

**INTRODUCTION TO FINANCIAL ACCOUNTING**

1. A trial balance is prepared in order to know .....
2. The balance of cash account indicates .....
3. The balance of petty cash book is an asset .....
4. Rent paid is ..... expenditure?
5. Define accounting standards?
6. What is a ledger?
7. Explain materiality concept?
8. The ..... principle requires that the same accounting methods should be used from one accounting period to the next.
9. Petty cashier generally works on .....system?
10. The journal is the basic book of ..... entry?
11. Recording of transaction in the ledger is called .....
12. Trial balance is .....
  - (a) statement
  - (b) Account
  - (c) Journal
  - (d) None of these
13. Assets which cannot be seen or touched .....
14. Define accounting?
15. Distinguish between capital expenditure and revenue expenditure?
16. State any two objectives of accounting?
17. Give the journal entry for purchase of goods from Mohan on account Rs. 10000
18. What do you mean by accounting standard? State advantages and limitations. Also explain the functions of ASB in India?
19. What is meant by money measurement concept?
20. Define revenue expenditure?
21. Accounting standard 2 deals with .....
22. Accounting standard 2 deals with:
  - (a) Cash flow statement
  - (b) Valuation of inventories
  - (c) Fund flow statement
  - (d) Depreciation
23. What is capital receipt?
24. What is capital expenditure?
25. What is the main function of ASB?
26. What are the objectives of accounting standard?
27. The properties owned by a business enterprise are called:
  - (a) Assets
  - (b) Liabilities
  - (c) Capital
  - (d) Owners equity
28. Debit may signify:
  - (a) An increase in an asset account
  - (b) An increase in a liability account
  - (c) A decrease in an asset account
  - (d) An increase in capital stock account
29. When applied to the Balancesheet the convention of conservation in:
  - (a) Under statement of assets
  - (b) Under statement of liabilities
  - (c) Over statement of capital
  - (d) Over statement of assets
30. Dual aspects principles results in accounting equation
  - (a) Capital + liabilities = Asset
  - (b) Revenue = expenses
  - (c) Capital + profit = asset + expenses
  - (d) None of the above
31. The determination of the expenses for an accounting period is based largely on the application of which principle:
  - (a) Cost
  - (b) consistency
  - (c) Matching
  - (d) time period
32. Capital is shown under liabilities because of .....  
( Entity concept / going concern concept)
33. Define accounting standard?
34. What is deferred revenue expenditure?
35. What is matching concept?
36. What do you mean by money measurement concept?
37. Making provision for doubtful debt is on the basis of the convention of:
  - (a) Disclosure
  - (b) Consistency
  - (c) Conservatism
  - (d) Materiality
- 38 Which of the accounting standard is not having the correct title:
  - (a) AS 32 - Financial instruments-Disclosure
  - (b) AS 31 - Financial instruments-Presentation
  - (c) AS 3 - Fund flow statement
  - (d) AS 26 - Intangible assets
39. Discount column on the debit side of a cash book represents discount allowed account(true/false)
40. List the systems of accounting?
41. Give two limitations of accounting standard?
42. When is a suspense account opened?
43. classify the following expenditure and receipt as capital and revenue giving reasons?
  - (a) Rs 10000 spent as travelling expenses of the directors trips abroad for purchase of capital assets
  - (b) Amount received from debtors during the year
  - (c) Amount spent on demolition of building to construct a bigger building on the same sight
  - (d) Insurance claim received on account of a machinery
44. Which of the accounting standard is not having correct title:
  - (a) AS 22 -Accounting for taxes on income
  - (b) AS 20- Earning per share
  - (c) AS 24- Accounting for borrowings
  - (d) AS 18- Related party disclosure
45. Find the odd one out
  - (a) Office furniture and equipment
  - (b) Freehold land
  - (c) Stock of rawmaterials
  - (d) Plant and machinery

46. Which financial statement represents the accounting equation, assets = liabilities + capital  
 (a) Income statement (b) Cash flow statement  
 (c) Balance sheet (d) None of the above
47. The cost of furniture purchased for sale is a .....  
 ( revenue / capital)
48. What are accounting concepts?
49. Name two accounting standard which are recomendatory
50. What are the objects and functions of ASB?
51. State with reasons, how would you classify the following in capital and revenue  
 (a) Overhauling expenses of Rs 25000 for the engine of a motor car to get better fuel efficiency  
 (b) Inaugration expenses of Rs 2500000 on the opening of a new manufacturing unit in an existing business  
 (c) Compensation of Rs. 2.5 crores paid to workers who opted for voluntary retirement
52. What is meant by dual aspects concept?
53. What are special journals? give examples
54. Define trial balance?
55. What do you mean by capital expenditure? Give examples
56. What are the functions of accounting?
57. Prepare a trial balance from the following ledger balances
- |                 |        |                 |        |
|-----------------|--------|-----------------|--------|
| Sales           | 400000 | Purchases       | 300000 |
| Opening stock   | 20000  | Sales return    | 5000   |
| Purchase return | 3000   | Land & building | 300000 |
| Furniture       | 50000  | Drawings        | 15000  |
| Debtors         | 100000 | Creditors       | 80000  |
| Capital         | 300000 | Wages           | 35000  |
| Salaries        | 30000  | Bank loan       | 72000  |

1. Accounting standard 2 deals with:
  - (a) Cash flow statement
  - (b) Valuation of inventories
  - (c) Fund flow statement
  - (d) Depreciation
2. What is capital receipt?
3. What is capital expenditure?
4. What is the main function of ASB?
5. What are the objectives of accounting standard?
6. The properties owned by a business enterprise are called:
  - (a) Assets
  - (b) Liabilities
  - (c) Capital
  - (d) Owners equity
7. Debit may signify:
  - (a) An increase in an asset account
  - (b) An increase in a liability account
  - (c) A decrease in an asset account
  - (d) An increase in capital stock account
8. Dual aspects principles results in accounting equation
  - (a) Capital + liabilities = Asset
  - (b) Revenue = expenses
  - (c) Capital + profit = asset + expenses
  - (d) None of the above
9. The determination of the expenses for an accounting period is based largely on the application of which principle:
  - (a) Cost
  - (b) consistency
  - (c) Matching
  - (d) time period
10. Capital is shown under liabilities because of .....
  - ( Entity concept / going concern concept)
11. Define accounting standard?
12. What is deferred revenue expenditure?
13. What is matching concept?
14. What do you mean by money measurement concept
15. Making provision for doubtful debt is on the basis of the convention of:
  - (a) Disclosure
  - (b) Consistency
  - (c) Conservatism
  - (d) Materiality
16. Which of the accounting standard is not having the correct title:
  - (a) AS 32 - Financial instruments-Disclosure
  - (b) AS 31 - Financial instruments-Presentation
  - (c) AS 3 - Fund flow statement
  - (d) AS 26 - Intangible assets
17. Discount column on the debit side of a cash book represents discount allowed account(true/false)
18. List the systems of accounting?
19. Give two limitations of accounting standard?
20. When is a suspense account opened?
21. classify the following expenditure and receipt as capital and revenue giving reasons?
  - (a) Rs 10000 spent as travelling expenses of the directors trips abroad for purchase of capital assets
  - (b) Amount received from debtors during the year