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 - 1

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. Ritika, a small business owner, wants to know how much profit her business earned during the financial year 2025-26. Which objective of accounting is being fulfilled here? (1)

(a) Maintaining systematic records of business transactions
(b) Ascertaining the profit or loss of the business
(c) Ascertaining the financial position of the business
(d) Protecting the business's properties

2. Assertion (A): Accounting is often called the "language of business". (1)

Reason (R): Accounting communicates the financial results and other information about a business to its various interested parties through financial statements.

(a) Both A and R are true, and R is the correct explanation of A
(b) Both A and R are true, but R is NOT the correct explanation of A
(c) A is true, but R is false
(d) A is false, but R is true

3. Rakesh started a business by investing Rs 5,00,000 of his own money into it. From the point of view of the business, this amount is called: (1)

(a) Drawings (b) Capital
(c) A liability to outsiders (d) Revenue

4. A furniture-manufacturing firm purchased a delivery van to transport furniture to customers. In the books of this business, the expenditure on the van will be treated as: (1)

(a) Revenue expenditure, since it is used regularly
(b) Capital expenditure, since it is an asset acquired for long-term use
(c) Deferred revenue expenditure
(d) A contingent liability

5. Anmol prepares his shop's financial statements every year assuming that the business will continue for the foreseeable future, with no intention of closing it down. This is an app lication of which accounting concept?

(a) Money Measurement Concept (b) Going Concern Concept (1)
(c) Realisation Concept (d) Matching Concept

6. Assertion (A): A business records an expense in the same accounting period as the revenue it helped to earn, even if the payment is made later. (1)

Reason (R): This practice is based on the Matching Concept of accounting.

(a) Both A and R are true, and R is the correct explanation of A
(b) Both A and R are true, but R is NOT the correct explanation of A

(c) A is true, but R is false
(d) A is false, but R is true

7. A doctor records his income only when he actually receives fees from patients, and records expenses only when he actually pays them. Which basis of accounting is he following? (1)

(a) Accrual basis (b) Cash basis
(c) Hybrid basis (d) Mercantile basis

8. Under which basis of accounting is income recognised when it is earned (whether received or not), and expenses recognised when incurred (whether paid or not)? (1)

(a) Cash basis (b) Accrual basis
(c) Both cash and accrual equally (d) None of the above

9. In the Accounting Equation "Assets = Liabilities + Capital", if a firm's total assets are Rs 8,00,000 and its outside liabilities are Rs 3,00,000, the owner's capital will be: (1)

(a) Rs 11,00,000 (b) Rs 5,00,000
(c) Rs 3,00,000 (d) Rs 8,00,000

10. Purchase of goods for cash will result in: (1)

(a) Increase in one asset and decrease in another asset
(b) Increase in an asset and increase in a liability
(c) Decrease in an asset and decrease in capital
(d) Increase in an asset and increase in capital

11. Which account will be debited when a business pays rent in cash? (1)

(a) Cash Account (b) Rent Account
(c) Capital Account (d) Bank Account

12. Under the traditional classification of accounts, a "Machinery Account" is classified as a: (1)

(a) Personal Account (b) Real Account
(c) Nominal Account (d) Representative Personal Account

13. When Mohan sells goods to Suresh on credit, the source document prepared and issued by Mohan to Suresh as evidence of the sale is called a: (1)

(a) Purchase Invoice (b) Sales Invoice / Bill
(c) Debit Note (d) Cash Memo

14. Sunita returns defective goods worth Rs 2,000 to her supplier. The source document she will prepare and send to the supplier to inform him of this return is called a: (1)

(a) Credit Note (b) Debit Note
(c) Cash Memo (d) Pay-in-Slip

15. When a seller receives back goods sold earlier and wishes to inform the buyer that his account has been reduced (credited) by that amount, the seller prepares a: (1)

(a) Debit Note (b) Credit Note
(c) Invoice (d) Receipt

16. A voucher prepared for a transaction that does not involve cash directly, such as credit sales or credit purchases, is called a: (1)

(a) Cash Voucher (b) Debit Voucher
(c) Transfer / Non-Cash Voucher (d) Supporting Voucher

17. The book in which transactions are first recorded, in chronological order, from source documents, is called the: (1)

(a) Ledger (b) Trial Balance
(c) Journal (d) Cash Book

18. Identify the accounting term used to describe the arrow showing the withdrawal of cash or goods from the business by the owner for personal use. (1)

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┌───────────────┐       Cash Withdrawn       ┌───────────────┐
│   BUSINESS    │ ─────────────────────────> │  PROPRIETOR   │
│CASH/INVENTORY │                            │ (Personal Use)│
└───────────────┘ <───────────────────────── └───────────────┘
                           Capital
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(a) Capital (b) Drawings

(c) Expenditure (d) Loss

19. When outstanding rent (accrued but not yet paid) is recorded in the books, the journal entry passed is: (1)

(a) Rent A/c Dr. To Outstanding Rent A/c (b) Outstanding Rent A/c Dr. To Rent A/c

(c) Rent A/c Dr. To Cash A/c (d) Cash A/c Dr. To Rent A/c

20. Which of the following best describes a compound journal entry? (1)

(a) An entry involving only one debit and one credit account

(b) An entry involving two or more debit/credit accounts recorded together for related transactions on the same date

(c) An entry that is never balanced

(d) An entry recorded only in the ledger

Q21. Read the following independent situations relating to a trading business and, for each, identify the accounting concept applicable, giving a suitable reason: (3)

(i) The owner's personal car, used only for family purposes, is not shown as an asset in the books of the business.

(ii) A businessman purchased a computer for Rs 40,000 with a useful life of 5 years but charged its entire cost as an expense in the year of purchase itself.

(iii) A firm continues to value its closing stock using the same method (FIFO) every year, without changing it.

Q22. From the following transactions of Mr. Arjun, state which account will be debited and which will be credited, applying the rules of debit and credit: (3)

(i) Purchased furniture for cash Rs 15,000

(ii) Received commission Rs 2,000 in cash

(iii) Paid salary to an employee Rs 8,000 in cash

Q23. Ramesh sold goods to Suresh for Rs 25,000 on credit. Identify the source document Ramesh will prepare at the time of the credit sale. (3)

Q24. Journalise the following transactions in the books of Neha Enterprises: (3)

2026 April 1: Started business with cash Rs 1,00,000

2026 April 5: Purchased goods for cash Rs 30,000

2026 April 9: Paid rent Rs 5,000

Q25. Mr. Kunal is planning to start a small manufacturing unit. His friend advises him to maintain proper books of accounts right from day one. Explain any four objectives of accounting that would help Kunal run his business efficiently. (4)

Q26. Read the following information about Priya's stationery shop and identify and explain any four accounting terms illustrated in it: (4)

"Priya started her stationery shop by investing Rs 2,00,000 as capital. During the year, she purchased goods worth Rs 1,50,000, out of which goods worth Rs 1,20,000 were sold for Rs 1,60,000. She also withdrew Rs 10,000 for personal use, and at the year-end she owed Rs 20,000 to a supplier."

Q27. Two companies in the same industry use different methods to value their closing stock, making it difficult for investors to compare their financial statements. A financial analyst suggests that Accounting Standards should be followed to resolve this problem. (4)

(a) What are Accounting Standards?

(b) State any three benefits of following Accounting Standards with reference to the above situation.

Q28. Mr. Verma, a consultant, provided services worth Rs 50,000 in March 2026 but received payment of only Rs 30,000 in March (the remaining Rs 20,000 was received in April 2026). He also incurred office expenses of Rs 12,000 in March, of which he paid Rs 8,000 in March and the rest in April. (4)

Calculate his income for March 2026 under: (a) Cash Basis of Accounting (b) Accrual Basis of Accounting, showing your workings.

Q29. Show the effect of the following transactions of Mr. Sameer on the Accounting Equation (Assets = Liabilities + Capital): (4)

(i) Started business with cash Rs 80,000

(ii) Purchased goods on credit Rs 20,000

(iii) Paid to creditor Rs 8,000

(iv) Sold goods costing Rs 5,000 for Rs 7,000 cash

Q30. From the following transactions of Mehta Traders, classify the accounts involved under the traditional (Personal / Real / Nominal) approach, and Journalise them: (4)

(i) Started business with cash Rs 60,000 and furniture Rs 15,000

(ii) Paid insurance premium Rs 3,000

(iii) Received interest Rs 1,500

Q31. Explain any six of the following basic accounting terms, with a suitable example for each: Asset, Liability, Capital, Revenue, Expense, Debtor, Creditor, Goods, Drawings. (6)

Q32. Prepare an Accounting Equation from the following transactions of Mr. Rahul, showing the effect on Assets, Liabilities and Capital after each transaction: (6)

(i) Started business with cash Rs 1,00,000

(ii) Purchased goods for cash Rs 30,000

(iii) Purchased goods on credit Rs 20,000

(iv) Sold goods (costing Rs 25,000) for Rs 35,000 cash

(v) Paid rent Rs 4,000

(vi) Withdrew cash for personal use Rs 6,000

Q33. Rohit runs a small trading business. During a month, the following transactions took place: (6)

(i) Paid rent Rs 5,000 in cash

(ii) Sold goods on credit to Mohit for Rs 18,000

(iii) Purchased stationery for cash Rs 800

(iv) Returned defective goods worth Rs 2,000 to a supplier

For each transaction, identify: (a) the source document / voucher that would be prepared, and (b) whether it is a Cash Voucher or a Non-Cash (Transfer) Voucher, giving reasons.

Q34. Journalise the following transactions in the books of Mr. Anil for the month of April 2026: (6)

April 1: Started business with cash Rs 1,50,000 and bank balance Rs 50,000

April 3: Purchased goods for cash Rs 40,000

April 8: Sold goods to Mahesh on credit Rs 25,000

April 12: Received cash from Mahesh Rs 24,500 in full settlement of his account

April 18: Paid salary Rs 6,000

April 25: Withdrew cash for personal use Rs 3,000

ALL THE BEST