in the purchase returns book relating to the returns to Ram Book Centre on 8th February?
2. Rs.6000
3. Rs.5400
4. Rs.6600
5. None of the above
6. In which of the following books, will the return to SM chand center on 25th February recorded?
7. Purchase returns book
8. Journal
9. Cash book
10. None of the above
11. In which of the following books, will the return of typewriter on 27th February recorded?
12. Purchase returns book
13. Journal proper
14. Cash book
15. None of the above
16. What is the total amount reflected in purchase returns book as on 28th February?
17. Rs.34,400
18. Rs.5,400
19. Rs.19,000
20. Rs.10,000
21. Which of the following statements regarding a debit note is correct?
22. A debit note is a source document that is prepared when goods are returned to a supplier
23. On finding that goods supplied are not as per the terms of the order placed, the defective goods are returned to the supplier of the goods and a note is prepared to debit the supplier
24. When an additional sum is recoverable from a customer, such a note is prepared to debit the customer with the additional dues
25. All of the above

YEH Ltd. has a manufacturing plant in Delhi. On 1st July 2021, YEH Ltd. purchased a machine for Rs.2,16,000 and spent Rs.48,000 on its installation. At the time of purchase, it was estimated that the effective commercial life of the machine will be 12 years after which its salvage value will be Rs.24,000. The machinery is such that the possibility of obsolescence is low and do not require much repair expenses with passage of time. The accounts are closed on 31st December every year.

1. Which of the following Accounting Standard should be followed by Arya Ltd. to charge depreciation?
2. Accounting standard-7
3. Accounting standard-6
4. Accounting standard-8
5. Accounting standard-9
6. Which of the following method should be used by YEH Ltd. to charge depreciation?
7. Written down value method
8. Straight line method
9. Insurance policy method
10. None of the above
11. Which of the following statement explains the importance of method of depreciation that will be used by YEH Ltd.?
12. It results into almost equal burden of depreciation and repair expenses taken together every year on profit and loss account
13. Income Tax Act accepts this method for tax purposes
14. As a large portion of cost is written-off in earlier years, loss due to obsolescence gets reduced
15. This method makes it possible to distribute full depreciable cost over useful life of the asset
16. What is the original cost of the asset on which depreciation is to be charged?
17. Rs.2,16,000
18. Rs.24,000
19. Rs.2,40,000
20. None of these
21. What is the amount of depreciation charged in the first year?
22. Rs.18000
23. Rs.20000
24. Rs.9000
25. Rs.10000