

SAMPLE CONTENT



SMART NOTES

Std. XI
SUPPLEMENTARY
QUESTIONS
(BK • Eco • OCM • SP)

Covers all objectives & new types of questions as per the new textbook



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SMART NOTES

SUPPLEMENTARY QUESTIONS

(B.K., ECO, O.C.M., S.P.)

Std. XI

Salient Features:

- ☞ Written as per the new textbook
- ☞ Covers four major subjects of Commerce i.e. B.K., Economics, O.C.M. & S.P.
- ☞ Includes all type of objective and interpretative questions i.e. fill in the blanks, match the columns, true or false, answer in one word, justify the following case, read the paragraph and answer the questions, find the odd one out, etc.
- ☞ Answers to all questions have been provided in the book.
- ☞ All new type of questions introduced in the new textbooks have been covered across all chapters.
- ☞ All textual questions covered and marked with (T) for easy identification.
- ☞ Ample additional questions given for exhaustive coverage.

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PREFACE

“Supplementary Questions - Std. XI” forms a part of **‘SMART NOTES’** prepared as per the **New Textbook**. This book is a chapter-wise compilation of four major subjects of commerce i.e. Book Keeping & Accountancy, Economics, Organisation of Commerce & Management and Secretarial Practice.

It is a known fact that it is possible to score 100% marks in objective questions. However, it is also a known fact that students tend to neglect these objective questions the most. They assume that if they have read the textbook or theory questions of their notes, they will easily be able to answer all the objective questions as well. They are partly true but partly wrong as well. With the growing complexity of the syllabus and focus on increasing the interpretative capacity of the students, a whole new set of objective questions have been introduced in the new textbooks for Std. XI. It is surely an advantage that there is more focus on concept building and application, thereby reducing the memorizing part. However, it can turn into a disadvantage if a student neglects the new type of interpretative & thought-provoking questions introduced with the new syllabus.

With the primary idea of enabling students to score more, we have introduced the **“Supplementary Questions Book”**. The book contains all the different type of 1-mark objective questions like **“Fill in the blanks”**, **“Choose the Correct Option”**, **“Complete the Sentences”**, **“Answer in One Sentence”**, **“Write a word or phrase”** etc. across all the subjects and all chapters. Apart from these 1- mark questions, we have also included interpretative questions like **“Justify the following statements”**, **“Study the following case and express your opinion”**, **“Identify and explain the concepts from the given illustrations”** etc. By studying all these questions, a student ensures that he/she is completely prepared for his exams.

The journey to create a complete book is strewn with triumphs, failures and near misses. If you think we’ve nearly missed something or want to applaud us for our triumphs, we’d love to hear from you. Pls write to us on: mail@targetpublications.org

A book affects eternity; one can never tell where its influence stops.

Best of luck to all the aspirants!

From,
Publisher

Edition: First

Disclaimer

This reference book is transformative work based on textbooks - Book Keeping & Accountancy, Economics, Organisation of Commerce & Management and Secretarial Practice ; First edition: 2019 published by the Maharashtra State Bureau of Textbook Production and Curriculum Research, Pune. We the publishers are making this reference book which constitutes as fair use of textual contents which are transformed by adding and elaborating, with a view to simplify the same to enable the students to understand, memorize and reproduce the same in examinations.

This work is purely inspired upon the course work as prescribed by the Maharashtra State Bureau of Textbook Production and Curriculum Research, Pune. Every care has been taken in the publication of this reference book by the Authors while creating the contents. The Authors and the Publishers shall not be responsible for any loss or damages caused to any person on account of errors or omissions which might have crept in or disagreement of any third party on the point of view expressed in the reference book.

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Objective Type Questions

1. Answer in One Sentence:

i. What is Book-keeping? (T)

Ans: Book-Keeping means recording of the business transactions in the books of accounts in a systematic manner.

ii. What does Accountancy include?

Ans: Accountancy includes recording of business transactions, classifying them in different books of accounts, analyzing and summarizing the transactions in the form of reports.

iii. What is a Transaction?

Ans: Exchange of goods and services between two persons or parties for money or money's worth is known as a Transaction.

iv. What is meant by Goods? (T)

Ans: Goods are commodities, merchandise, articles or things bought or sold by a businessman with the motive to earn profit.

v. What is Capital? (T)

Ans: Total amount of funds invested by the proprietor in the business is called capital.

vi. What is Drawings? (T)

Ans: Any goods or amount withdrawn by the proprietor from the business for his personal use is called Drawings.

vii. What is Goodwill? (T)

Ans: Goodwill is the reputation of the business in the market, valued in terms of money. It is an Intangible Asset.

viii. What is Income?

Ans: The revenue arising from the sale of goods or services is called Income. It also includes revenues from other sources, common to most businesses such as Interest on Investments, Dividend, Rent, Commission etc.

ix. What is Accrual Concept?

Ans: Accrual concept is the Accounting Concept which states that, Incomes and Expenses related to the specific accounting period should be recorded in the books of accounts, irrespective of the fact the revenues are received in cash or not or expenses are paid in cash or not.

x. What is Dual Aspect Concept?

Ans: Dual Aspect Concept is the Accounting concept which states that, every business transaction has two effects i.e. benefit received and benefit given and both the aspects should be recorded in the books.

2. Give the word, term or phrase which can substitute each of the following statements:

i. Recording of business transactions. (T)

Book-Keeping

ii. Book-keeping is providing all required financial information to the businessman for the purpose of. (T)

Decision Making

iii. Method of accounting in which the revenue is recognised when earned and expense is recognized when incurred irrespective of actual receipt or payment.

Accrual Basis

iv. Amount invested in business by the proprietor. (T)

Capital

v. Exchange between two persons. (T)

Transaction

vi. Business transaction in which cash is not paid or received immediately.

Credit Transaction

vii. A person to whom amount is payable. (T)

Creditor



- viii. Allowance is given on catalogue price of goods. **(T)**
- ix. A person whose assets are sufficient enough to meet business obligations. **(T)**
- x. Excess of expenses over income. **(T)**
- xi. Property of any description owned by Proprietor. **(T)**
- xii. Assets which remain in the business only for short time and can be converted into cash very easily. **(T)**
- xiii. A liability which may have to be paid at a future date, depending upon the happening or non-happening of a certain event.

3. Select the most appropriate alternatives from those given below and rewrite the statements.

- i. In _____ basis of accounting, actual cash receipts and actual cash payments are recorded. **(T)**
 - (A) Accrual
 - (B) Hybrid
 - (C) Cash
 - (D) Mercantile
- ii. An act of exchange of things or services between the two parties is termed as _____. **(T)**
 - (A) Ledger
 - (B) Transfer
 - (C) Transaction
 - (D) Business
- iii. A commodity in which a trader deals is known as _____. **(T)**
 - (A) Goods
 - (B) Income
 - (C) Property
 - (D) Expenditure
- iv. Brief explanation of an entry is called as _____. **(T)**
 - (A) Folio
 - (B) Narration
 - (C) Posting
 - (D) Journalising
- v. Amount which is not recoverable from customer is known as _____. **(T)**
 - (A) Bad Debts
 - (B) Debts
 - (C) Debtors
 - (D) Doubtful debts
- vi. Expenditure incurred on purchase of Fixed Asset is _____.
 - (A) Revenue Expenditure
 - (B) Capital Expenditure
 - (C) Deferred revenue expenditure
 - (D) None of these
- vii. _____ means a reputation of a business valued in terms of money. **(T)**
 - (A) Trademark
 - (B) Assets
 - (C) Patents
 - (D) Goodwill
- viii. Surplus of income over expenses is _____. **(T)**
 - (A) Profit
 - (B) Deficit
 - (C) Loss
 - (D) Financial Statements
- ix. _____ concepts are general guidelines for sound accounting principles.
 - (A) Materiality
 - (B) Accounting
 - (C) Consistency
 - (D) Revenue Recognition
- x. The immediate recognition of loss is supported by principle of _____. **(T)**
 - (A) Conservatism
 - (B) Objective
 - (C) Matching
 - (D) Consistency

Trade Discount
Solvent
Loss
Assets
Current Assets
Contingent Liability
Cash
Transaction
Goods
Narration
Bad Debts
Capital Expenditure
Goodwill
Profit
Accounting
Conservatism



- xi. Accounts must be honestly prepared and they must disclose all material information is known as _____. (T)
(A) Entity Concepts (B) Dual Aspect Concept
(C) Disclosure Concept (D) Cost Concept
- xii. Cash flow statement is prepared and presented for the period for which the profit and loss account is prepared. (T)
(A) AS-3 (B) AS-10
(C) AS-6 (D) AS-2

Disclosure Concept

AS-3

4. State whether the following statements are true or false with reasons:

i. In civilization, accounting was done by owners. (T)

Ans: False

Reason:

In the earlier time of civilisation, accounting was done by agents who managed the properties of wealthy people.

ii. Book-keeping is useful to find out all tax liabilities. (T)

Ans: True

Reason:

Book-keeping maintains the records of all the business transactions. Hence it becomes possible to ascertain the tax liabilities rightly through Book-keeping.

iii. Book-keeping and accounting are one and the same thing. (T)

Ans: False

Reason:

Book-Keeping is recording and classifying the transactions in a systematic manner whereas Accountancy records transactions, classifies, analyses, summarises and interprets the results thereof. Hence Accountancy is a broader concept than Book-keeping.

iv. Accounting is the language of business. (T)

Ans: True

Reason:

Accounting records transactions, classifies, analyses, summarises and interprets the results thereof. Thus, it communicates the information regarding the business to various users such as owners, managers, investors, customers, etc. Hence it is the language of the business.

v. Reliability is considered a primary quality of Accounting Information.

Ans: True

Reason:

Accounting information is used by various users for forming a judgment about the financial status, earning capacity, etc of a business and for taking a decision. Hence the reliability of Accounting information is a primary quality.

vi. A transaction is concerned with money or money's worth. (T)

Ans: True.

Reason:

Money serves as the medium of exchange and for recording a transaction it is necessary that its value in terms of money is ascertained.

vii. Cash discount does not appear in the books of accounts. (T)

Ans: False

Reason:

Cash Discount is the concession allowed for prompt or timely payment and it is allowed at the time when the actual payment is made. It is a loss to the seller and gain to the buyer. Hence it is recorded in the books of accounts.



viii. **Solvent person is a person whose assets are more than his liabilities. (T)**

Ans: True

Reason:

A person whose assets are more than his liabilities is in a position to pay off all his debts. Hence, he is called a solvent.

ix. **Bank overdraft is an asset of the business. (T)**

Ans: False

Reason:

Bank Overdraft is the amount that is payable to the bank. Thus, it is a liability and not an asset.

x. **Business is liable to the owner for the capital contributed by him.**

Ans: True

Reason:

As per the Business entity concept, a Business and its Owner/owners (the persons supplying capital) are two separate entities. The accounts are maintained from the point of view of the business entity and not the owner. Hence the business is liable to the owner for the capital contributed by him.

xi. **Conservatism means to follow safe side. (T)**

Ans: True

Reason:

Concept of Conservatism says that, a business should not anticipate future profits but anticipate future losses and make provisions for all the possible expenses. Hence it means to follow safe side.

xii. **The double entry system is based on "Dual Aspect" concept. (T)**

Ans: True

Reason:

In double entry system, both the aspects of a transaction, i.e. for every debit there is a corresponding and equal credit and both are recorded in the books of accounts. Hence it is based on Dual Aspect concept.

5. **Do you agree or disagree with the following statements:**

- i. Accounting is useful only to the owner. (T)
- ii. Book-keeping is an art, science and profession. (T)
- iii. In Book-keeping and Accountancy, only non monetary transactions are recorded. (T)
- iv. Trading concern is established for rendering services to the society.
- v. Profit = Cost Price – Selling Price
- vi. Bills Payable is an asset of the business. (T)
- vii. Totalling of Journal or Ledger is called as casting. (T)

Disagree
Agree
Disagree
Disagree
Disagree
Disagree
Agree

6. **Complete the following sentences:**

- i. A person to whom business owes money for the goods or services is known as _____. (T)
- ii. An expenditure which is basically revenue in nature but benefit of which is not exhausted within one year is called as _____. (T)
- iii. The amount deducted by the seller from the list price of goods at the time of sale is _____. (T)
- iv. Revenue arising as a result of business transactions is known as _____. (T)
- v. Excess of gross profit over operating expenses is _____. (T)

Creditor
Deferred Revenue Expenditure
Trade Discount
Income
Operating Profit



vi. Capital = Total Assets – _____.

vii. As per _____ concept, an asset is recorded in the books of accounts on the basis of historical cost.

Total Liabilities

Cost

7. Correct and rewrite the following statements:

i. Accountancy is the primary stage in Book-keeping.

Ans: Book-keeping is the primary stage in Accountancy.

ii. Goodwill is tangible in nature.

Ans: Goodwill is intangible in nature.

iii. A person who has to pay to the business for goods/services received is creditor.

Ans: A person who has to pay to the business for goods/services received is debtor.

iv. Networth includes Capital and Liabilities.

Ans: Networth includes Capital and Reserves.

8. Find the odd one:

i. Land, Machinery, Stock, Furniture

Ans: Stock

Reason:

Stocks are current assets whereas all others are Fixed assets.

ii. Purchase of furniture, Salary paid, Purchase of Machinery, Purchase of Computer

Ans: Salary paid

Reason:

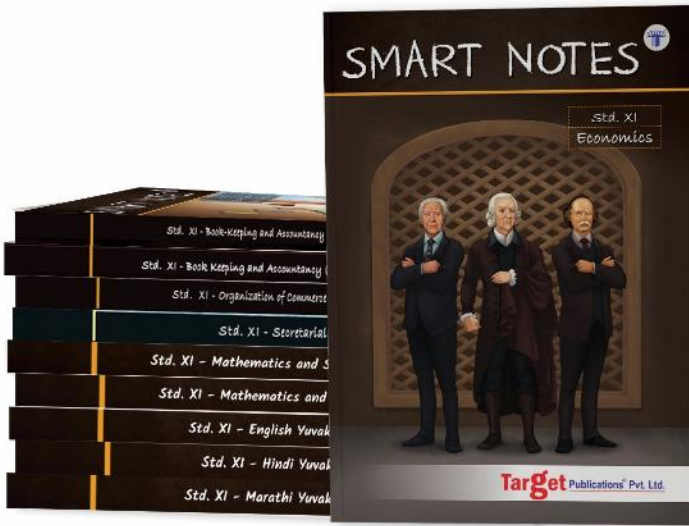
Salary paid is revenue expenditure whereas all others are Capital Expenditures.



Std. XI

SMART NOTES

COMMERCE



Available Subjects:

- Book-Keeping and Accountancy
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