

**Class 11th, Accountancy, Practice Paper-1**

**Time 3 hrs.**

**M.M. 90**

**General instructions:** All the questions must be attempted in serial order. Working notes should be given neatly with the solutions.

**Q1.** Why are following parties interested in accounting information?

(a) Owners, b) Employees (2)

**Q2.** What do you mean by accounting standards? Who is responsible for preparing Accounting standards in India? (2)

**Q3.** Write any three points of difference between Accrual basis of accounting and Cash basis of accounting. (3)

**Q4.** Explain the Business Entity concept and Money measurement concept. (4)

**Q5.** What do you mean by Report? Write about any five accounting related MIS reports. (5)

**Q6.** Write any five limitations of computerized Accounting system. (5)

**Q7.** A commenced business on 1<sup>st</sup> April, 2009 with a capital of ` 30,000. On 31<sup>st</sup> March, 2010 his assets were ` 50,000 and liabilities were ` 10,000. Find out his closing capital and profits earned during the year. (3)

**Q8.** Prepare an Accounting Equation on the basis of the following transactions:

(a) Started business with cash ` 70,000.

(b) Credit purchase of goods ` 18,000.

(c) Payment made to creditors in full settlement ` 17,500.

(d) Purchase of machinery on credit from Mahesh ` 20,000.

(e) Paid salaries ` 2,500.

(f) Depreciation on machinery ` 2,000 (3)

**Q9.** . Journalize the following transactions:

(a) A fire occurred in the store and goods worth `10,000 were damaged. The stock was not insured.

(b) Proprietor took away the goods worth `1,000 for his personal use .

(f) Cheque of Jatinder of ` 2,000 deposited, returned dishonored. (3)

**Q10.** . Prepare Income and Expenditure account relating to 2010 from the figures given below:

| Receipts           | `             | Payments               | `             |
|--------------------|---------------|------------------------|---------------|
| To Opening balance | 15,000        | By Salaries and wages  | 16,000        |
| To Subscriptions:  |               | By Office expenses     | 3,500         |
| 2009               | 6,000         | By Sports equipment    | 34,000        |
| 2010               | 35,000        | By Telephone charges   | 2,400         |
| To Donations       | 5,000         | By Electricity charges | 3,200         |
| To Entrance fees   | 8,000         | By Travelling expenses | 6,500         |
|                    |               | By Closing balance     | 3,400         |
|                    | <u>69,000</u> |                        | <u>69,000</u> |
|                    | -----         |                        | -----         |

(a) Outstanding subscriptions for 2010- `5,500.

(b) Entrance fees to be capitalized.

(c) Outstanding salaries and wages- `4,000.

(d) Depreciate sports equipment by 25%. (6)

**Q11.** (A) What is the difference between reserve and provision? (2)

(B) On 1<sup>st</sup> July, 2008 a machine was purchased for ` 9, 50,000. An amount of ` 20,000 were spent for carrying this machine to the place of its installation and an amount of ` 30,000 were spent on its installation and other incidental expenses. On 31<sup>st</sup> Dec.2009 this machine was sold at a loss of ` 10,000. Another machine was purchased for ` 5, 00,000 on the same day. Prepare machinery account for 2008, 2009 and 2010 assuming the calendar year to be the accounting year. Depreciation is to be charged at 10% p.a. on WDV. (6)

**Q12.** Prepare a Bank Reconciliation Statement from the following particulars:

(a) On 31.3.2010, the cash book showed a credit bank balance of ` 2,000.

(b) Out of the total cheques amounting to ` 10,000 drawn, cheques aggregating ` 3,000 were encashed in March, cheques aggregating ` 4,000 were encashed in April and the rest have not been presented at all.

(c) Out of the total cheques amounting to ` 5,000 deposited, cheques aggregating ` 1,500 were credited in March, Cheques aggregating ` 2,000 were credited in April, and the rest have not been collected at all.

(d) The bank has debited ` 500 on account of interest on overdraft and ` 100 as bank charges.

(e) The bank has credited ` 700 on account of interest collected on securities. (6)

**Q13.** Enter the following transactions in a cash book with cash and bank columns: (3)

|         |   |       |
|---------|---|-------|
| 2011    |   |       |
| Jan.1   | Cash in hand.....                                   | 800   |
| Jan.1   | Bank Overdraft.....                                 | 5,700 |
| Jan.5   | Received a cheque from Ram and deposited into bank. | 3,250 |
| Jan.7   | Ram's cheque returned dishonoured.                  |       |
| Jan.9   | Cheque received from Hari.....                      | 250   |
| Jan.105 | Hari's cheque was endorsed in favour of Mukesh.     |       |
| Jan.30  | Bank Charges.....                                   | 25    |

**Q14.** X, a retailer, has not kept proper books of accounts but it has been possible to obtain the following details:

|                       | Last year (₹) | this year (₹) |
|-----------------------|---------------|---------------|
| Trade creditors.....  | 6,270         | 5,890         |
| Loan from Naresh..... | 5,000         | 5,000         |
| Stock.....            | 12,350        | 11,980        |
| Cash in hand.....     | 570           | 650           |
| Shop fittings.....    | 7,250         | 7,800         |
| Trade debtors.....    | 5,280         | 4,560         |
| Bank Balance.....     | 3,990         | 4,130         |

Calculate net profit for the year after noting that:

(a) Shop fittings are to be depreciated by ₹ 780.

(b) X has drawn ₹ 100 per week for his own use.

(c) Included in the trade creditors is an irrecoverable balance of ₹ 270.

(d) Interest at 5% p.a. is due on the loan from Naresh but has not been paid for the year. (6)

**Q15.** (A) Write any three differences between Bill of exchange and Promissory note. (3)

(B) On 1<sup>st</sup> July 2011 A drew a bill for ₹ 1,000 on B payable after three months. After one month A endorsed this bill to his creditor C, who immediately discounted this bill with his bankers, at 6% p.a. On the due date the bill was dishonored and the bank had to pay ₹ 40 as noting charges. You are required to show journal entries in the books of A, B and C. (6)

**Q16.** (A) What do you mean by rectification of errors? (1)

(B) Correct the following errors by opening a Suspense account:

(a) The sales book has been totalled ₹ 1,000 short.

(b) Goods worth ₹ 1,500 returned by Green & Co. have not been recorded anywhere.

(c) Goods purchased worth ₹ 2,500 have been posted to the debit of the supplier, Gupta & Co.

(d) Furniture purchased from Gulab & Co. worth ₹ 10,000 has been entered in Purchases day Book.

(e) Cash received from Amit ₹ 2,500 have not been posted in his account. (6)

**Q17.** From the following Trial Balance prepare Trading A/c, Profit & Loss A/c and Balance Sheet as on 31<sup>st</sup> Dec. 2010

| Name of the Account   | ₹      | ₹      |
|-----------------------|--------|--------|
| Opening stock         | 2,000  | -      |
| Purchases and sales   | 10,500 | 16,400 |
| Debtors and Creditors | 2,400  | 1,200  |
| Plant and Machinery   | 4,000  | -      |
| Bank                  | 1,000  | -      |
| B/R, B/P              | 2,000  | 3,000  |

|                        |               |               |
|------------------------|---------------|---------------|
| Capital                | -             | 23,600        |
| Wages                  | 5,000         | -             |
| Returns                | 400           | 500           |
| Buildings              | 15,000        | -             |
| Carriage               | 150           | -             |
| Discount               | 400           | -             |
| Manufacturing Expenses | 800           | -             |
| Office expenses        | 200           | -             |
| Salaries               | 700           | -             |
| Repairs                | 50            | -             |
| Bad Debts              | 100           | -             |
|                        | <b>44,700</b> | <b>44,700</b> |

Additional information:

- (a) Closing stock on 31<sup>st</sup> Dec. 2010 was valued at `2,500.(b)Allow interest on capital at 6% p.a.(c)Provide 5% for doubtful debts.(d) Charge depreciation on machinery at 8% p.a.(e) Outstanding wages ` 600.(f) Salaries prepaid ` 100.

(15)