



INDIAN SCHOOL AL WADI AL KABIR

Class: XI	Department: Commerce
Worksheet: 1	Topic: Introduction to Accounting and Accounting Terminology

1. Complete the following sentences with appropriate words:

- (a) Information in financial reports is based on transactions.
- (b) Internal users of the business entity are
- (c) Aor would most likely use an entities financial report to determine whether or not the business entity is eligible for credit/loan.
- (d) users are groups outside the business entity, who uses the information to make decisions about the business entity.
- (e) Information is said to be reliable if it is
- (f) The process of accounting starts with and ends with
- (g) Accounting measures the business transactions in terms of units.
- (h) Identified and measured economic events should be recording in order

2. Which stakeholder group would be most interested in

- _____ (a) the tax liabilities of the firm
- _____ (b) the potential for pay awards and bonus deals
- _____ (c) the ethical or environmental activities of the firm
- _____ (d) whether the firm will be able to pay back loan.
- _____ (e) doing research work.

3. Select the correct alternative:

- 1. Which of the following is not a business transaction?
 - a. Bought furniture of Rs.10,000 for business
 - b. Paid for salaries of employees Rs.5,000
 - c. Paid sons fees from her personal bank account Rs.20,000
 - d. Paid sons fees from the business Rs.2,000

- 2. Which is the last step of accounting as a process of information?
 - a. Recording of data in the books of accounts
 - b. Preparation of summaries in the form of financial statements
 - c. Communication of information

d. Analysis and interpretation of information

3. Which qualitative characteristics of accounting information is reflected when accounting information is clearly presented?

- a. Understandability
- b. Relevance
- c. Comparability
- d. Reliability

4. Use of common unit of measurement and common format of reporting promotes;

- a. Comparability
- b. Understandability
- c. Relevance
- d. Reliability

4. Mr. Suraj started a business for buying and selling of stationery with Rs. 5,00,000 as an initial investment. Of which he paid Rs.1,00,000 for furniture, Rs. 2,00,000 for buying stationery items. He employed a sales person and clerk. At the end of the month he paid Rs.5,000 as their salaries. Out of the stationery bought he sold some stationery for Rs.1,50,000 for cash and some other stationery for Rs.1,00,000 on credit basis to Mr.Ravi. Subsequently, he bought stationery items of Rs.1,50,000 from Mr. Peter. In the first week of next month there was a fire accident and he lost Rs. 30,000 worth of stationery. A part of the furniture, which cost Rs. 40,000, was sold for Rs. 45,000.

From the above, answer the following :

- 1. What is the amount of capital with which Mr. Suraj started business.
- 2. What are the fixed assets he bought?
- 3. What is the value of the goods purchased?
- 4. Who is the creditor and state the amount payable to him?
- 5. What is the gain he earned?
- 6. What is the loss he incurred?
- 7. Who is the debtor? What is the amount receivable from him?
- 8. What is his closing stock.
- 9. Determine if the following are assets, liabilities, incomes, expenses or none of these: sales, debtors, creditors, salary to manager, discount to debtors.

5. Tick the appropriate one:

ITEM	Current Asset	Non Current Asset	Current Liability	Non Current Liability	Expense	Revenue/Income
Machine						
Goodwill						
Furniture						
Cash at Bank						
Inventory						
Salary						
Sales						
Bank overdraft						
Sundry creditors						
Bills Receivable						
Trade Payable						
Rent received						
Investments						
Interest on investments						
Bank loan						
Interest on bank loan						

6. Akash started business with Rs.1,00,000 and he used the funds to buy machine for Rs.12,000, furniture for Rs.8,000. He purchased goods for Rs.25,000. He took goods worth Rs.3,000 for personal use and sold goods costing Rs. 10,000 for Rs. 12,000 to Rakesh. He also sold goods worth Rs.2,000 for Rs.3,000 and issued a cash memo to the customer. Rakesh Returned goods of Rs.500(cost 400) being defective.

- Define capital. What is the amount of capital invested by Akash.
- Identify the Non-current assets for Akash's business?
- Define drawings. What is the amount of drawings for Akash, if any?
- What is the amount of cash sales made by Akash?
- Name the debtors for Akash and the amount receivable from him?
- Calculate the profit earned by during the year.
- Calculate the amount of closing stock.

7. Answer the following:

- a. Distinguish between Profit and gain.
- b. What is the end product of financial accounting?
- c. Name the branch of accounting which helps in solving cyber-crimes.
- d. State the informational needs of trade unions.
- e. Define accounting information and state its types