



Brain International School

Vikas Puri, New Delhi

ASSIGNMENT NO. 2

SUBJECT: ACCOUNTANCY

CLASS-XI

MAY, 2025

Chapter: 3 Accounting Standards

Q1. Assertion (A): Capital is treated as liability of the business, and it is shown on the liabilities side of Balance Sheet.

Reason (R): As per the Business Entity Principle both businessman and business are separate entity.

Choose the correct option:

- a) Both Assertion and Reason are correct and Reason is the correct explanation of the Assertion.
- b) Both Assertion and Reason are correct but Reason is not the correct explanation of the Assertion.
- c) Only Assertion is correct.
- d) Only Reason is correct.

Q2. Kanika Enterprises follows the written down value method of depreciating machinery year after year due to:

- a) Comparability
- b) Convenience
- c) Consistency
- d) None of these

Q3. What do you understand by accounting principles? Explain going concern as an accounting assumption.

Q4. State the rules of accounts according to Modern Approach.

Q5. Due to which of the following window dressing is prohibited?

- a) Convention of consistency
- b) Accounting period Concept
- c) Convention of full disclosure
- d) Money measurement concept

Chapter 5: Accounting Equation

Q1. Show the accounting treatment in Accounting Equation- Interest on Drawings ₹500.

- a) Increase in liability and capital
- b) Increase in capital
- c) Decrease in capital
- d) Increase and decrease in capital only

Q2. Assertion (A): Accounting Equation means Assets are always equal to Capital & Liability.

Reason (R): Under double entry concept, every debit will have a corresponding credit.

- a) Both A and R correct.
- b) (A) is correct but (R) is not correct.
- c) Both (A) and (R) incorrect.
- d) (A) is incorrect but (R) is correct.

Q3. Prepare the Accounting Equation from the following transactions: -

- a) Ram started business with cash Rs. 20,000 and machinery Rs.40,000.
- b) Purchased goods costing Rs.5,000 from Mohan.
- c) Interest due but not received Rs.2,000.
- d) Depreciate machinery @10%.
- e) Paid Mohan Rs. 4,500 in full settlement.
- f) Prepaid rent Rs.1,000.
- g) Sold all the goods to Shyam at a profit of 5%.

Q4. On 1st April 2017, the total assets and external liabilities were Rs.1,00,000 and Rs.10,000 respectively. During the year, the proprietor introduced additional capital of Rs.50,000 and had withdrawn Rs.1 000 per month for personal use. At the end of the year the total assets were Rs.3,00,000. Calculate capital as on 31st March 2018 and profit earned during the year.

Q5. Show the accounting treatment in Accounting Equation- Purchased shares ₹50,000.

- a) Increase in liability and capital
- b) Increase in capital
- c) Decrease in capital
- d) Increase and decrease in Asset only

Q6. A started a business on 1st April 2022 with a capital of ₹5,00,000 and a loan of ₹40,000 taken from B. During 2022-23, he had introduced additional capital of ₹30,000 and had withdrawn ₹20,000 for personal use. On 31st March 2023, his assets were ₹15,00,000. Find his capital as on 31st March 2023 and profit made or loss incurred during the year 2022-23.

Q7. Frame accounting equation from the following transactions:

- a) Started business with cash ₹ 3,00,000 and goods worth ₹ 90,000.
- b) Sold 50% of the above goods at a profit of ₹ 5,000 on credit to Mohit.
- c) Mohit paid 90% of his amount due in full settlement.