

SECOND MID TERM EXAMINATION - 2024

Class : 11

ACCOUNTANCYReg.No

Time : 1-30 Hours

Marks : 50

Section - I**Answer all the questions.****Choose the most suitable answer from the given three alternatives and write the option code and the corresponding answer.**

- I. Choose the correct Answers:- (10x1=10)**
- 1. Error of principle arises when**
 - (a) There is complete omission of a transaction
 - (b) There is partial omission of a transaction
 - (c) Distinction is not made between capital and revenue items
 - (d) There are wrong postings and wrong castings
 - 2. Which of the following errors will not affect the trial balance?**
 - (a) Wrong balancing of an account
 - (b) Posting an amount in the wrong account but on the correct side
 - (c) Wrong totalling of an account
 - (d) Carried forward wrong amount in a ledger account
 - 3. For which of the following assets, the depletion method is adopted for writing off cost of the asset?**
 - (a) Plant and machinery
 - (b) Mines and quarries
 - (c) Buildings
 - (d) Trademark
 - 4. A depreciable asset may suffer obsolescence due to ____**
 - (a) Passage of time
 - (b) Wear and tear
 - (c) Technological changes
 - (d) None of the above.
 - 5. 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
 - 6. Expenditure incurred ₹20,000 for trial run of a newly installed machinery will be**
 - (a) Preliminary expense
 - (b) Revenue expenditure
 - (c) Capital expenditure
 - (d) Deferred revenue expenditure
 - 7. Pre-operative expenses are**
 - (a) Revenue expenditure
 - (b) Prepaid revenue expenditure
 - (c) Deferred revenue expenditure
 - (d) Capital expenditure
 - 8. Amount received from IDBI as a medium term loan for augmenting working capital**
 - (a) Capital expenditures
 - (b) Revenue expenditures
 - (c) Revenue receipts
 - (d) Capital receipt
 - 9. Carriage inwards will be shown**
 - (a) In the trading account
 - (b) In the profit and loss account
 - (c) On the liabilities side
 - (d) On the assets side

10. Balance sheet shows the _____ of the business.
- (a) Profitability (b) Financial position
(c) Sales (d) Purchases

Section - II

(5x2=10)

Answer any five questions in which question No.16 is compulsory.

11. What is meant by error of partial omission?
12. What is Capital expenditure?
13. The following errors were detected before the preparation of trial balance. Rectify them.
- (a) Sales book is undercast by ₹100
(b) Sales book is overcast by ₹200
(c) Purchases book is undercast by ₹300
(d) Purchases book is overcast by ₹400
14. A company purchased a building for ₹50,000. The useful life of the building is 10 years and the residual value is ₹5,000. Find out the amount and rate of depreciation under straight line method.
15. State whether the following are capital, revenue or deferred revenue expenditure.
- (i) Carriage of ₹1,000 spent on machinery purchased and installed.
(ii) Office rent paid ₹2,000.
(iii) Wages of ₹5,000 paid to machine operators.
(iv) Hire charges for the use of motor vehicle, hired for five years, but paid yearly.
16. Prepare trading account in the books of Mr.Sanjay for the year ended 31-12-2017.

Particulars	₹	Particulars	₹
Opening stock	570	Purchases	15,800
Sales	26,200	Purchases return	90
Sales return	60	Closing stock	860

Section – III

(5x3=15)

Answer any five questions in which question No.22 is compulsory.

17. What are the errors not disclosed by a trial balance?
18. Give the formula to find out the amount and rate of depreciation under straight line method of depreciation.
19. Distinguish between capital receipt and revenue receipt.
20. State with reasons whether the following are capital or revenue or deferred revenue expenditure:
- (i) Advertisement expenses amounted to ₹10 crores to introduce a new product.
(ii) Expenses on freight for purchasing new machinery.
(iii) Freight and insurance on the new machinery and cartage paid to bring the new machinery to the factory.

21. Joy and Co. purchased machinery on 1st April 2016 for ₹75,000. On 31st March 2018, it sold the machinery for ₹ 62,000. Depreciation is to be provided every year at 10% per annum on the fixed instalment method. Accounts are closed on 31st March every year. Find out the profit or loss on sale of machinery.
22. From the following information, prepare Profit and Loss account for the year ended 31st March, 2018.

Particulars	₹	Particulars	₹
Gross profit b/d	1,50,000	Advertisement expenses	3,800
Carriage outward	25,500	Bad debts	8,500
Office rent	7,000	Dividend received	9,000
Office Stationery	3,500	Discount received	4,600
Distribution expenses	2,000	Rent received	7,000

Section – IV

(3x5=15)

Answer all the questions.

23. (a) Pass journal entries to rectify the following errors located after the preparation of the trial balance. Assume that there exists a suspense account.
- The total of sales book was undercast by ₹2,000.
 - The purchase of machinery for ₹3,000 was entered in the purchases book.
 - A credit sale of goods for ₹ 45 to Mathi was posted in his account as ₹54.
 - The purchases returns book was overcast by ₹200.
 - The total of sales book ₹1,122 were wrongly posted in the ledger as ₹1,222.
- [OR]**
- (b) Anand bought a machinery for ₹1,00,000 on 1-1-2015. On 1-7-2016, 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.
24. (a) Identify the following items into capital or revenue.
- Audit fees paid ₹10,000.
 - Labour welfare expenses ₹5,000.
 - ₹ 2,000 paid for servicing the company vehicle.
 - Repair to furniture purchased second hand ₹3,000.
 - Rent paid for the factory ₹12,000
- [OR]**
- (b) What are the causes for depreciation? (any 5)
25. (a) From the following trial balance of Sharan, prepare trading and profit and loss account for the year ending 31st December, 2017 and balance sheet as on that date. The closing stock on 31st December, 2017 was valued at ₹2,50,000.

Debit balances	₹	Credit balances	₹
Stock (1-1-2017)	2,00,000	Sundry creditors	12,000
Purchases	7,50,000	Purchases return	30,000
Carriage inwards	75,000	Sales	10,20,000
Wages	3,65,000	Commission received	53,000
Salaries	1,20,000	Capital	33,00,000
Repairs	12,000		
Rent and Taxes	2,80,000		
Cash in hand	97,000		
Land	21,50,000		
Drawings	1,66,000		
Bank Deposits	2,00,000		
	44,15,000		44,15,000

[OR]

(b) From the following balances of Niruban, prepare balance sheet as on 31st December, 2017.

Particulars	Dr. ₹	Cr. ₹
Plant and Machinery	8,00,000	
Land and Building	6,00,000	
Furniture	1,50,000	
Cash in hand	20,000	
Bank overdraft		1,80,000
Debtors and Creditors	3,20,000	2,40,000
Bills receivable and Bills payable	1,00,000	60,000
Closing stock	4,00,000	
Investments (short-term)	80,000	
Capital		15,00,000
Drawings	1,30,000	
Net profit		6,20,000
	26,00,000	26,00,000