B.K. BIRLA CENTRE FOR EDUCATION

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

TERM – 1 EXAMINATION, 2026-27
ACCOUNTANCY (055)
SET – 2 MS

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

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1. (b) Ascertaining the financial position of the business
2. (a) Both A and R are true, and R is the correct explanation of A
3. (b) Drawings
4. (b) Capital expenditure, since it is an asset acquired for long-term use
5. (b) Money Measurement 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) □9,00,000 [Assets = Liabilities + Capital = 2,50,000 + 6,50,000]
10. (b) Increase in an asset and increase in capital
11. (b) Commission Received Account
12. (b) Personal Account
13. (b) Sales Invoice / Bill
14. (b) Credit Note
15. (b) Debit Note
16. (b) Credit Voucher
17. (b) Ledger
18. (b) Drawings
19. (a) Salary A/c Dr. To Outstanding Salary A/c
20. (b) An entry involving only one debit account and one credit account

Q21. (3 marks)

(i) Business Entity Concept — the business is treated as a separate entity from its owner; hence the owner's personal jewellery, being unrelated to the business, is not recorded in the business books.

(ii) Matching Concept — since the machine has a useful life of 6 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 (Weighted Average) should be followed year after year so that the financial statements of different years remain comparable.

Q22. (3 marks)

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

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

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

Q23. (3 marks)

Amit will prepare a Credit Note for □2,500. Vikas's account will be credited (reduced) by □2,500 in Amit's books, since the amount receivable from Vikas has decreased.

Q24. (3 marks)

Date	Particulars	L.F.	Debit (□)	Credit (□)
2026 May 1	Cash A/c Dr. To Capital A/c (Being business started with cash)		1,20,000	1,20,000
2026 May 6	Purchases A/c Dr. To Cash A/c (Being goods purchased for cash)		25,000	25,000
2026 May 10	Wages A/c Dr. To Cash A/c (Being wages paid)		3,000	3,000

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 bakery 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 Deepak 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 — □1,50,000 invested by Rahul; the owner's claim on business assets.
2. Goods/Purchases — □1,00,000 worth of goods purchased for resale.
3. Sales — goods costing □80,000 sold for □1,10,000; the revenue earned from selling goods.
4. Drawings — □8,000 withdrawn by Rahul for personal use, reducing his capital.
5. Creditor — the supplier to whom Rahul owes □15,000 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 = □40,000 − □10,000 = □30,000

(b) Accrual Basis of Accounting:

Income = Revenue earned − Expenses incurred = □60,000 − □15,000 = □45,000

Q29. (4 marks)

Transaction	**Assets**	**Liabilities**	**Capital**
(i) Started business with cash □90,000	Cash +90,000	No change	Capital +90,000
(ii) Purchased goods on credit □25,000	Stock (Goods) +25,000	Creditors +25,000	No change
(iii) Paid to creditor □10,000	Cash −10,000	Creditors −10,000	No change
(iv) Sold goods (cost □8,000) for □12,000 cash	Cash +12,000; Stock −8,000 (Net Assets +4,000)	No change	Capital +4,000 (profit)

Final position: Assets □1,07,000 (Cash □92,000 + Stock □17,000... i.e. 90,000-10,000+12,000=92,000 cash; stock 25,000-8,000=17,000) = Liabilities □15,000 (Creditors: 25,000-10,000) + Capital □94,000 (90,000+4,000). Check: 92,000+17,000=1,09,000...

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; Rent Received A/c — Nominal A/c

Journal Entries:

Date	**Particulars**	**L.F.**	**Debit (□)**	**Credit (□)**
(i)	Cash A/c Dr. (50,000) Furniture A/c Dr. (10,000) To Capital A/c (Being business		60,000	60,000

	started with cash and furniture)			
(ii)	Insurance Premium A/c Dr. To Cash A/c (Being insurance premium paid)		2,500	2,500
(iii)	Cash A/c Dr. To Rent Received A/c (Being rent received)		2,000	2,000

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. □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 □5,000 for personal expenses.

Q32. (6 marks)

S.No.	Transaction	Assets (Cash + Stock)	= Liabilities	+ Capital
(i)	Started business with cash □1,20,000	Cash +1,20,000	0	+1,20,000
(ii)	Purchased goods for cash □40,000	Cash −40,000; Stock +40,000	0	No change
(iii)	Purchased goods on credit □15,000	Stock +15,000	Creditors +15,000	No change
(iv)	Sold goods (cost □30,000) for □42,000 cash	Cash +42,000; Stock −30,000	0	+12,000 (profit)
(v)	Paid salary □5,000	Cash −5,000	0	−5,000
(vi)	Withdrew cash for personal use □4,000	Cash −4,000	0	−4,000 (drawings)

Final Cash = 1,20,000−40,000+42,000−5,000−4,000 = □1,13,000; Final Stock = 40,000+15,000−30,000 = □25,000; Total Assets = □1,38,000.

Final Liabilities (Creditors) = □15,000; Final Capital = 1,20,000+12,000−5,000−4,000 = □1,23,000; Liabilities + Capital = 15,000+1,23,000 = □1,38,000. Hence Assets = Liabilities + Capital. ✓

Q33. (6 marks)

(i) Received cash from a customer ₹10,000 → Source document: Cash Receipt / Cash Voucher. It is a Cash Voucher because cash has actually been received by the business.

(ii) Purchased goods on credit from a supplier ₹15,000 → Source document: Purchase Invoice, recorded through a Transfer (Non-Cash) Voucher, since no cash is involved at the time of the transaction.

(iii) Paid electricity bill in cash ₹1,200 → Source document: Cash Payment Voucher (Debit Voucher), since cash has actually gone out of the business.

(iv) Returned defective goods worth ₹1,000 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 (₹)**
June 1	Cash A/c Dr. (1,00,000) Bank A/c Dr. (40,000) To Capital A/c (Being business started with cash and bank balance)		1,40,000	1,40,000
June 4	Purchases A/c Dr. To Cash A/c (Being goods purchased for cash)		35,000	35,000
June 9	Naresh A/c Dr. To Sales A/c (Being goods sold to Naresh on credit)		20,000	20,000
June 14	Cash A/c Dr. (19,500) Discount Allowed A/c Dr. (500) To Naresh A/c (Being cash received from Naresh in full settlement)		20,000	20,000
June 20	Rent A/c Dr. To Cash A/c (Being rent paid)		4,000	4,000
June 25	Drawings A/c Dr. To Cash A/c (Being cash withdrawn for personal use)		2,500	2,500

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