

**Competency Based Questions**

**Subject : Accountancy Class: 11**

**Chapter 1 - Introduction to Accounting**

Q1 Recording of the transactions and events correctly and preparing financial statements are the only objectives of accounting. Is it correct?

Q2 M's Shiva Bros has disclosed interest rates on different borrowings. Does this information qualify the characteristic of "relevance"? what is your opinion?

Q3 Purchase refers to the buying of-

a. Stationery for office use

b. Assets for the factory

c. goods for resale

d. investment

Q4 expenditure of revenue nature that gives benefit for more than one accounting period is categorised as-

A. Deferred revenue expenditure.

B capital expenditure.

C revenue expenditure.

D. None of this.

Q5. Amount paid or payable against purchase of goods is-

A. revenue expenditure.

B. capital expenditure.

C. both A and B.

D. none of this

Q6. Distinguish between expenses and expenditure.

Q7. Explain Relevance as a qualitative characteristic of accounting.

Q8. Explain whether accounting is an Art, Science or Commerce.

**Chapters 2 - Theory base of accounting**

Q1 which accounting principle requires that personal expenses of proprietor or partners should be debited to drawings account?

Q2 which concept (principle) assumes that a business enterprise will not be liquidated in the near future?

Q3 under which accounting concept asset is recorded at cost, even if the market price is more or less?

Q4 a company lost vital machinery in an accident on 2nd Mars 2022 which will have adverse impact on its production capacity. As a result it is likely to loose business to its competitors. The company has not disclose these fact in its annual report for the year ended 31st March 2022 do you think it is complying with the convention of full disclosure?

Q5 During the lifetime of an entity accounting produces financial statement in accordance with which of the following accounting concept?

A Matching

B Conservation

C Accounting period

D Cost

Q6. Under which accounting concept, quality of manpower is not recorded in the books of accounts?

Q7. Explain how capital is a liability of the business.

.Q8. Explain the statement: Closing Stock should be valued at cost or market price whichever is lower.

**Chapter 3 - Recording of transactions 1**

Q1 Good's costing Rs 10,000 have been sold for cash at 25% profit. How will the transaction be shown in the accounting equation?

Q2 If total Assets of the business are Rs 4,50,000 and outside liabilities are Rs 200,000 calculate owners equity.

Q3. X commenced business on 1st April, 2013 with a capital of Rs 600,000. On 31st March 2014 his assets where worth Rs 800,000 and liabilities Rs 50,000. Find out his closing capital.

A 7,50,000

B 2,00,000

C 5,50,000

D None of this

Q4 Which of the following accounts has a credit balance?

A carriage inward

B discount received

C carriage outward

D discount allowed

Q5 credit note is prepared-

A. When credit is given to the account

B. When debit is given to the account

C. Both a and b

D. None of the above

Q6. What does debit balance of an account mean?

Q7. Distinguish between debit note and credit note.

**Chapter 4 - Recording of transaction 2**

Q1 Debt written off as bad debt, if recovered subsequently, is credited to the debtors account. Is it correct? Give reasons.

Q2 Rajan who trades in electronic goods, gifted a television to his daughter. Will it be recorded in the books of account? What will be the journal entry?

Q3 Lalit who owed Rs 20,000 became insolvent. 70 Paise in a Rupee was received from his estate. Bad debts account will be debited by-

A 20000

B 10000

C 6000

D 14000

Q4 when goods are lost by fire then loss of goods by fire account is debited with-

A. Cost of good sold.

B. Cost of goods sold plus gross profit.

C Cost of goods sold less gross profit.

D. Cost of goods purchased

Q5 Mohit paid Rs 9,800 in settlement of his account of Rs 10,000.Discount allowed will be recorded in-

A. cash book

B. Journal book

c Both cash book and journal book.

D Petty cash book

Q6. Prove that accounting equation is satisfied in all the following cases:

1. Commenced business with cash Rs 50,000.
2. Paid rent Rs 4,000 including Rs 1,000 as advance.
3. Bought goods for cash Rs 30,000 and on credit Rs 20,000.
4. Sold the goods bought on credit for Rs 25,000.
5. Purchase furniture worth Rs 10,000 for office use and for Rs 5,000 for domestic use.

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