Roll Number		

SET **A/B/C**

INDIAN SCHOOL MUSCAT
SECOND TERM EXAMINATION
ACCOUNTANCY (055)

CLASS: XI TERM 2 Max. Marks: 20

<table>
<tr><th colspan="4">MARKING SCHEME</th></tr>
<tr><th>SET</th><th>QN. NO</th><th>VALUE POINTS</th><th>MARKS SPLIT UP</th></tr>
<tr><td>1</td><td>A

B

C</td><td>(b) Classifying

Credit

(c) Transactions</td><td>1</td></tr>
<tr><td>2</td><td>A

B

C</td><td>Liability

(d) Identifying, Communicating

Creditor</td><td>1</td></tr>
<tr><td>3</td><td>A/C
4B</td><td>False
Accounting is a wider term than Book Keeping. It starts where Book Keeping ends. Book keeping is a part of Accounting.</td><td>2
(1m + 1m)</td></tr>
<tr><td>4</td><td>A/C
3 B</td><td>(a) Repairs for ₹ 5,000 necessitated by negligence – Revenue Expenditure
(b) ₹ 25,000 paid for installation of a new machine – Capital Expenditure</td><td>2
(1m * 2)</td></tr>
<tr><td>5</td><td>A/C
6 B

B</td><td>Qualitative characteristics that make Accounting Information:
(i) Reliability – Verifiable, free from bias
(ii) Relevance – meets the needs of users for decision making
(iii) Understandability – Financial statements presented to users must be easy to understand.
(iv) Comparability – Intra-firm and inter-firm comparison should be possible.
(Explain any three)</td><td>3

(1m * 3)</td></tr>
<tr><td>6</td><td>A/C
7 B</td><td>Discount – It is the reduction in price of goods or from the amount to be paid to a customer by the enterprise
<table>
<tr><th>Basis</th><th>Trade Discount</th><th>Cash Discount</th></tr>
<tr><td>Meaning/ Nature</td><td>It is the reduction in prices by the seller to the purchaser of goods when they buy goods of certain quantity or value.</td><td>It is the discount allowed for the timely payment of due amount. It is recorded in the books of accounts of both the parties.</td></tr>
</table></td><td>3

(1m + 2m)</td></tr>
<tr><td>7</td><td>A</td><td>Four Objectives of Accounting.
(i) Maintaining Accounting Records – recording financial transactions and events</td><td>4</td></tr>
</table>

		in a systematic manner (ii) Determining Profit or Loss – Statement called Income Statement or Trading Account Profit and Loss Account is prepared. (iii) Determining Financial Position – A Balance Sheet is prepared to show value of assets and liabilities. (iv) Facilitating Management – Provides management with financial information for decision making, effective controlling and budgeting. (Any other relevant points)	(1mark * 4)
	C	Four Limitations of Accounting. (i) Accounting is not fully exact – Some estimates are also made to ascertain profits or loss. (ii) Unrealistic Information – The fact that assets are recorded at their historical cost and he fact that assets are recorded at their historical cost, as a result current values are not shown. (iii) Accounting Ignores Quantitative Elements – Qualitative elements such as skills or quality of management and staff, industrial relations and public relations are ignored. (iv) Accounting Ignores the Effect of Price Level Changes – Accounting statements are prepared at historical costs. Money changes in value frequently but Accounting presumes value of money remains stable. (Any other relevant points)	
8	A/C 7 B	(a) ₹ 1,10,000 (b) Cash – Current Asset Machinery – Fixed Asset (c) Liabilities – Claim of amounts against the entity or enterprise External Liability – Bank Overdraft	4 (0.5m + 2m + 1.5m)
	B	Four Advantages of Accounting. (i) Financial Information about Business – Financial performance during the accounting period is provided. (ii) Assistance to Management – Management makes business plan, takes decisions and exercise control on basis of accounting information. (iii) Replaces Memory – Systematic and timely reporting of transactions obviates the necessity to remember transactions. (iv) Facilitates Comparative Study – Systematic record enables comparison of one ear's result with those of other years and identify factors leading to change, if any. (Any other relevant points) (1mark * 4)	