



## ASSIGNMENT NO. 1

**SUBJECT: ACCOUNTANCY**

**CLASS-XI**

**APRIL- MAY' 2026**

### Chapter 1: Introduction to Accounting

1. A business shows high profit but has no cash to pay its expenses. Explain how accounting helps in such a situation.
2. Why is accounting called the “language of business”? Explain with examples.
3. How does accounting help different stakeholders in decision-making? A firm does not maintain proper accounting records. What problems can arise?
4. A company prepares financial statements at the end of every year. Different groups like investors, employees, banks, and government agencies use this information.

#### Questions:

- a) Identify any two external users of accounting information.
  - b) How do investors use accounting information?
  - c) Why do banks require accounting information?
  - d) Explain the importance of accounting information for employees.
  - e) How does government use accounting information?
5. Firm ensures that its financial reports are clear, complete, and free from errors. The information is presented on time and helps users in decision-making.

#### Questions:

- a) Identify any two qualitative characteristics mentioned above.
- b) What is meant by reliability in accounting?
- c) Why is timeliness important in accounting information?
- d) Explain the concept of understandability.
- e) What is relevance in accounting information?

### Chapter 2: Basic Accounting Terms

1. Riya started a boutique by investing ₹5,00,000. She purchased furniture worth ₹1,00,000, bought stock of ₹2,00,000, and kept the remaining amount in the bank. After a month, she withdrew ₹20,000 for personal use.

#### Questions:

- a) Identify the assets in the above case.
  - b) What is the capital of the business after withdrawal?
  - c) State the type of transaction when Riya withdrew money for personal use.
  - d) Explain the concept applied when business and owner are treated separately.
  - e) Why is withdrawal treated as a reduction in capital?
2. Define assets and explain their types in detail. Give examples of each type.

3. What are liabilities? Distinguish between current liabilities and non-current liabilities with examples.
4. Explain the term expenditure. Distinguish between capital expenditure and revenue expenditure with examples.
5. Define revenue and expense. Distinguish between them with at least four points and examples.
6. Explain the terms capital and drawings. How do drawings affect the capital of a business?

### **Chapter 3: Theory Base of Accounting, Accounting Standards and IND AS**

1. Explain the role of Accounting Standards in improving reliability and comparability of financial statements.
2. What are Ind AS? Explain their significance and how they differ from traditional Accounting Standards.
3. A company changes its method of depreciation every year to show higher profits.

**Questions:**

- a) Which accounting principle is violated?
- b) Why is consistency important?
- c) How does this affect comparability?
- d) Suggest corrective measures.
4. A firm anticipates a future loss and records it, but does not record expected future gains.

**Questions:**

- a) Identify the principle applied.
- b) Why are gains not recorded?
- c) How does this principle protect users?
- d) Give one example.
5. What are Accounting Principles? Explain their nature and importance in accounting.

### **Chapter 4: Basis of Accounting**

1. A company earned ₹1,00,000 as interest but received only ₹60,000 in cash.

**Questions:**

- a) How much income should be recorded?
- b) Which concept is applied?
- c) Why is accrual concept important?
- d) What would happen if cash basis was followed?
2. Explain the meaning of cash basis of accounting and accrual basis of accounting. Distinguish between the two with suitable examples.
3. A business earned ₹1,20,000 during the year. Out of this, ₹90,000 was received in cash. Expenses incurred were ₹50,000, out of which ₹40,000 were paid.

**Required:**

Calculate profit under:

- (a) Cash Basis
- (b) Accrual Basis

4. From the following details:

- Salary paid ₹60,000
- Outstanding salary ₹10,000
- Prepaid rent ₹5,000
- Rent paid ₹25,000

**Required:**

Calculate total expenses under:

- (a) Cash Basis
- (b) Accrual Basis

5. A firm provides the following:

- Cash received from customers ₹2,50,000
- Credit sales ₹1,00,000
- Expenses paid ₹1,20,000
- Outstanding expenses ₹30,000

**Required:**

Calculate profit under both cash and accrual basis.

## Chapter 5: Accounting Equation

1. Rohit started a business with cash ₹3,00,000. He purchased furniture worth ₹50,000 and goods worth ₹1,20,000. Later, he withdrew ₹20,000 for personal use.

**Required:**

Calculate the closing capital.

2. From the following, calculate total assets and total liabilities:

Cash ₹40,000  
Furniture ₹60,000  
Creditors ₹25,000  
Debtors ₹30,000  
Bank Loan ₹50,000

**Required:**

- (a) Total Assets
- (b) Total Liabilities

3. A business has the following details:

- Capital at the beginning ₹2,00,000
- Capital at the end ₹2,80,000
- Drawings ₹30,000
- Additional Capital Introduced ₹50,000

**Required:**

Calculate profit earned during the year.

4. From the following details, calculate net income:

- Sales ₹5,00,000
- Rent ₹40,000
- Salary ₹60,000
- Commission received ₹20,000
- Electricity ₹10,000

5. Classify the following and calculate total capital expenditure:

- Purchase of machinery ₹1,50,000
- Repair of machinery ₹10,000
- Wages paid for installation ₹20,000
- Rent ₹15,000

6. Ravi started a business with ₹5,00,000. He purchased machinery ₹2,00,000, goods ₹1,00,000 (₹40,000 on credit), paid ₹30,000 to creditors, sold goods costing ₹50,000 for ₹80,000, and withdrew ₹40,000.

**Questions:**

- Prepare the accounting equation after each transaction.
- Calculate closing capital.
- Identify how profit and drawings affected capital.
- Analyse the effect of credit transactions on liabilities.
- What if the sale was on credit instead of cash?

7. Aman started a business with ₹4,00,000. He purchased goods worth ₹1,00,000 (₹60,000 cash, ₹40,000 credit). Later, he sold goods costing ₹50,000 for ₹70,000 cash. His accountant showed capital as ₹4,20,000.

**Questions:**

- Prepare the accounting equation step-by-step.
- Identify the mistake in the accountant's calculation.
- Calculate the correct capital.
- Explain how profit affects the accounting equation.
- What would be the impact if goods were sold at a loss?

## Chapter 6: Rules of Debit and Credit

1. "Every debit has a corresponding credit."  
Explain this statement with suitable examples.
2. Analyse the following transactions and apply debit and credit rules:
  - Owner invested ₹2,00,000
  - Purchased machinery ₹50,000
  - Paid salary ₹10,000
  - Received cash from debtor ₹20,000
  - Paid creditor ₹15,000
3. Give reasons for debiting or crediting the following accounts:
  - (a) Cash
  - (b) Capital
  - (c) Furniture
  - (d) Salary
  - (e) Commission received
4. Explain the concept of dual aspect and how it relates to debit and credit rules.
5. A business purchased machinery from Sohan ₹70,000 on credit. The accountant debited Sohan's A/c instead of Machinery A/c.

### Questions:

- a) Identify the accounts involved and their types.
- b) State the correct rules applicable.
- c) Explain why machinery should be debited.

## Chapter 7: Source Documents and Preparation of Vouchers

1. What is meant by supporting documents? Explain their role in accounting.
2. Explain how vouchers help in preventing frauds and errors in accounting.
3. "Vouchers are the basis of accounting records."  
Explain this statement with suitable examples.
4. A firm recorded a cash payment of ₹25,000 for office expenses, but no bill or receipt was attached. During audit, the transaction was questioned.

### Questions:

- a) What type of voucher should have been prepared?
  - b) Why are supporting documents important?
  - c) What problem can arise due to absence of proof?
  - d) Suggest measures to avoid such issues.
  - e) Can this transaction be considered reliable? Give reasons
5. Explain the difference between cash vouchers and non-cash vouchers with examples.