
Class 11 - Accountancy
Sample Paper 10

Maximum Marks: 40

Time Allowed: 90 minutes

General Instructions:

1. There are a total 55 questions in this paper out of which 45 questions are to be attempted.
 2. This paper is divided into three Sections:
 1. Section A – Contains 25 questions. Attempt any 20 questions.
 2. Section B – Contains 25 questions. Attempt any 21 questions.
 3. Section C – Contains 5 questions. Attempt any 4 questions.
 3. All questions carry equal marks.
 4. There is no negative marking.
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Section A

1. The person who makes the investment and bears all the risks connected with the business is called
 - a. Proprietor
 - b. Debtor
 - c. Debenture holder
 - d. Creditor
2. When purchased goods are returned to the suppliers, these returns are termed as:
 - a. Return inwards
 - b. Inward returns
 - c. Outward returns
 - d. Return outwards
3. Following are the objectives of accounting standards except:
 - a. To ascertain cash transactions
 - b. To prevent fraud and manipulations
 - c. To improves reliability
 - d. To help to audit
4. What shall be the amount of Capital if Cash is Rs 5,000; Furniture Rs 12,000; Stock Rs 30,000 and Creditors Rs 6,000?
 - a. None of these
 - b. Rs 53,000
 - c. Rs 47,000
 - d. Rs 41,000
5. Rule of Debit and Credit for Impersonal account is
 - a. Dr. the receiver and Cr the giver
 - b. Dr. what goes out and Cr what comes in
 - c. Dr. all expenses and Cr all gains & Dr. what goes out and Cr what comes in
 - d. Dr. all expenses and Cr all gains
6. _____ vouchers are written documents prepared on the basis of supporting vouchers for accounting and recording purpose by an accountant and countersigned by authorised person.

- a. Secondary
- b. Primary
- c. Source
- d. both secondary and source

7. Balancing of account means:

- a. None of these
- b. Total of credit side
- c. Difference in total of debit & credit
- d. Total of debit side

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8. Which of the following method(s) can be used to prepare a petty cash book?

- a. Financial system
- b. Ordinary system
- c. Both ordinary and imprest system
- d. Imprest system

9. Total of these transactions is posted to Purchase Account:

- a. Purchase Return
- b. Purchase of furniture
- c. Purchase Reserve
- d. Purchase of Stationery

10. When posting of all transactions into the ledger is completed and accounts are balanced off then the balance of each account is put on a list called

- a. Cash book
- b. Ledger
- c. Trial Balance
- d. Journal

11. Which of the following statements are correct about a Provision?

- A. Provisions are a charge against the profits of an enterprise.
 - B. Provisions are created out of divisible profits.
 - C. Creation of provisions is not necessary for a business.
 - D. Provisions are created to meet a known liability.
- a. A, B and C are correct
 - b. A and D is correct
 - c. A, B and D are correct
 - d. B and D are correct

12. Reasons for the time gap in recording the transactions in the two books (Cash Book and Pass Book) are

- a. Cheques deposited but dishonoured by the bank
- b. Interest allowed by the bank
- c. All of these
- d. Interest on an overdraft, commission etc. charged by the bank

13. The account is not entered in trial balance which shows:

- a. There is no as such account
- b. Credit balance
- c. Debit balance
- d. No balance

14. Outstanding expense is:

- a. Drawings
 - b. Asset
 - c. Liability
 - d. Bad debts
15. A started business and invests Rs. 50000 on 1st April 2010. On 31st March 2011, his assets are Rs.65000 and liabilities Rs.6000. Find the amount of capital on 31st March 2011 and profit
- a. Rs.50000, Rs.12000
 - b. Rs.65000, Rs.18000
 - c. Rs.55000, Rs. 15000
 - d. Rs.59000, Rs.9000
16. According to Real Account, what will be credited?
- a. What goes out
 - b. Income & Gain
 - c. What comes in
 - d. Giver
17. Cash memo is a source voucher for purchaser of goods
- a. for credit sales
 - b. for cash purchases
 - c. or credit purchases
 - d. for cash sales
18. Which of the following is also known as Principle Book of Accounts:
- a. Ledger
 - b. Journal
 - c. Imprest system
 - d. Cash Book
19. Which of the following is entered in the cashbook:
- a. Only credit transactions
 - b. Both cash and credit transactions
 - c. None of these.
 - d. Only cash transactions
20. Return of goods purchased on credit to the suppliers will be entered in ____ Book.
- a. Purchase
 - b. Sales
 - c. Sales Return
 - d. Purchase Return
21. Sold goods to Ram Lal on credit should be debited to:
- a. Ram Lal's A/c
 - b. None of these
 - c. Cash A/c
 - d. Sales A/c
22. Stores are one of the accounting terms used to describe certain kinds of materials in the production process. Which of the following is an example of stores?
- a. Packing materials
 - b. Lubricants
 - c. All of these
 - d. Spare parts of machinery
23. Which statement is false regarding the conservatism principle:

- A. Losses should not be anticipated; however, all profits should be accounted
 - B. Provision for discount to debtors, provision for doubtful bad debts etc. based on the conservatism
 - C. Helps the business to deal with uncertainty and unforeseen conditions
 - a. (A)
 - b. None of these
 - c. (C)
 - d. (B)
24. Which of the following is a liability
- a. An overdrawn balance on the firm's bank account
 - b. Money owned by the firm
 - c. Cash in hand
 - d. Factory owned by the firm
25. Outstanding salary is a:
- a. None of these
 - b. Real Account
 - c. Nominal Account
 - d. Personal Account

Section B

26. **Assertion (A):** Accounting is an art as it involves recording, classifying, summarising business transactions with a view to ascertain the net profit.
Reason (R): Accounting is a science since it is based on certain specified principles and accounting standards.
- a. Both A and R are true and R is the correct explanation of A.
 - b. Both A and R are true but R is not the correct explanation of A.
 - c. A is true but R is false.
 - d. A is false but R is true.
27. Cash Memo is a source of document prepared by the seller of the goods for
- a. debit
 - b. credit
 - c. cash
 - d. cash and credit
28. **Assertion (A):** NOP Ltd. purchased machinery of ₹ 20,000 which is supposed to last for 20 years. The accountant decides to spread the cost of machinery for the next 20 years for calculation of profit and loss.
Reason (R): According to the consistency concept, accounting principles and methods should remain consistent from one year to another.
- a. Both A and R are true and R is the correct explanation of A.
 - b. Both A and R are true but R is not the correct explanation of A.
 - c. A is true but R is false.
 - d. A is false but R is true.
29. Nominal accounts are transferred to _____ of the firm.
- a. Trading and Balance Sheet
 - b. Trading and Profit and Loss A/c
 - c. None of these
 - d. Balance Sheet and Profit and Loss A/c
30. Payment of wages for installation of machinery will be recorded as:
- a. None of these

- b. Debit Machinery A/c and credit Cash A/c
- c. Debit Cash A/c and credit Machinery A/c
- d. Debit Wages A/c and credit Cash A/c

31. **Assertion (A):** Journal is a book of original entry.

Reason (R): The transactions are first recorded in a journal in chronological order.

- a. Both A and R are true and R is the correct explanation of A.
 - b. Both A and R are true but R is not the correct explanation of A.
 - c. A is true but R is false.
 - d. A is false but R is true.
32. Consider the following statements with respect to the purpose of maintaining the Subsidiary Books:
- i. It saves time and efforts in recording transactions.
 - ii. It enables division of work, leading to an enhancement of efficiency and effectiveness, as particular accountant takes care of particular books.
 - iii. It also makes each accountant more responsible and accountable for the books assigned to them.

Identify the correct statement/statements:

- a. i and ii
 - b. only iii
 - c. i, ii and iii
 - d. only i
33. Which of the following is not a function of Trial balance
- a. Helps in locating error
 - b. Helps in preparing of Final accounts
 - c. Provide the summary of Ledger account
 - d. Helps in calculating profit
34. Credit balance in bank passbook means:
- a. Bank balance
 - b. None of these
 - c. Balance as per cash book
 - d. Bank overdraft
35. Which of the following is not a type of reserve
- a. Provision for bad debt
 - b. General reserve
 - c. Retained earnings
 - d. Workmen compensation fund
36. **Assertion (A):** A bank reconciliation statement is a statement prepared to reconcile the bank balance as per cash book with the balance as per passbook or bank statement.
- Reason (R):** The amount of balance shown in the passbook or the bank statement must tally with the balance as shown in the cash book.
- a. Both A and R are true and R is the correct explanation of A.
 - b. Both A and R are true but R is not the correct explanation of A.
 - c. A is true but R is false.
 - d. A is false but R is true.
37. Bills _____ is an accounting term for bills of exchange drawn on _____ received by way of endorsement from them.
- a. payable, creditors
 - b. payable, debtors

- c. receivable, debtors
 - d. receivable, creditors
38. The book in which every account is maintained is
- a. Liability
 - b. Assets
 - c. Capital
 - d. Ledger
39. Payment of Bank loan will affect _____.
- a. Assets: Increase, Liabilities: Decrease
 - b. Assets: Increase, Liabilities: Increase
 - c. Assets: Decrease, Liabilities: Decrease
 - d. Assets: Decrease, Liabilities: Increase
40. As per the law, which of the following is the correct accounting period?
- a. 1st April to 31st December
 - b. 1st January to 31st December
 - c. 1st April to 31st March
 - d. Both 1st April to 31st March and 1st January to 31st December
41. Which of the following is not a type of error.
- a. Suspense Account
 - b. Errors of Omission
 - c. Compensating Errors
 - d. Errors of Commission
42. **Assertion (A):** Provisions are created by crediting the profit and loss account.
Reason (R): The amount of provision for expense and loss is a charge against the revenue of the current period.
- a. Both A and R are true and R is the correct explanation of A.
 - b. Both A and R are true but R is not the correct explanation of A.
 - c. A is true but R is false.
 - d. A is false but R is true.
43. If goods worth ₹ 30,000 were lost in a fire, then while passing a journal entry which of the following account is debited?
- a. Drawings account
 - b. Purchases account
 - c. Sales account
 - d. Loss by fire account
44. Expenditure on purchase of machinery is a
- a. Deferred revenue expenditure
 - b. Revenue expenditure
 - c. None of these
 - d. Capital expenditure
45. Under Accrual Basis of Accounting:
- a. only credit transactions are recorded
 - b. none of these
 - c. only cash transactions are recorded
 - d. both cash and credit transactions are recorded
46. Which of the following is not a special purpose book?
- a. Sales Return Book

- b. Journal
 - c. Journal Proper
 - d. Cash Book
47. If balance in the bank statement shows ₹ 3,000 (Dr.) and there are deposits of ₹ 800 not yet credited and unpresented cheques totalling ₹ 500, the balance in the Cash Book should be
- a. ₹ 1,700 (Cr.)
 - b. ₹ 2,700 (Cr.)
 - c. ₹ 4,300 (Cr.)
 - d. ₹ 3,300 (Cr.)
48. The positional statement refers to
- a. Ledger
 - b. Trading account
 - c. Balance sheet
 - d. Profit and loss account
49. The nature of accrued income is:
- a. asset
 - b. revenue
 - c. expenses
 - d. liability
50. Capital and Revenue expenditure should be distinguished as per:
- a. Materiality Concept
 - b. Matching Concept
 - c. None of these
 - d. Accounting Period Concept

Section C

Question No. 51 to 52 are based on the given text. Read the text carefully and answer the questions:

Accounting is the most important part of any business entity. It gives the framework to record all the business transactions and events that happens during the working of the business entity. Accounting is the language of business with books of accounts being its script and debit-credit its style ie. the way of expressing it. According to the American Accounting Association, "Accounting is the process of identifying, measuring and communicating information to permit judgement and decisions by the users of accounts." According to the American Institute of Certified Public Accountants - "Accounting is the art of recording, classifying and summarising in a significant manner and in terms of money, transactions and events which are, in part at least of a financial character and interpreting the result thereof."

Accounting is an Art as well as Science. It records Financial Transactions only which can be expressed in terms of money. First the transactions are recorded and then they are classified and summarised to interpret the financial position of the business.

One needs to keep in mind that Accounting and Accountancy are two different concepts. Accounting is the recording classifying and summarising business transactions to ascertain the financial position of the business firm. On the other hand, Accountancy is the body of knowledge based on principles for recording, classifying and summarising business transactions to help in the decision-making function of management.

Accounting is an art of recording, classifying and summarising all the business transactions. It is a

science as well as it follows certain guiding accounting principles and standards.

51. Accounting is called science because it follows certain guiding _____.
- Accounting principles
 - Accounting standards
 - None of these
 - Accounting principles and standards

52. Accounting gives the _____ to record all the business transactions.
- Classification
 - Money
 - Framework
 - Process

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Question No. 53 to 55 are based on the given text. Read the text carefully and answer the questions:

M/s XYZ purchased a plant for ₹ 5,00,000 on 1st April, 2017, and spent ₹ 50,000 for its installation. The salvage value of the plant after its useful life of 10 years is estimated to be ₹ 10,000. The owner of the firm has certain dilemmas regarding the concept of depreciation.

53. What will be the amount of depreciation charged annually using straight line method?
- ₹ 54,000
 - None of these
 - ₹ 55,000
 - ₹ 50,000
54. By using which of the following statements would you explain the concept of depreciation to the owner?
- Depreciation is a measure of the wearing out, consumption or other loss of value of depreciable asset arising from use, effluxion of time or obsolescence through technology and market-change
 - Depreciation is a measure of the wearing out, consumption or other loss of value of depreciable asset arising from use or obsolescence
 - Depreciation is reduction in the value of assets
 - None of these
- Option (ii)
 - Option (iv)
 - Option (i)
 - Option (iii)
55. Which of the following factors that affect the amount of depreciation would you point out to the owner to keep in mind?
- Estimated net residual value
 - All of these
 - Historical cost of asset
 - Estimated net residual value

Class 11 - Accountancy
Sample Paper 10

Solution

Section A

1. (a) Proprietor
Explanation: The proprietor is the owner of the business who invests money in the business and bears the risk of the business.
2. (d) Return outwards
Explanation: Return outwards
3. (a) To ascertain cash transactions
Explanation: Accounting standards help the various users of the information to understand the financial statements of the business but it is not responsible for the cash transactions of the business. thus it is not the objective of the Accounting standard. hence it is false.
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4. (d) Rs 41,000
Explanation: Assets = Capital + Liabilities
Capital = Assets - Liabilities
Amount of Capital = 30,000 + 12,000 + 5,000 - (6,000)
= Rs 41,000
5. (c) Dr. all expenses and Cr all gains & Dr. what goes out and Cr what comes in
Explanation: Impersonal account means account other than personal.
Rule of Personal account is debit the receiver credit the giver.
So, option 3 and option 4 is other than personal means Impersonal.
6. (a) Secondary
Explanation: Secondary
7. (c) Difference in total of debit & credit
Explanation: The balance between the total of debit side and credit side in an account is called "balance". Balancing ascertains the net position of the ledger account. Balancing may be debit or credit.
8. (c) Both ordinary and imprest system
Explanation: Both ordinary and imprest system
9. (a) Purchase Return
Explanation: The total of these transactions is posted in Purchase Return.
10. (c) Trial Balance
Explanation: **Trial Balance:-** Trial balance is the abstract or list of the ledger accounts at a closing date showing debit and credit balances for all the Ledger accounts and the cash book. It is a statement prepared to test the arithmetical accuracy of the ledger accounts.
11. (b) A and D is correct
Explanation: Statement of option A and D are correct about provision.
12. (c) All of these
Explanation: There is a time gap in recording the transactions in the cash book and the passbook. Eg: Cheques deposited but dishonoured by the bank in which the cash book is already credited with the amount but cheque has not cleared so bank balance will not increase, Bank interest received by the customer or charged by the bank on certain services will not be known to the customer. he will not pass the same entry in his cash book. Thus these are timing differences in these two books which occur.

13. (d) No balance
Explanation: Only ledger accounts showing balances are shown in the trial balance on Debit or Credit Sides. So account showing nil balances are not shown in the trial balance.
14. (c) Liability
Explanation: As outstanding expenses need to be paid in future, though they are current expenses, so it becomes liability of the business to pay the expenses in future. outstanding means due but not paid i.e. which is to be paid in future. It is payable in future.
15. (d) Rs.59000, Rs.9000
Explanation: At year end,
Closing Assets= Closing Capital+ Closing Liabilities
65000= Closing Capital+6000
Closing Capital= 65000-6000
Closing Capital = 59000
Now, Profit = closing capital+ Drawings -opening capital- additional capital
Since there is no additional capital and drawing so,
Profit= 59000-50000
Profit = 9000
16. (a) What goes out
Explanation: According to traditional approach Real accounts are debit what comes in and credit what goes out.
17. (b) for cash purchases
Explanation: Cash Memo is one of the documentation for cash transactions between buyer and seller, and the seller prepares it for the cash sales, and the same is given to the buyer on the purchase of goods, i.e. **cash** receipts and payments.
18. (a) Ledger
Explanation: Ledger is the most important book in accounting system. it contains all the accounts to which the transactions recorded in the original entry are transferred.
19. (d) Only cash transactions
Explanation: Only cash transactions are entered in the cashbook.
20. (d) Purchase Return
Explanation: We prepare separate books of credit transaction for purchase, sale , purchase return or sale return. So, when we return goods to the which are purchase on credit from supplier it will be recorded in purchase return book.
21. (a) Ram Lal's A/c
Explanation: When goods are sold on credit the purchaser becomes our debtor and it is an asset which is increasing so it should be debited. Thus in the question, Ram Lal's Account is debited. and Sale A/c will be credited.
22. (c) All of these
Explanation: All of these
23. (a) (A)
Explanation: Prudence or conservatism principle states that all the losses should be provided for but we not take credit of anticipated profits. But the above statement is totally opposite and thus completely false. hence it is false.
24. (a) An overdrawn balance on the firm's bank account
Explanation: amount overdrawn on the firms account is the amount due on the part of firm to bank which increases liability.
25. (d) Personal Account

Explanation: An outstanding salary is a personal representative account.

Section B

26. (b) Both A and R are true but R is not the correct explanation of A.

Explanation: Art is the technique of achieving some pre-determined objectives and accounting is also done with some pre-determined objectives.

27. (c) cash

Explanation: When a seller sell some goods on cash he provides a receipt of sale that receipt or source document on the basis of which we record transaction in accounts is called cash memo.

28. (b) Both A and R are true but R is not the correct explanation of A.

Explanation: Both A and R are true but R is not the correct explanation of A.

29. (b) Trading and Profit and Loss A/c

Explanation: Nominal accounts are expenses and income of the firm for the current year and thus their balances are not to be carried forward to the next year. that is why they are transferred to trading or profit & loss account. But Real A/c or Personal A/c are shown in Balance Sheet.

30. (b) Debit Machinery A/c and credit Cash A/c

Explanation: Debit Machinery A/c and credit Cash A/c

31. (a) Both A and R are true and R is the correct explanation of A.

Explanation: Both A and R are true and R is the correct explanation of A.

32. (c) i, ii and iii

Explanation: i, ii and iii

33. (d) Helps in calculating profit

Explanation: Trial balance is not used for calculating profit it is just used to check the arithmetical accuracy, preparing final accounts and checking balances of the ledger. For the calculation of profit, Trading & Profit & Loss A/c is made.

34. (a) Bank balance

Explanation: The amount of balance shown in the passbook or the bank statement must tally with the balances shown in the cash book. It indicates the favorable balance as per the cash book or favorable balance as per the passbook. Hence, the credit balance in the passbook means bank balance.

35. (a) Provision for bad debt

Explanation: Provision for Bad Debts is an asset account with a credit balance. It is used along with the Accounts Receivable Account (Debtors) in order to report the net realizable value of the accounts receivable. It is not a Reserve.

36. (a) Both A and R are true and R is the correct explanation of A.

Explanation: Both A and R are true and R is the correct explanation of A.

37. (c) receivable, debtors

Explanation: receivable, debtors

38. (d) Ledger

Explanation: Ledger is the permanent storehouse of all the transactions. It contains a classified and permanent record of all the transactions of a business in Accounts form.

39. (c) Assets: Decrease, Liabilities: Decrease

Explanation: Payment of bank loan will reduce the cash/bank balance, i.e. asset side will increase and also our liability of bank loan will also reduce, thus we can say assets : decrease, liabilities : decrease.

40. (c) 1st April to 31st March

Explanation: 1st April to 31st March

41. (a) Suspense Account

Explanation: A suspense account is opened to tally the trial balance when accounting errors cause disagreement of trial balance. It is not a type of error.

42. (d) A is false but R is true.

Explanation: Provisions are created by debiting the profit and loss account.

43. (d) Loss by fire account

Explanation: Loss by fire account

44. (d) Capital expenditure

Explanation: It is capital expenditure as it increases the assets it is capitalized in the value of assets.

45. (d) both cash and credit transactions are recorded

Explanation: Under Accrual Basis of Accounting, both cash and credit transactions are recorded in the books of account.

46. (b) Journal

Explanation: Journal

47. (b) ₹ 2,700 (Cr.)

Explanation: ₹ 3,000 + ₹ 500 - ₹ 800 = ₹ 2,700 (Cr.)

48. (c) Balance sheet

Explanation: The balance sheet shows the financial position of assets and liabilities of the business.

49. (a) asset

Explanation: The nature of accrued income is an asset. It is a current asset.

50. (d) Accounting Period Concept

Explanation: Accounting Period Concept :- As per accounting period concept, all the expenses should be classified in capital and revenue expenditure so that proper allocation can be done. Any expenses whose benefits will be available for more than one year are classified as capital expenditure i.e. expenditure on fixed assets and any expenses whose benefit will expire within one year are revenue expenses i.e. salaries for the month, etc.

Section C

51. (d) Accounting principles and standards

Explanation: Accounting principles and standards

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52. (c) Framework

Explanation: Framework

53. (a) ₹ 54,000

Explanation: Original cost of plant = 5,00,000 + 50,000 = ₹ 5,50,000

∴ Depreciation $\frac{5,50,000 - 10,000}{10} = ₹ 54,000$

54. (c) Option (i)

Explanation: Depreciation is a measure of the wearing out, consumption or other loss of value of depreciable asset arising from use, effluxion of time or obsolescence through technology and market-change

55. (b) All of these

Explanation: All of these