

CLASS: XI ACCOUNTANCY

Introduction to Accounting and Theory Base of Accounting

1. What are accruals?
2. What is owner's equity?
3. What are accrued expenses and when are they recorded?
4. What is the difference between financial accounting and management accounting?
5. What is the cost of sales?
6. What is the accounting cycle?
7. Is the Drawing account a Capital account?
8. Which statements are drawn to provide information about growth or decline of business activities over a period of time or comparison of the results, i.e. intra-firm or inter firm comparisons?
 - A. Management statements
 - B. Cost statements
 - C. Financial statements
 - D. All of the above
9. A firm may hold stock which is heavily in demand. Consequently, the market value of this stock may be increased. Normal accounting procedure is to ignore this because of the _____.
 - a. Materiality Concept
 - b. Cost concept
 - c. Prudence Concept
 - d. Dual aspect concept
10. IFRS followed by Indian Accounting are based on
 - A. Indian accounting standards
 - B. Fair value
 - C. Historical cost
 - D. None of these
11. Mention any one cause responsible for the difference between current assets and fixed assets.
12. How the proprietors of sole trade, partnership and company are identified?

13 How IFRS is different from GAAP ?

14 Can we pass an entry for the transaction which is not supported by a voucher?

15 Which one of the following is not an objective of accounting?

- a) To provide information about the assets, liabilities and capital of the enterprise.
- b) To provide information about the private assets and liabilities of the proprietor.
- c) To maintain records of the business
- d) To provide information regarding the profit and loss of the enterprise.

16 On 1st Jan, 2011, Mr. Rahul was appointed as Marketing Manager of the firm with a salary of Rs. 50,000 per month. State whether this event will be recorded in the books of accounts or not. Give reason in support of your answer.

17 Mr. Vijay established a Travel Agency. Over the years the Travel Agency earned high reputation. Mr. Vijay considers the value of goodwill of his Travel Agency at Rs. 50,00,000. He wants to record the value of the goodwill in the books of accounts. Can he do so? Give reason.

18 Which stakeholder group would be most interested in the ability of the firm to carry on providing a service or producing a product?

19 What do you mean by deferred revenue expenditure? Explain with example.

20 Complete the following sentences with appropriate words:\

- a) Identified and measured economic events should be recorded in order.
- b) Information is said to be relevant if it is
- c) A would most likely use an entities financial report to determine whether or not the business entity is eligible for a loan.

21 Give expanded form of the following:

- a) AICPA
- b) AAA
- c) IFRC
- d) IRDA
- e) CA

22 At the end of financial year, during which sale of goods was worth Rs. 2,00,000, the closing stock is valued at Rs. 10,000. This is

- a) An event
- b) A transaction
- c) Both an event as well as transaction
- d) None of the above

23 Define the following:

- a) Trade mark
- b) Royalty
- c) Leasehold property
- d) Contingent liability

24 What is the financial year in case of a company?

25 Define Merchandise.

26 What is the reason that the capital expenditure is shown in the Balance Sheet?