B.K. BIRLA CENTRE FOR EDUCATION

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

PRE MID TERM EXAMINATION 2026-27
ACCOUNTANCY 055
SET - 1

Class: XI | **Time: 1hr**
Date: 24/07/2026 | **Max Marks: 25**
Admission no: | **Roll no:**

General Instructions:

i. **This question paper contains 10 questions. All questions are compulsory.**
ii. **Marks are indicated against each question.**
iii. **Answers should be brief and to the point.**
iv. **Question no. 1 to 5 are MCQs of 1 mark each.**
v. **Question no. 6 and 7 carrying 3 marks each.**
vi. **Question no. 8 and 9 carrying 4 marks each.**
vii. **Question no.10 carrying 6 marks.**

1. What is the primary difference between bookkeeping and accounting? (1)
(a) Accounting is the process of keeping financial records, while bookkeeping is the process of interpreting them.
(b) Bookkeeping is advance level of accounting that focusses on tax preparation.
(c) Bookkeeping is a primary focussed on recording transactions, while accounting involves summarizing, analysing, and interpreting them.
(d) There is no difference, the terms mean the exact same thing in the business world.

2. Who among the following is considered an internal user of accounting information? (1)
(a) Suppliers providing goods on credit
(b) Company manager evaluating department performance
(c) The government checking for tax liabilities
(d) Financial analyst at rival company

3. Cost of goods manufactured is determined by: (1)
(a) Financial Accounting
(b) Cost Accounting
(c) Management Accounting
(d) Human resource Accounting

4. Assertion (A): Trade Discount is always recorded as a separate expense account in the Journal and Ledger books of accounts. (1)
Reason (R): Trade Discount is a reduction granted by a seller to a buyer on the catalog or list price of goods when they are purchased in large quantities.
(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 true but Reason (R) is False
(d) Assertion (A) is False but Reason (R) is true.

5. Debtors are person: (1)
(a) Who owe money to the business
(b) To whom the business owes money
(c) Who works for the business
(d) Who audit the accounts

6. Vijay runs "Capital Electronics," a large retail showroom. Over the last year, his business grew rapidly. However, Vijay manages all operations informally. (3)
1. He does not write down daily sales, relying on loose cash memos instead.
2. Last month, a supplier claimed Vijay owed Rs 80,000, but Vijay insisted he had already paid it, though he has no proof.
3. Additionally, Vijay wants to apply for a bank loan to expand his shop, but the bank rejected his initial application due to a lack of structured financial proof.

7. Samir started an eco-friendly packaging business called "GreenTech Solutions." To set up the business, he brought in Rs 5,00,000 from his personal savings and took a commercial bank loan of Rs 3,00,000. He used this money to purchase a manufacturing machine worth Rs 4,00,000 and raw materials worth Rs 1,50,000. (3)
Based on the scenario above, identify and calculate the exact monetary value for the following three accounting terms:
1. Capital
2. Non-Current Asset
3. External Liability

8. Difference between Accounting and Accountancy on the basis of – Meaning, Scope, Dependance and Core focus. (4)

9. Explain the following terms : (4)
(a) Purchases
(b)Depreciation
(c) Balance Sheet
(d) Baddebts

10. On 1st April 2025, Aarav started an electronics repair and retail store called "Apex Digital Hub." He executed the following financial activities during the first month: (6)
1. He brought in Rs 8,00,000 from his personal bank account and a commercial bank loan of Rs 4,00,000 to set up the store.
2. He purchased a high-tech diagnostic machine for Rs 3,50,000 and store furniture for Rs 1,50,000 to use for the next few years.
3. He bought 50 smartphones for Rs 15,000 each on credit from "Vertex Wholesalers" to resell to retail customers.
4. He sold 20 of these smartphones for Rs 20,000 each to a corporate office on credit. The office promised to clear the bill next month.
5. He paid Rs 30,000 cash for store rent and electricity bills.
6. At the end of the month, Aarav realized that one individual customer who owed him Rs 5,000 for a repair job had permanently left the city without paying.

Based on the scenario above, identify the specific item, business entity, or financial value, and calculate the exact monetary amount for the following six accounting terms:
(a) Capital
(b) Non-Current Asset
(c) Creditor
(d) Debtor
(e) Revenue Expenditure
(f) Bad Debts

ALL THE BEST