

- 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 trail 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 its merits and demerits?
- Q.36 What is trail balance? What are its 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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Roll No.

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

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- 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. (9x1=9)

- Q.10 The accounting concept that assumes a company will continue to operate indefinitely is known as the _____ concept. (Historical / Going concern)

- 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. (12x4=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