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ACCOUNTANCY**GRADE: XI****REVISION TEST - 3****MARKS: 90****I CHOOSE THE CORRECT ANSWER**

20 X 1 = 20

- Which one of the following is not a main objective of accounting?
 - Systematic recording of transactions
 - Ascertainment of the profitability of the business
 - Ascertainment of the financial position of the business
 - Solving tax disputes with tax authorities
- Financial position of a business is ascertained on the basis of
 - Journal
 - Trial balance
 - Balance Sheet
 - Ledger
- Who is considered to be the internal user of the financial information?
 - Creditor
 - Employee
 - Customer
 - Government
- The root of financial accounting system is
 - Social accounting
 - Stewardship accounting
 - Management accounting
 - Responsibility accounting
- Which one of the following is not a branch of accounting?
 - Financial accounting
 - Management accounting
 - Human resources accounting
 - None of the above.
- The business is liable to the proprietor of the business in respect of capital introduced by the person according to
 - Money measurement concept
 - Cost concept
 - Business entity concept
 - Dual aspect concept
- The concept which assumes that a business will last indefinitely is
 - Business Entity
 - Going concern
 - Periodicity
 - Conservatism
- GAAPs are:
 - Generally Accepted Accounting Policies
 - Generally Accepted Accounting Principles
 - Generally Accepted Accounting Provisions
 - None of these
- The rule of stock valuation 'cost price or realisable value' whichever is lower is based on the accounting principle of:
 - Materiality
 - Money measurement
 - Conservatism
 - Accrual
- In India, Accounting Standards are issued by
 - Reserve Bank of India
 - The Cost and Management Accountants of India
 - Supreme Court of India
 - The Institute of Chartered Accountants of India
- Under straight line method, the amount of depreciation is
 - Increasing every year
 - Decreasing every year
 - Constant for all the years
 - Fluctuating every year
- If the total charge of depreciation and maintenance cost are considered, the method that provides a uniform charge is
 - Straight line method
 - Diminishing balance method
 - Annuity method
 - Insurance policy method
- Under the written down value method of depreciation, the amount of depreciation is
 - Uniform in all the years
 - Decreasing every year
 - Increasing every year
 - None of the above
- Depreciation is caused by
 - Lapse of time
 - Usage
 - Obsolescence
 - a, b and c
- For which of the following assets, the depletion method is adopted for writing off cost of the asset?
 - Plant and machinery
 - Mines and quarries
 - Buildings
 - Trademark
- A depreciable asset may suffer obsolescence due to ____
 - Passage of time
 - Wear and tear
 - Technological changes
 - None of the above.
- Which method shall be efficient, if repairs and maintenance cost of an asset increases as it grows older.
 - Straight line method
 - Reducing balance method

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- (c) Sinking fund method (d) Annuity method
18. Residual value of an asset means the amount that it can fetch on sale at the ____ of its useful life.
 (a) Beginning (b) End (c) Middle (d) None
19. Depreciation is to be calculated from the date when
 (a) Asset is put to use (b) Purchase order is made
 (c) Asset is received at business premises (d) Invoice of assets is received
10. If the rate of depreciation is same, then the amount of depreciation under straight line method vis-à-vis written down value method will be
 (a) Equal in all years
 (b) Equal in the first year but higher in subsequent years
 (c) Equal in the first year but lower in subsequent years
 (d) Lower in the first year but equal in subsequent years.

II ANSWER THE FOLLOWING (ANY 7) Q.No.30 is compulsory

7 X 2 = 14

21. List any two functions of accounting.
 22. Who are the parties interested in accounting information
 23. Define accounting.
 24. Define book-keeping.
 25. Briefly explain about realisation concept.
 26. What is “Full Disclosure Principle” of accounting.
 27. What is meant by depreciation?
 28. What is annuity method?
 29. What is sinking fund method?
 30. On 1.1.2017 a firm purchased a machine at a cost of ₹ 1,00,000. Its life was estimated to be 10 years with a scrap value of ₹ 10,000. Compute the amount of depreciation to be charged at the end of each year.

III ANSWER THE FOLLOWING (ANY 7) Q.No.40 is compulsory

7 X 3 = 21

31. Explain the meaning of accounting.
 32. Discuss briefly the branches of accounting.
 33. Discuss the role of an accountant in the modern business world.
 34. What is meant by accounting concepts?
 35. Only monetary transactions are recorded in accounting. Explain the statement.
 36. Write a brief note on ‘consistency assumption’.
 37. From the following information, calculate the amount of depreciation and rate of depreciation under straight line method.
 Purchase price of machine ₹ 80,000
 Expenses to be capitalised ₹20,000
 Estimated residual value ₹35,000
 Expected useful life 5 years
38. What are the objectives of providing depreciation?
 39. Find out the rate of depreciation under straight line method from the following details:
 Original cost of the asset = ₹10,000
 Estimated life of the asset = 10 years
 Estimated scrap value at the end = ₹2,000
40. What are the causes for depreciation.

IV ANSWER THE FOLLOWING

7 X 5 = 35

- 41.a) Discuss in detail the importance of accounting
 (OR)
 b) What is matching concept? Why should a business concern follow this concept?
- 42.a) Why are the following parties interested in accounting information?
 a) Investors b) Government
 (OR)
 b) State the advantages and limitations of straight line method of depreciation.
43. a) Business units last indefinitely”. Mention and explain the concept on which the statement is based.

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(OR)

b) Anand bought a machinery for ₹ 1,00,000 on 1-1-2015. On 1-6-2016, he bought another machine for ₹ 50,000. On 1-10-2017, he purchased another machine for ₹ 20,000. Provide depreciation at 10% p.a. on straight line method. Prepare machinery account for the years 2015 to 2017 by using accounts by assuming accounts are closed on 31st December every year.

44. a) Write a brief note on Accounting standards. (OR)

b) Calculate the rate of depreciation under straight line method from the following information:

Purchased a second hand machinery on 1.1.2018 for ₹ 38,000

On 1.1.2018 spent ₹12,000 on its repairs

Expected useful life of machine is 4 years

Estimated residual value ₹6,000

45. a) State the advantages and limitations of written down value method of depreciation.

(OR)

b) An asset is purchased on 1.1.2016 for ₹50,000. Depreciation is to be provided annually according to straight line method. The useful life of the asset is 10 years and its residual value is ₹ 10,000. Accounts are closed on 31st December every year. You are required to find out the rate of depreciation and give journal entries for first two years.

46.a)

Machinery was purchased on 1st January 2015 for ₹ 4,00,000. ₹ 15,000 was spent on its erection and ₹ 10,000 on its freight charges. Depreciation is charged at 10% per annum on straight line method. The books are closed on 31st March each year. Calculate the amount of depreciation on machinery for the first two years.

(OR)

b)

From the following particulars, give journal entries for 2 years and prepare machinery account under straight line method of providing depreciation:

Machinery was purchased on 1.1.2016

Price of the machine ₹ 36,000

Freight charges ₹ 2,500

Installation charges ₹ 1,500

Life of the machine 5 years

47. a) Distinguish between straight line method and written down value method of providing depreciation.

(OR)

b) A boiler was purchased on 1st January 2015 from abroad for ₹10,000. Shipping and forwarding charges amounted to ₹2,000. Import duty ₹ 7,000 and expenses of installation amounted to ₹ 1,000. Calculate depreciation for the first 3 years @10% p.a. on diminishing balance method assuming that the accounts are closed 31st December each year.
