

Time : 3 Hours

Max. Marks : 30



1. Which of the following is not a personal account. (1)  
(a) Bank Account  
(b) Drawings Account  
(c) Proprietor's Account  
(d) Livestock Account
2. In case loan is taken to purchase goods, then two accounts that are affected are: (1)  
(a) Stock and Capital  
(b) Capital and Liability  
(c) Stock and Liability  
(d) Cash and Stock
3. If accounting information is based on facts and it is verifiable by documents it has the quality of ..... (1)  
(a) Relevance  
(b) Reliability  
(c) Understandability  
(d) Comparability
4. Book keeping is mainly concerned with: (1)  
(a) Recording of financial data  
(b) Designing the systems of summarising the recorded data  
(c) Interpreting the data for internal and external users.  
(d) Preparation of financial statements of the business enterprise.
5. There are two statements marked as Assertion (A) and Reason (R). (1)

Read the statements and choose the appropriate option from the options given below:

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is false, but Reason (R) is true.
- (d) Assertion (A) is true, but Reason (R) is false.

Assertion (A) Accounting is an art as it involves recording, classifying, summarising business transactions with a view to ascertain the net profit.

Reason (R) Accounting is a science since it is based on certain specified principles and accounting standards.

6. There are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the appropriate option from the options given below: (1)

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is false, but Reason (R) is true.
- (d) Assertion (A) is true, but Reason (R) is false.

Assertion (A) - Book-keeping involves summarising the classified transactions in the form of profit and loss account and balance sheet.

Reason (R) - Book-keeping is an art of recording in the books of accounts, the monetary aspect of

commercial or financial transactions. It is concerned with record keeping and maintenance of the books of accounts

7. As a result of the following transactions, the total of accounting equation will be..... (1)
  - (i) Started business with cash Rs. 5,00,000
  - (ii) Goods purchased for cash Rs. 2,00,000
  - (iii) Goods costing Rs. 1,50,000 sold for Rs. 1,60,000 on credit
  - (a) Rs. 4,60,000
  - (b) Rs. 7,10,000
  - (c) Rs. 5,10,000
  - (d) Rs. 6,60,000
8. Given any two differences between Book Keeping and Accounting. (1)
9. Give two differences between cash basis and accrual basis of accounting. (1)
10. Outstanding expenses are not recorded in cash basis of accounting. State True or False. (1)
11. Give one example for each of the following transactions in relation to Accounting equation. (3)
  - (i) Increase in an asset and a liability
  - (ii) Increase in an asset and in capital
  - (iii) Decrease in an asset and a liability
12. Answer the following in one word or one sentence: (5)
  - (i) Mention two external users of accounting information.
  - (ii) State one limitation of accounting.
  - (iii) Define account.
  - (iv) State the rule for Personal Accounts.
  - (v) Give two examples of Representative Person.
13. What is accounting? Explain any three advantages of accounting. (4)
14. Show the effect of the following transactions in Accounting Equation. (4)
  - (i) Rohit started a real estate agency business with capital of Rs. 52,000.
  - (ii) Paid 3 months advance rent for office accommodation Rs. 2,520.
  - (iii) Purchased office furniture Rs. 8,400
  - (iv) Bought Car for office Rs. 25,200
  - (v) Purchased goods worth Rs. 40,000 for cash and for Rs. 17,500 on credit.
  - (vi) Goods costing Rs. 40,000 was sold for Rs. 62,500 on credit basis.
15. Show an Accounting Equation for the following transactions: (4)
  - (i) Damodar commenced business with cash Rs. 50,000 and Rs. 1,00,000 by cheque; goods Rs.60,000; machinery Rs. 1,00,000 and furniture Rs. 50,000
  - (ii) 1/3rd of the above goods sold at a profit of 10% on cost and half of the payment is received in cash.
  - (iii) Depreciation on machinery provided @ 10%.
  - (iv) Cash withdrawn for personal use.

