Brain International School

Vikas Puri, New Delhi

REVISION SHEET

SUBJECT: ACCOUNTANCY **CLASS-XI** **TERM 1**

One-Mark Questions:

1. The primary objective of accounting is:
A. Advertising
B. Recording financial transactions
C. Increasing sales
D. Recruiting employees

2. Which branch of accounting helps management in decision-making?
A. Financial
B. Cost
C. Management
D. Tax

3. Which qualitative characteristic makes information useful for decisions?
A. Bias
B. Reliability
C. Guesswork
D. Secrecy

4. Outstanding salary at year-end is classified as:
A. Asset
B. Liability
C. Expense
D. Income

5. Which item decreases owner's capital?
A. Additional investment
B. Profit
C. Drawings
D. Commission received

6. Debtors arise due to:
A. Cash sales
B. Credit purchases
C. Credit sales
D. Cash purchases

7. Which concept assumes business will continue for foreseeable future?
A. Business Entity
B. Going Concern
C. Money Measurement
D. Dual Aspect

8. Accounting Standards primarily ensure:
A. Higher taxes
B. Uniformity and comparability
C. More profit
D. Less bookkeeping

9. Matching concept requires:
A. Match expenses with related revenue
B. Match assets with liabilities
C. Cash receipts with payments
D. Capital with drawings

10. Under the cash basis of accounting, revenue is recognised:
A. When earned
B. When cash is received
C. When invoice is issued
D. At year-end

11. Under the accrual basis, expenses are recorded:
A. Only when paid
B. When incurred
C. Only after audit
D. When approved

12. Outstanding salary is recognised under:
A. Cash Basis
B. Accrual Basis
C. Single Entry
D. Cash System

13. The accounting equation is:
A. Assets=Capital-Liabilities
B. Assets=Capital+Liabilities
C. Capital=Assets+Expenses
D. Assets=Income+Expenses

14. Credit purchase of goods increases:
A. Assets & Liabilities
B. Assets only

C. Capital only
D. Expenses

15. Payment to creditor by cheque:
A. Assets↓ Liabilities↓
B. Assets↑ Capital↑
C. Liabilities↑
D. Capital↓

16. Salary paid in cash is recorded by:
A. Debit Salary, Credit Cash
B. Debit Cash, Credit Salary
C. Debit Capital
D. Credit Expenses

17. . Commission received in cash:
A. Debit Cash, Credit Commission
B. Debit Commission, Credit Cash
C. Debit Capital
D. Credit Cash

18. Interest received by cheque:
A. Debit Bank, Credit Interest
B. Debit Interest
C. Credit Bank
D. Debit Drawings

19. A voucher is mainly used to:
A. Advertise
B. Support accounting entries
C. Calculate tax
D. Prepare balance sheet

20. Credit Note is issued when:
A. Goods returned by customer
B. Goods returned to supplier
C. Cash received
D. Salary paid

21. Invoice is prepared by:
A. Buyer
B. Seller
C. Bank
D. Auditor
22. Which document supports credit purchase?
A. Invoice

B. Receipt
C. Voucher
D. Cash Memo

23. Credit purchase of goods is recorded in:
A. Journal Proper
B. Purchase Book
C. Sales Book
D. Cash Book

24. Which transaction is recorded in Journal Proper?
A. Credit sale of goods
B. Credit purchase of goods
C. Opening entry
D. Cash sale

25. Compound journal entry records:
A. One account
B. Two accounts
C. More than two accounts
D. Cash only

26. Ledger is known as the:
A. Book of Original Entry
B. Principal Book
C. Cash Book
D. Voucher

27. Posting means:
A. Preparing vouchers
B. Transferring journal entries to ledger
C. Preparing trial balance
D. Balancing cash

28. The balance of an asset account normally has a:
A. Credit balance
B. Debit balance
C. Nil balance
D. Either

29. The purpose of preparing a ledger is to:
A. Record transactions chronologically
B. Classify transactions account-wise
C. Prepare vouchers
D. Calculate GST

30. Cash Book is a:
A. Subsidiary book only
B. Journal and Ledger
C. Ledger only
D. Voucher

31. Contra entry occurs between:
A. Cash and Bank
B. Sales and Purchases
C. Debtor and Creditor
D. Capital and Drawings

32. Petty Cash Book is maintained to record:
A. Large payments
B. Small routine expenses
C. Credit sales
D. Purchases

33. Cash discount is:
A. Trade discount
B. Financial incentive
C. GST
D. Tax

34. Trial Balance is prepared to:
A. Ascertain profit
B. Check arithmetical accuracy of ledger posting
C. Record transactions
D. Prepare vouchers

35. If the Trial Balance agrees, it proves:
A. All errors are absent
B. Only arithmetic accuracy of ledger posting
C. Profit is correct
D. Financial statements are correct

36. Suspense Account is opened when:
A. Trial Balance agrees
B. Difference in Trial Balance cannot be located immediately
C. Business starts
D. Cash book is prepared

Three Marks Questions:

1. State any three objectives of accounting.

2. Differentiate between bookkeeping and accounting.

3. State any three characteristics of assets.

4. Differentiate between Capital and Drawings with one example each.

5. Explain Going Concern, Accrual and Matching concepts with one example each.

6. Distinguish between Cash Basis and Accrual Basis of Accounting

7. Explain outstanding expenses and prepaid expenses with suitable examples.

8. Show the effect of the following on the accounting equation: (i) Cash introduced ₹1,00,000 (ii) Bought furniture ₹20,000 for cash (iii) Credit purchase of goods ₹15,000.

9. Explain the meaning of source documents. Name any three source documents with their uses.

10. Distinguish between Debit Note and Credit Note.

11. Explain the meaning and advantages of Journal.

12. Differentiate between Journal and Ledger (any three points).

13. State any three objectives of preparing a Trial Balance.

14. Explain any three limitations of a Trial Balance.

15. On March 31, 2026, the total assets and external liabilities of Rahul's business were ₹2,00,000 and ₹10,000 respectively. During the year, he introduced additional capital of ₹25,000 and had withdrawn ₹5,000 from firm for domestic rent. He made a profit of ₹3,500 during the year. Calculate his capital as on 1st April 2025.

16. Analyse the following business transactions in terms of accounts involved, nature, change and Debit/Credit:

a) Withdrew cash from bank ₹4,000.
b) Interest received ₹100.
c) Invested in shares (personal) ₹10,000.

17. Explain the different categories of business for whom registration under GST is compulsory.

18. Journalise: Bought goods of the list price of ₹1,00,000 from Gopal less 20% trade discount and 5% cash discount on purchase price. 60% of the purchase price was paid immediately by cheque. CGST and SGST to be charged @ 6% each.

Four Marks Questions:

1. Mr. Sharma started a trading business with ₹5,00,000. During the year, he purchased goods, sold goods on credit, paid salaries and prepared financial statements.
Questions:
(a) State two objectives of accounting achieved.
(b) Identify two users of accounting information.

(c) Name one financial statement prepared.
(d) Why is accounting called the language of business?

2. Explain the difference between debtors, creditors, and bills receivable with suitable examples.

3. Riya started a business with ₹2,00,000. She purchased furniture for ₹40,000, goods for ₹60,000, sold goods on credit to Aman for ₹15,000 and withdrew ₹5,000 for personal use. Identify capital, drawings, assets and debtor and explain their effect.

4. A firm paid one year's insurance in advance and sold goods on credit. Identify the accounting concepts involved and justify.

5. ABC Traders earned commission ₹12,000, received ₹8,000 during the year, and paid rent ₹15,000 including ₹3,000 for next year.
Questions:
(a) Identify the basis of accounting suitable for financial statements.
(b) Amount of commission to be recognised.
(c) Amount of rent expense.
(d) Name the accounting concept applied.

6. Neha commenced business with ₹3,00,000. During the month she purchased equipment ₹80,000 by cheque, purchased goods ₹60,000 on credit, sold goods costing ₹20,000 for ₹30,000 cash, paid creditors ₹15,000 and withdrew ₹5,000.
Required: Prepare the accounting equation after each transaction and explain how every transaction keeps the equation balanced.

7. Mohan started a business. He purchased furniture for ₹30,000 by cheque, sold goods for cash ₹15,000 and paid rent ₹2,000. Identify the accounts involved, classify them and state which account is debited and credited.

8. ABC Traders sold goods on credit to Mohan, who later returned part of the goods. The balance was paid by cheque. Identify the source documents used at each stage and explain their purpose.

9. A business started with cash ₹3,00,000. Purchased goods ₹50,000 on credit from Ravi, sold goods ₹30,000 for cash and paid carriage ₹2,000. Pass journal entries and identify the accounts debited and credited.

10. A business recorded the following in its Journal: Started business with cash ₹2,00,000; Purchased furniture ₹30,000 for cash; Bought goods on credit from Mohan ₹40,000. Post the entries into Cash, Furniture, Purchases, Mohan and Capital Accounts.

11. Prepare a Trial Balance from the following information as on 31st March 2019:

₹	₹
Building- 24,00,000	Output IGST – 12,00,000
Capital – 9,60,000	Sales – 24,10,000
Furniture – 5,60,000	Patents – 16,00,000
Loan Advanced- 30,000	Trade Payables – 20,000

12. Discuss any four external users of accounting information.

13. Explain the statements with the principle applied:
a) "Capital is a liability for the business."
b) "Every transaction has debit and credit aspects."

14. Explain the term discount with suitable examples.
15. Differentiate between Current Asset and Non- Current Asset on any two basis.

Six Marks Questions:

1. A business owner maintains proper books of accounts but does not prepare financial statements. Discuss how this affects decision-making for management and external users. Explain the objectives and importance of accounting in this context.

2. Discuss the need for Accounting Standards. Explain any four benefits and distinguish Ind AS from Accounting Standards in brief.

3. XYZ Enterprises follows the cash basis of accounting. At year-end, salaries ₹20,000 are outstanding, interest receivable ₹5,000 has not been received, and insurance of ₹6,000 has been paid for the next year.
   Discuss why the cash basis may not present a true and fair view. Explain how the accrual basis would treat each item.

4. A business entered into the following transactions: Introduced cash ₹2,00,000; Purchased goods on credit ₹50,000 from Ramesh; Paid ₹20,000 to Ramesh; Received ₹10,000 commission by cheque; Paid salaries ₹8,000.
   Required: Pass journal entries with narration and explain the rule of debit and credit applied in each case.

5. A business completed the following transactions: cash purchase, credit sale, goods returned by customer, cash payment of wages and purchase return. Identify suitable source documents/vouchers for each transaction and justify why proper documentation is essential.

6. Pass journal entries for the following: Introduced capital ₹5,00,000; Purchased machinery ₹80,000 by cheque; Bought goods on credit ₹40,000 from Mohan; Returned goods ₹5,000 to Mohan; Received commission ₹3,000 by cheque; Paid rent ₹10,000.
   Also explain the accounting rule applied in each entry.

7. From the following journal entries, prepare the necessary Ledger Accounts and balance them: Capital introduced ₹3,00,000; Purchased goods ₹50,000 on credit from Ramesh; Paid ₹20,000 to Ramesh; Sold goods for cash ₹35,000; Paid salaries ₹5,000.

8. Prepare the Accounting Equation from the following transactions: 6

a) Started business with cash ₹1,20,000, stock ₹10,000.
b) Purchased goods on cash ₹5,000 and from Shyam for ₹2,000.
c) Rent received in advance ₹10,000.
d) Opened a bank account and deposited ₹20,000.
e) Sold goods costing ₹5,000 to Mohan at a profit of 15%. 40% was received immediately.
f) Cash paid to Shyam ₹1,900 in full settlement.
g) Received cheque from Mohan for the balance amount.
h) Mohan's cheque was dishonoured.

9. Journalise the following transactions:

   a) Sold goods to Brijesh of the cost price of ₹40,000 plus profit 10% less trade discount 5% less cash discount 10%. 70% was paid through cheque immediately.
   b) Paid salaries ₹20,000 out of which ₹5,000 relates to next year.
   c) Loss of goods by fire ₹10,000. Insurance company accepted 80% of the claim.
   d) Rent due to landlord ₹5,000.
   e) Paid income tax by cheque ₹2,000.
   f) Received cash ₹3,500 from Mohan written off as bad debt previously.

10. Journalise the following transactions and post them to the Ledger:

April 1, 2025 Started business with cash ₹80,000 and Machinery ₹50,000.
April 2, 2025 Deposited into newly opened bank account ₹10,000.
April 3, 2025 Purchased goods from Ram ₹10,000.
April 4, 2025 Sold goods to Raman for ₹2,000.
April 5, 2025 Paid salaries ₹5,000.
April 6, 2025 Charge depreciation on machinery @10%.

11. "Accounting information should be verifiable." Do you agree with this statement? Give two reasons.

12. Differentiate between Double Entry Book Keeping and Single-Entry Book Keeping system of accounting

13. "Accounting information should be comparable." Do you agree with this statement? Give two reasons.

14. State any four limitations of accounting.

15. Explain the following terms with suitable examples.

a) Stock
b) Discount
c) Expenditure

16. Prepare the Accounting Equation from the following transactions:

a) Started business with cash ₹5,00,000 and machinery ₹2,50,000, stock ₹1,00,000.
b) Purchased goods on cash ₹10,000 and on credit from Suresh ₹25,000.
c) Sold two third of the goods at a profit of 10% to Rohan and accepted Bill Receivable due after 3 months.
d) Prepaid Insurance ₹50,000.
e) Bill Receivable honoured on due date.
f) Depreciate machinery @10%.
g) Withdrew goods costing ₹10,000 for personal use.
h) Opened a bank account and deposited ₹30,000.
i) Paid to Suresh by cheque ₹24,500 in full settlement.
j) Paid life insurance premium of ₹5,000.
k) Withdrew from bank for personal use ₹1,500.