

- Q.22 What is the difference between accrual and cash basis accounting?

Q.23 What is the double-entry system of accounting?

Q.24 What are the generally accepted accounting principles (GAAP)? Mention any two.

Q.25 What is the revenue recognition principle?

Q.26 How does a ledger differ from a journal?

Q.27 What are the primary financial statements used in accounting?

Q.28 What is ledger? Write its merits.

Q.29 Explain in brief

 - i) Purchase book ii) Sales book

Q.30 What is trial balance? What are the methods used in its preparation?

Q.31 What is the importance of depreciation in accounting?

Q.32 What is a 'suspense account' used for in accounting?

Q.33 Why is a bank reconciliation statement important for a business?

SECTION-D

Note: Long answer type questions. Attempt any three questions out of four questions. (3x8=24)

- Q.34 What is accounting? Give its definition. Explain the basis of accounting.

Q.35 Why journal is called books of original entry? What are it's merits and demerits?

Q.36 What is trial balance? What are it's objectives? Prepare a trial balance with imaginary figures.

Q.37 What is double entry system? Explain with an example. Write its merits and demerits.

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1st Year / FAA

Subject:- Financial Accounting

Time : 3Hrs.

M.M. : 90

SECTION-A

Note: Multiple choice questions. All questions are compulsory (9x1=9)

- Q.1 Salary is recorded as

 - a) an expense
 - b) a revenue
 - c) an asset
 - d) a liability

Q.2 Which of the following is a current asset?

 - a) Accounts payable
 - b) Long-term debt
 - c) Sundry debtors
 - d) Land & building

Q.3 Which of the following is the primary purpose of a journal in accounting?

 - a) To summarize financial transactions
 - b) To record transactions
 - c) To calculate depreciation expenses
 - d) To prepare financial statements

Q.4 In accounting, the ledger is used to :

 - a) Record transactions
 - b) Summarize financial transactions
 - c) Post journal entries to individual accounts
 - d) Calculate depreciation expenses

- Q.5 The accounting concept that requires business to divide their economic activities into time periods is known as :
 a) Materiality concept b) Periodicity concept
 c) Matching concept d) Conservatism concept
- Q.6 Which financial statement provides a snapshot of a company's financial position at a specific point in time?
 a) Income statement
 b) Statement of cash flows
 c) Balance sheet
 d) Statement of retained earnings
- Q.7 Patent is an example of a(n):
 a) Current asset b) Tangible asset
 c) Intangible asset d) Contra asset
- Q.8 The term "credit" in accounting refers to:
 a) Receiving cash b) Giving cash
 c) Increasing liabilities d) Decreasing assets
- Q.9 Prepaid expenses are recorded as:
 a) Assets b) Liabilities
 c) Revenue d) Expenses

SECTION-B

- Note:** Objective/Completion type questions. All questions are compulsory. $(9 \times 1 = 9)$
- Q.10 The accounting concept that assumes a company will continue to operate indefinitely is known as the _____ concept. (Historical / Going concern)

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- Q.11 The financial statement that shows the revenues and expenses of a company over a specific period of time is known as the _____. (Income statement / Balance sheet)
- Q.12 The method of depreciation that allocates an equal amount of depreciation expense to each year of an asset's useful life is called _____ depreciation. (Straight line / Diminishing balance)
- Q.13 Depreciation is a non-cash expense, meaning it does not involve an _____ of cash. (Inflow/Outflow)
- Q.14 The process of locating and correcting errors in the accounting records is known as _____. (Rectification / Modification)
- Q.15 Errors that occur, when both the debit and credit sides of a transaction are recorded but with the wrong amounts are known as _____ errors. (Transposition / Compensating)
- Q.16 Goodwill is an example of _____ asset. (a tangible / an intangible)
- Q.17 Which financial statement reports changes in a company's cash position during a period? (Cash flow / statement of retained earnings)
- Q.18 Account payable is considered as an asset. (True/False)

SECTION-C

Note: Short answer type questions. Attempt any twelve questions out of fifteen questions. $(12 \times 4 = 48)$

- Q.19 Explain the following in brief:
 i) Prepaid expenses ii) Outstanding expenses
- Q.20 Mention the external users of accounting information.
- Q.21 Explain the following in brief.
 i) Historical cost concept
 ii) Going concern concept

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