B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL

NABET

INDIAN PUBLIC SCHOOLS' CONFERENCE

TERM – 1 EXAMINATION, 2026-27
ACCOUNTANCY (055)
SET – 1 MS

Class: XI **Time: 3hrs**
Date: 2/09/2026 **Max Marks: 80**
Admission no: **Roll no:**

INSTRUCTION:

1. Please read the instructions carefully.
2. This Question Paper consists of 34 questions.
3. Attempt all questions.
4. Marks allotted are mentioned against each question/part

1. (b) Ascertaining the profit or loss of the business
2. (a) Both A and R are true, and R is the correct explanation of A
3. (b) Capital
4. (b) Capital expenditure, since it is an asset acquired for long-term use
5. (b) Going Concern Concept
6. (a) Both A and R are true, and R is the correct explanation of A
7. (b) Cash basis
8. (b) Accrual basis
9. (b) Rs 5,00,000 [Capital = Assets − Liabilities = 8,00,000 − 3,00,000]
10. (a) Increase in one asset and decrease in another asset
11. (b) Rent Account
12. (b) Real Account
13. (b) Sales Invoice / Bill
14. (b) Debit Note
15. (b) Credit Note
16. (c) Transfer / Non-Cash Voucher
17. (c) Journal
18. (b) Drawings
19. (a) Rent A/c Dr. To Outstanding Rent A/c
20. (b) An entry involving two or more debit/credit accounts recorded together for related transactions on the same date

Q21. (3 marks)

(i) Business Entity Concept — the business is treated as a separate entity from its owner; hence the owner's personal car, used only for family purposes, is not recorded as an asset in the business books.

(ii) Matching Concept — since the computer has a useful life of 5 years, only a proportionate part of its cost (depreciation) should be charged as an expense each year, matched against the revenue it helps to earn; charging the entire cost in one year violates this concept.

(iii) Consistency Concept — the same accounting method (FIFO) should be followed year after year so that the financial statements of different years remain comparable.

Q22. (3 marks)

(i) Furniture A/c ... Dr.   To Cash A/c   (Furniture — Real A/c — Debit what comes in; Cash — Real A/c — Credit what goes out)

(ii) Cash A/c ... Dr.   To Commission Received A/c   (Cash — Debit what comes in; Commission Received — Nominal A/c — Credit all incomes)

(iii) Salary A/c ... Dr.   To Cash A/c   (Salary — Nominal A/c — Debit all expenses; Cash — Credit what goes out)

Q23. (3 marks)

(a) Ramesh will prepare a Sales Invoice / Bill at the time of the credit sale, giving details of goods sold, quantity, rate and amount.

(b) Ramesh will prepare a Credit Note for ₹3,000. Suresh's account will be credited (reduced) by ₹3,000 in Ramesh's books, since the amount receivable from Suresh has decreased.

(c) Suresh would have sent a Debit Note along with the returned goods, informing Ramesh that his (Ramesh's) account in Suresh's books has been debited (i.e., Suresh's liability towards Ramesh has reduced) by ₹3,000.

Q24. (3 marks)

Date	**Particulars**	**L.F.**	**Debit (₹)**	**Credit (₹)**
2026 Apr 1	Cash A/c Dr. To Capital A/c (Being business started with cash)		1,00,000	1,00,000
2026 Apr 5	Purchases A/c Dr. To Cash A/c (Being goods purchased for cash)		30,000	30,000
2026 Apr 9	Rent A/c Dr. To Cash A/c (Being rent paid)		5,000	5,000

Q25. (4 marks)

Any four of the following objectives (with brief explanation) should be accepted:

1. Maintaining systematic records — to record all business transactions in a chronological and organised manner so nothing is missed or forgotten.
2. Ascertaining profit or loss — preparing the Income Statement periodically to know whether the manufacturing unit is earning a profit or incurring a loss.
3. Ascertaining the financial position — preparing a Balance Sheet to know what the business owns (assets) and owes (liabilities) at a given date.
4. Facilitating rational decision-making — accounting information helps Kunal decide on pricing, expansion, controlling costs, etc.
5. Protecting business assets — proper records help safeguard cash, stock and other assets from misuse or theft.
6. Communicating information to stakeholders — such as banks, suppliers, and tax authorities who may need his financial data.

Q26. (4 marks)

Any four of the following terms (identified from the passage, with explanation):

1. Capital — ₹2,00,000 invested by Priya; the owner's claim on business assets.
2. Goods/Purchases — ₹1,50,000 worth of goods purchased for resale.
3. Sales — goods costing ₹1,20,000 sold for ₹1,60,000; the revenue earned from selling goods.
4. Drawings — ₹10,000 withdrawn by Priya for personal use, reducing her capital.
5. Creditor — the supplier to whom Priya owes ₹20,000 at year-end, i.e. a person to whom the business owes money.

Q27. (4 marks)

(a) Accounting Standards are written policy documents/guidelines issued by a recognised accounting body (in India, by the ICAI/National Financial Reporting Authority under Companies Act provisions) that lay down uniform rules and procedures for recognition, measurement, treatment, presentation and disclosure of accounting transactions in financial statements.

(b) Any three benefits:

1. Comparability — uniform methods (e.g., for stock valuation) allow investors to compare financial statements of different companies meaningfully.

2. Reliability and credibility — standardised treatment reduces manipulation and increases users' confidence in financial statements.

3. Reduces accounting alternatives — by prescribing acceptable methods, it prevents companies from choosing methods purely to distort results.

4. Helps auditors — provides a benchmark against which financial statements can be audited/verified.

Q28. (4 marks)

(a) Cash Basis of Accounting:

Income = Cash received − Cash paid = □30,000 − □8,000 = □22,000

(b) Accrual Basis of Accounting:

Income = Revenue earned − Expenses incurred = □50,000 − □12,000 = □38,000

Q29. (4 marks)

Transaction	**Assets**	**Liabilities**	**Capital**
(i) Started business with cash □80,000	Cash +80,000	No change	Capital +80,000
(ii) Purchased goods on credit □20,000	Stock (Goods) +20,000	Creditors +20,000	No change
(iii) Paid to creditor □8,000	Cash −8,000	Creditors −8,000	No change
(iv) Sold goods (cost □5,000) for □7,000 cash	Cash +7,000; Stock −5,000 (Net Assets +2,000)	No change	Capital +2,000 (profit)

Final position: Cash = 80,000−8,000+7,000 = □79,000; Stock = 20,000−5,000 = □15,000; Total Assets = □94,000. Creditors = 20,000−8,000 = □12,000; Capital = 80,000+2,000 = □82,000. Check: Liabilities + Capital = 12,000+82,000 = □94,000 = Assets. ✓

Q30. (4 marks)

Classification:

(i) Cash A/c — Real A/c; Furniture A/c — Real A/c; Capital A/c — Personal A/c

(ii) Insurance Premium A/c — Nominal A/c; Cash A/c — Real A/c

(iii) Cash A/c — Real A/c; Interest Received A/c — Nominal A/c

Journal Entries:

Date	**Particulars**	**L.F.**	**Debit (Rs)**	**Credit (Rs)**
(i)	Cash A/c Dr. (60,000) Furniture A/c Dr. (15,000) To Capital A/c (Being business started with cash and furniture)		75,000	75,000
(ii)	Insurance Premium A/c Dr. To Cash A/c (Being insurance premium paid)		3,000	3,000
(iii)	Cash A/c Dr. To Interest Received A/c (Being interest		1,500	1,500

	received)			

Q31. (6 marks)

Any six of the following (definition + example) should be accepted:

• Asset — a resource owned by the business having future economic value, e.g. building, machinery, cash.

• Liability — an obligation/amount owed by the business to outsiders, e.g. bank loan, creditors.

• Capital — the amount invested by the owner in the business, e.g. Rs 1,00,000 brought in by the proprietor.

• Revenue — the income earned from the sale of goods/services or other sources, e.g. sales revenue, commission received.

• Expense — the cost incurred to earn revenue, e.g. rent, salary, wages.

• Debtor — a person who owes money to the business for goods/services supplied on credit, e.g. a customer who bought goods on credit.

• Creditor — a person to whom the business owes money for goods/services received on credit, e.g. a supplier from whom goods were purchased on credit.

• Goods — articles purchased for resale or for use in production, e.g. cloth for a garment trader.

• Drawings — cash or goods withdrawn by the owner from the business for personal use, e.g. owner withdrawing Rs 5,000 for personal expenses.

Q32. (6 marks)

S.No.	Transaction	Assets (Cash + Stock)	= Liabilities	+ Capital
(i)	Started business with cash Rs 1,00,000	Cash +1,00,000	0	+1,00,000
(ii)	Purchased goods for cash Rs 30,000	Cash −30,000; Stock +30,000	0	No change
(iii)	Purchased goods on credit Rs 20,000	Stock +20,000	Creditors +20,000	No change
(iv)	Sold goods (cost Rs 25,000) for □35,000 cash	Cash +35,000; Stock −25,000	0	+10,000 (profit)
(v)	Paid rent Rs 4,000	Cash −4,000	0	−4,000
(vi)	Withdrew cash for personal use Rs 6,000	Cash −6,000	0	−6,000 (drawings)

Final Cash = 1,00,000−30,000+35,000−4,000−6,000 = Rs 95,000; Final Stock = 30,000+20,000−25,000 = Rs 25,000; Total Assets = Rs 1,20,000.

Final Liabilities (Creditors) = Rs 20,000; Final Capital = 1,00,000+10,000−4,000−6,000 = Rs 1,00,000; Liabilities + Capital = 20,000+1,00,000 = Rs 1,20,000. Hence Assets = Liabilities + Capital. ✓

Q33. (6 marks)

(i) Paid rent Rs 5,000 in cash → Source document: Cash Payment Voucher (Debit Voucher). It is a Cash Voucher because cash has actually gone out of the business.

(ii) Sold goods on credit to Mohit for Rs 18,000 → Source document: Sales Invoice / Bill. It is recorded through a Transfer (Non-Cash) Voucher, since no cash is involved at the time of a credit sale.

(iii) Purchased stationery for cash Rs 800 → Source document: Cash Payment Voucher (Debit Voucher), since cash has actually gone out of the business.

(iv) Returned defective goods worth Rs 2,000 to a supplier → Source document: Debit Note, recorded through a Transfer (Non-Cash) Voucher, since it only reduces the amount owed to the creditor and involves no cash.

Q34. (6 marks)

Date	Particulars	L.F.	Debit (□)	Credit (□)
Apr 1	Cash A/c Dr. (1,50,000) Bank A/c		2,00,000	2,00,000

	Dr. (50,000) To Capital A/c (Being business started with cash and bank balance)			
Apr 3	Purchases A/c Dr. To Cash A/c (Being goods purchased for cash)		40,000	40,000
Apr 8	Mahesh A/c Dr. To Sales A/c (Being goods sold to Mahesh on credit)		25,000	25,000
Apr 12	Cash A/c Dr. (24,500) Discount Allowed A/c Dr. (500) To Mahesh A/c (Being cash received from Mahesh in full settlement)		25,000	25,000
Apr 18	Salary A/c Dr. To Cash A/c (Being salary paid)		6,000	6,000
Apr 25	Drawings A/c Dr. To Cash A/c (Being cash withdrawn for personal use)		3,000	3,000

****