TERM – 1 EXAMINATION, 2026-27

ACCOUNTANCY (055)

Class: XI **SET - 2** **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. Sanjay, a shopkeeper, wants to know what his business owns (assets) and what it owes (liabilities) as on 31st March 2026. Which objective of accounting is being fulfilled here? **(1)**

(a) Ascertaining the profit or loss of the business
(b) Ascertaining the financial position of the business
(c) Maintaining systematic records of business transactions
(d) Facilitating rational decision making

2. Assertion (A): Accounting information must be free from personal bias and capable of verification. **(1)**

Reason (R): This is ensured by the Objectivity (Verifiable) Concept, which requires transactions to be supported by documentary evidence.
(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. Meena withdrew Rs 20,000 cash from her business to pay her daughter's school fees. From the point of view of the business, this amount is called: **(1)**

(a) Capital (b) Drawings
(c) An expense (d) A liability

4. A textile trading firm purchased a computer system to maintain its office accounts. In the books of this business, the expenditure on the computer will be treated as: **(1)**

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

5. Sameer records all transactions of his business only in terms of money, ignoring non-monetary events such as the health of his employees or the reputation of his brand. This is an application of which accounting concept? **(1)**

(a) Going Concern Concept (b) Money Measurement Concept

(c) Matching Concept (d) Realisation Concept

6. Assertion (A): Revenue is recognised in the accounting period in which it is earned, and not necessarily when cash is actually received. **(1)**

Reason (R): This practice is based on the Realisation 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 freelance photographer records his income only when he actually receives payment from clients, 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 liabilities are Rs 2,50,000 and its owner's capital is Rs 6,50,000, the total assets will be: **(1)**

(a) Rs 4,00,000 (b) Rs 9,00,000

(c) Rs 2,50,000 (d) Rs 6,50,000

10. Sale of goods for cash at a profit will result in: **(1)**

(a) Increase in one asset and decrease in another asset

(b) Increase in an asset and increase in capital

(c) Decrease in an asset and decrease in capital

(d) Increase in an asset and increase in a liability

11. Which account will be credited when a business receives commission in cash? **(1)**

(a) Cash Account (b) Commission Received Account

(c) Capital Account (d) Bank Account

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

(a) Real Account (b) Personal Account

(c) Nominal Account (d) None of the above

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

(a) Purchase Invoice (b) Sales Invoice / Bill

(c) Debit Note (d) Cash Memo

14. Rohan receives goods worth Rs 1,500 back from his customer due to poor quality. The source document he will prepare and send to the customer to inform him that his account has been reduced (credited) by that amount is called a: **(1)**

(a) Debit Note (b) Credit Note

(c) Cash Memo (d) Pay-in-Slip

15. When a buyer returns goods to the seller and wishes to inform the seller that his (the seller's) account has been debited (reduced) by that amount, the buyer prepares a: **(1)**

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

16. A voucher prepared for a transaction in which cash is actually received by the business is called a: **(1)**

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

17. The book in which transactions, already recorded in the journal, are classified and posted under separate heads of account is called the: **(1)**

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

18. When goods are withdrawn by the owner from the business for his personal use, the accounting term used to describe this withdrawal is: **(1)**

(a) Purchases (b) Drawings
(c) Sales (d) Loss

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

(a) Salary A/c Dr. To Outstanding Salary A/c **(1)**
(b) Outstanding Salary A/c Dr. To Salary A/c
(c) Salary A/c Dr. To Cash A/c
(d) Cash A/c Dr. To Salary A/c

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

(a) An entry involving two or more debit/credit accounts recorded together
(b) An entry involving only one debit account and one credit account
(c) An entry that is never posted to the ledger
(d) An entry recorded only in the cash book

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 jewellery, used only for family functions, is not shown as an asset in the books of the business.
(ii) A trader purchased a machine for Rs 60,000 with a useful life of 6 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 (Weighted Average) every year, without changing it.

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

(i) Purchased machinery for cash Rs 25,000
(ii) Received interest Rs 1,200 in cash
(iii) Paid wages to workers Rs 6,000 in cash

Q23. Amit sold goods to Vikas for Rs 18,000 on credit. Later, Vikas found that goods worth Rs 2,500 were defective and returned them to Amit. **(3)**

Identify the source document Amit will prepare after receiving the returned goods, and state how Vikas's account will be affected in Amit's books.

Q24. Journalise the following transactions in the books of Riya Traders: **(3)**

2026 May 1: Started business with cash Rs 1,20,000

2026 May 6: Purchased goods for cash Rs 25,000

2026 May 10: Paid wages Rs 3,000

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

Q26. Read the following information about Rahul's grocery store and identify and explain any four accounting terms illustrated in it: **(4)**

"Rahul started his grocery store by investing Rs 1,50,000 as capital. During the year, he purchased goods worth Rs 1,00,000, out of which goods costing Rs 80,000 were sold for Rs 1,10,000. He also withdrew Rs 8,000 for personal use, and at the year-end he owed Rs 15,000 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. Ms. Anjali, a freelance designer, rendered services worth Rs 60,000 in March 2026 but received payment of only Rs 40,000 in March (the remaining Rs 20,000 was received in April 2026). She also incurred office expenses of Rs 15,000 in March, of which she paid Rs 10,000 in March and the rest in April. Calculate her income for March 2026 under: (a) Cash Basis of Accounting (b) Accrual Basis of Accounting, showing your workings. **(4)**

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

(i) Started business with cash Rs 90,000

(ii) Purchased goods on credit Rs 25,000

(iii) Paid to creditor Rs 10,000

(iv) Sold goods costing Rs 8,000 for Rs 12,000 cash

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

(i) Started business with cash Rs 50,000 and furniture Rs 10,000

(ii) Paid insurance premium Rs 2,500

(iii) Received rent Rs 2,000

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 Ms. Neha, showing the effect on Assets, Liabilities and Capital after each transaction: **(6)**

(i) Started business with cash Rs 1,20,000

(ii) Purchased goods for cash Rs 40,000

(iii) Purchased goods on credit Rs 15,000

(iv) Sold goods (costing Rs 30,000) for Rs 42,000 cash

(v) Paid salary Rs 5,000

(vi) Withdrew cash for personal use Rs 4,000

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

(i) Received cash from a customer Rs 10,000

(ii) Purchased goods on credit from a supplier Rs 15,000

(iii) Paid electricity bill in cash Rs 1,200

(iv) Returned defective goods worth Rs 1,000 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. Suresh for the month of June 2026: **(6)**

June 1: Started business with cash Rs 1,00,000 and bank balance Rs 40,000

June 4: Purchased goods for cash Rs 35,000

June 9: Sold goods to Naresh on credit Rs 20,000

June 14: Received cash from Naresh Rs 19,500 in full settlement of his account

June 20: Paid rent Rs 4,000

June 25: Withdrew cash for personal use Rs 2,500

ALL THE BEST