

BBA 102 BASIC ACCOUNTING

SEMESTER-I

SECTION A – LONG ANSWER TYPE QUESTIONS

UNIT I – Introduction to Accounting

1. Explain the process and purpose of accounting in modern businesses.
2. Distinguish between bookkeeping and accounting with examples.
3. Explain accounting principles and conventions with illustrations.
4. Discuss the limitations of accounting.
5. Describe the various users of accounting information and their needs.
6. Discuss the basic terminology used in accounting.
7. Explain the importance of accounting in decision making.
8. Evaluate the role of accounting in financial reporting.
9. Write a detailed note on Accounting Concepts and Conventions.
10. Explain the importance of rules of debit and credit.
11. What are the objectives and functions of accounting?
12. Differentiate between personal, real, and nominal accounts.

UNIT II – Accounting Process

1. Explain the dual aspect of accounting with suitable examples.
2. Describe the process of preparing a journal and cash book.
3. Explain how subsidiary books help in recording transactions.
4. Discuss the preparation and importance of trial balance.
5. Explain the rules of debit and credit.
6. Write the steps involved in preparing a ledger.
7. Illustrate the process of preparing a bank reconciliation statement.
8. Explain the need and process for rectification of errors.
9. Differentiate between journal and ledger with examples.
10. Describe the types of accounts with examples.
11. Explain different types of subsidiary books.
12. Prepare a sample trial balance and explain its components.

UNIT III – Final Accounts & Depreciation

1. What is depreciation? Explain its types with examples.
2. Describe the methods of providing depreciation.
3. Explain the accounting treatment of depreciation.
4. Describe reserves and provisions with differences.
5. Explain the process of preparing final accounts with adjustments.
6. Discuss the concept of stock valuation.
7. Explain the objectives and preparation of trading and profit & loss account.
8. Discuss the steps in the preparation of the balance sheet.
9. Explain the adjustment entries with examples.

10. Describe the effects of incorrect stock valuation.
11. Discuss the importance of final accounts to stakeholders.
12. How is profit or loss determined from final accounts?

UNIT IV – Shares and Debentures

1. Explain the types and features of shares.
2. What is the process of issuing shares and debentures?
3. Differentiate between preference and equity shares.
4. Discuss the issue of bonus shares and right shares.
5. Explain the redemption of preference shares.
6. What are debentures? Describe different types of debentures.
7. Explain the accounting treatment of share issue.
8. Write a note on forfeiture and re-issue of shares.
9. Describe the journal entries for issue and redemption of debentures.
10. What are the benefits and risks of investing in debentures?
11. Explain the role of shares and debentures in raising capital.
12. Discuss the issue of shares at a premium and discount.

SECTION B – SHORT ANSWER TYPE QUESTIONS

UNIT I – Introduction to Accounting

1. Define accounting.
2. What is bookkeeping?
3. State any two accounting concepts.
4. Mention any two accounting conventions.
5. Differentiate between accounting and bookkeeping.
6. Write two objectives of accounting.
7. Who are the users of accounting information?
8. Define the term 'transaction'.
9. Write any two limitations of accounting.
10. What do you mean by financial accounting?
11. What is the meaning of debit and credit?
12. State the importance of accounting in business.

UNIT II – Accounting Process

1. What is a journal?
2. Define ledger.
3. What is a trial balance?
4. What are the types of subsidiary books?
5. Write the meaning of accounting equation.
6. What is a cash book?
7. Define rectification of errors.
8. Mention any two types of errors in accounting.
9. Write the meaning of a bank reconciliation statement.
10. What is the rule of debit and credit in personal accounts?

11. Mention two differences between journal and ledger.
12. State any two uses of a trial balance.

UNIT III – Final Accounts & Depreciation

1. Define depreciation.
2. Mention any two causes of depreciation.
3. What is meant by reserves?
4. Define provisions.
5. What is the purpose of final accounts?
6. What is stock valuation?
7. Mention any two adjustment entries.
8. What is a balance sheet?
9. What is trading account?
10. State the effect of depreciation on profit.
11. Differentiate between reserves and provisions.
12. State the importance of final accounts.

UNIT IV – Shares and Debentures

1. What is a share?
2. Define debentures.
3. What is a bonus share?
4. What is a right issue?
5. What is the difference between equity and preference shares?
6. What is meant by the redemption of debentures?
7. Write any two features of debentures.
8. What is share capital?
9. State the meaning of forfeiture of shares.
10. Write any two advantages of issuing debentures.
11. What is issue of shares at premium?
12. State any two types of debentures.

SECTION C – MULTIPLE CHOICE QUESTIONS

UNIT I – Introduction to Accounting

1. Which of the following is not a branch of accounting?
 - a) Financial Accounting
 - b) Management Accounting
 - c) Social Accounting
 - d) Legal Accounting
2. Who is known as the father of accounting?
 - a) Adam Smith
 - b) Luca Pacioli
 - c) Karl Marx
 - d) Benjamin Graham
3. Bookkeeping is mainly concerned with:
 - a) Interpreting results
 - b) Analysing data
 - c) Recording financial data
 - d) Auditing accounts
4. Accounting provides information primarily to:
 - a) Government
 - b) Management
 - c) Users of financial statements
 - d) Tax department
5. Which one is a limitation of accounting?
 - a) Records financial transactions
 - b) Shows financial position
 - c) Ignores qualitative factors
 - d) Helps in decision making
6. The main objective of accounting is:
 - a) To prepare staff salaries
 - b) To measure economic performance
 - c) To calculate tax
 - d) None of these
7. Accounting information is used by:
 - a) Owners
 - b) Creditors
 - c) Investors
 - d) All of these
8. Double-entry system means:
 - a) Every transaction affects two accounts
 - b) Only cash transactions are recorded
 - c) Two books are maintained
 - d) All entries are made twice

9. Real account is related to:
 - a) Assets
 - b) Expenses
 - c) Income
 - d) None of these
10. Nominal account is related to:
 - a) Assets
 - b) Liabilities
 - c) Expenses & losses
 - d) Capital
11. Personal account relates to:
 - a) Individuals and firms
 - b) Expenses
 - c) Assets
 - d) Income
12. Which is not a user of accounting information?
 - a) Shareholder
 - b) Customer
 - c) Banker
 - d) Government

UNIT II – Accounting Process

1. Which book is called the book of original entry?
 - a) Ledger
 - b) Journal
 - c) Trial balance
 - d) Balance sheet
2. Ledger is also known as:
 - a) Principal book
 - b) Journal
 - c) Cash book
 - d) Subsidiary book
3. Trial balance is prepared to:
 - a) Check arithmetic accuracy
 - b) Record entries
 - c) Prepare final accounts
 - d) Post journal
4. Which account has both debit and credit features?
 - a) Capital account
 - b) Cash account
 - c) Bank account
 - d) Sales account

5. Which of the following is a personal account?
 - a) Salary
 - b) Building
 - c) Ramesh A/c
 - d) Commission
6. Journal entry for goods sold on credit is:
 - a) Cash A/c Dr.
 - b) Sales A/c Dr.
 - c) Debtor A/c Dr. To Sales A/c
 - d) Sales return A/c Dr.
7. Which is a subsidiary book?
 - a) Ledger
 - b) Cash book
 - c) Journal proper
 - d) Balance sheet
8. Rules of debit and credit are based on:
 - a) Single-entry system
 - b) Accounting conventions
 - c) Double-entry system
 - d) Final accounts
9. Bank reconciliation statement is prepared by:
 - a) Auditor
 - b) Banker
 - c) Accountant
 - d) Customer
10. Error of omission means:
 - a) Wrong amount
 - b) Wrong posting
 - c) Transaction not recorded
 - d) Both b and c
11. Purchase return is recorded in:
 - a) Sales book
 - b) Journal
 - c) Purchase return book
 - d) Cash book
12. Journal proper is used to record:
 - a) All cash transactions
 - b) Opening entries
 - c) Closing stock
 - d) Depreciation

UNIT III – Final Accounts & Depreciation

1. Which account shows gross profit?
 - a) Balance sheet
 - b) Profit & Loss A/c
 - c) Trading A/c
 - d) Trial balance
2. Depreciation is charged on:
 - a) Current Assets
 - b) Fixed Assets
 - c) Inventory
 - d) Capital
3. Which method reduces value equally every year?
 - a) WDV
 - b) SLM
 - c) Annuity
 - d) Revaluation
4. Which is not an adjustment item?
 - a) Outstanding salary
 - b) Prepaid rent
 - c) Closing stock
 - d) Capital invested
5. Provision is made for:
 - a) Known liabilities
 - b) Unknown liabilities
 - c) Profit distribution
 - d) Asset valuation
6. Final accounts include:
 - a) Trading A/c
 - b) P&L A/c
 - c) Balance Sheet
 - d) All of these
7. Which is not a part of trading account?
 - a) Sales
 - b) Purchases
 - c) Carriage inward
 - d) Salaries
8. Profit & Loss Account is prepared to:
 - a) Find gross profit
 - b) Find net profit
 - c) Balance cash
 - d) Record capital

9. Which is shown in balance sheet?
 - a) Depreciation
 - b) Capital
 - c) Sales
 - d) Purchases
10. Closing stock is shown in:
 - a) Balance Sheet
 - b) Trading A/c
 - c) Both
 - d) P&L A/c
11. Adjustments are necessary to:
 - a) Follow cash basis
 - b) Record non-cash transactions
 - c) Skip accounts
 - d) Avoid depreciation
12. Provision for doubtful debts is shown on:
 - a) Credit side of P&L
 - b) Debit side of P&L
 - c) Balance sheet asset side
 - d) Trading A/c

UNIT IV – Shares and Debentures

1. A company issues shares to raise:
 - a) Loan
 - b) Fixed capital
 - c) Inventory
 - d) Debts
2. Preference shares carry:
 - a) Voting rights
 - b) Fixed dividend
 - c) Equity rights
 - d) Bonus shares
3. Bonus shares are issued:
 - a) At discount
 - b) At premium
 - c) Free of cost
 - d) None of these
4. Right issue is offered to:
 - a) Public
 - b) Employees
 - c) Existing shareholders
 - d) Debenture holders

5. Debentures are:
 - a) Equity capital
 - b) Loan capital
 - c) Preference shares
 - d) Reserves
6. Issue of shares at more than face value is called:
 - a) Discount
 - b) Premium
 - c) Bonus
 - d) Right
7. Redemption of preference shares means:
 - a) Buying shares
 - b) Reissuing shares
 - c) Repayment of capital
 - d) None
8. A debenture holder is a:
 - a) Shareholder
 - b) Lender
 - c) Owner
 - d) Partner
9. Equity shareholders get:
 - a) Fixed interest
 - b) Fixed dividend
 - c) Variable dividend
 - d) Bonus shares only
10. Shares forfeited means:
 - a) Cancelled due to non-payment
 - b) Sold
 - c) Redeemed
 - d) Issued
11. Premium received on share issue is:
 - a) Liability
 - b) Asset
 - c) Capital Reserve
 - d) Debenture
12. Debentures can be:
 - a) Secured
 - b) Unsecured
 - c) Both
 - d) None