

# **MCOM 206-A: GE-I Introduction to Accounting**

## **Semester-II**

### **SECTION A: Long Type Questions**

#### **Unit I**

1. Define accounting. Explain its meaning, objectives, and importance.
2. Discuss the accounting concepts and conventions in detail.
3. Explain the Accounting Cycle with suitable examples.
4. Describe the principles of accounting and their significance.
5. How do ICAI and IFRS contribute to accounting standards?
6. Differentiate between Accounting Concepts and Conventions.
7. Explain the different branches of accounting.
8. Discuss the role of accounting in decision-making.
9. What are the objectives of accounting standards? Illustrate with examples.
10. Explain how accounting principles are applied in real-world scenarios.

#### **Unit II**

1. Differentiate between Single and Double Entry Systems.
2. What are accounting equations? Explain with examples.
3. How is a Journal prepared? Explain with illustrations.
4. Explain the process of posting from Journal to Ledger.
5. Define and explain the importance of Trial Balance.
6. Describe the rules of Debit and Credit with examples.
7. Explain the steps involved in preparing Ledger Accounts.
8. Discuss the need for and importance of Book Keeping.
9. Prepare a journal and ledger for the given transactions.
10. Discuss limitations of the Single Entry System.

#### **Unit III**

1. Define Final Accounts. Explain the format of Trading Account.
2. Explain the preparation of Profit and Loss Account with adjustments.
3. How do you prepare a Balance Sheet of a sole proprietorship?
4. Discuss the importance of adjustments in final accounts.
5. Illustrate the complete format of Final Accounts with examples.
6. Prepare final accounts from a given trial balance.
7. What are closing entries? How are they recorded?
8. Explain the importance of matching principle in final accounts.
9. Describe the steps in the preparation of final accounts.
10. Discuss the treatment of outstanding and prepaid expenses.

#### **Unit IV**

1. Define depreciation. What are its causes and objectives?
2. Explain different methods of calculating depreciation.

3. Compare Straight Line Method and Diminishing Balance Method.
4. Discuss the impact of depreciation on financial statements.
5. What is a Bank Reconciliation Statement (BRS)? Explain its importance.
6. Prepare a BRS with suitable illustrations.
7. Explain the causes of differences between Cash Book and Pass Book.
8. How does depreciation affect asset valuation?
9. Discuss accounting treatment of depreciation.
10. Explain the advantages and limitations of BRS.

## **Unit V**

1. Explain the nature of Non-Profit Organizations (NPOs).
2. Discuss the format of Receipts and Payments Account.
3. How is an Income and Expenditure Account prepared?
4. Differentiate between Income & Expenditure A/c and Profit & Loss A/c.
5. What are the key features of financial statements of NPOs?
6. Prepare a Balance Sheet for a Non-Profit Organization.
7. Discuss the accounting treatment of subscriptions in NPOs.
8. Prepare the Income and Expenditure Account from given data.
9. What are the differences between Receipts & Payments and Cash Book?
10. Describe the role of accounting in Non-Profit Organizations.

## **SECTION B: Short Type Questions**

### **Unit I**

1. Define accounting.
2. What is the accounting cycle?
3. Name two accounting principles.
4. Define accounting standards.
5. What are the objectives of accounting?
6. Mention two functions of accounting.
7. What is the role of ICAI?
8. Define conventions in accounting.
9. State two differences between financial and management accounting.
10. What is IFRS?

### **Unit II**

1. Define journal.
2. What is a ledger?
3. Define trial balance.
4. What is a double-entry system?
5. What is the rule of debit and credit?
6. State any two advantages of a trial balance.
7. Define accounting equation.
8. Write the format of a journal.
9. Mention one difference between ledger and journal.

10. What is the purpose of bookkeeping?

### **Unit III**

1. Define final accounts.
2. What is a Trading Account?
3. What are adjustments?
4. Define Gross Profit.
5. Write any two items of a Profit & Loss Account.
6. Define Balance Sheet.
7. What is closing stock?
8. What are indirect expenses?
9. Define capital expenditure.
10. What is the purpose of a balance sheet?

### **Unit IV**

1. Define depreciation.
2. What is a BRS?
3. Name any two methods of depreciation.
4. State one cause of difference in BRS.
5. Write two objectives of depreciation.
6. What is scrap value?
7. Define salvage value.
8. Mention one advantage of BRS.
9. What is the straight-line method?
10. Define accumulated depreciation.

### **Unit V**

1. Define NPO.
2. What is a Receipts and Payments Account?
3. Name two sources of income for NPOs.
4. What is a legacy?
5. What are capital receipts?
6. Define Income and Expenditure Account.
7. State one feature of Receipts and Payments A/c.
8. What is an honorarium?
9. Name two items in the balance sheet of an NPO.
10. What is subscription in accounting?

## **SECTION C: Multiple Choice Questions**

### **Unit I**

1. Accounting is mainly concerned with:
  - a) Forecasting
  - b) Recording financial transactions
  - c) Cost analysis
  - d) Market analysis
2. Which of the following is not an accounting concept?
  - a) Going concern
  - b) Matching
  - c) Materiality
  - d) Business ethics
3. The process of recording and classifying business transactions is:
  - a) Auditing
  - b) Bookkeeping
  - c) Budgeting
  - d) Forecasting
4. IFRS stands for:
  - a) Indian Financial Reporting System
  - b) International Financial Reporting Standards
  - c) Integrated Financial Reporting Standards
  - d) International Financial Recording Standards
5. The body responsible for issuing accounting standards in India:
  - a) ICAI
  - b) RBI
  - c) SEBI
  - d) MCA
6. Which of the following is a convention?
  - a) Consistency
  - b) Matching
  - c) Dual aspect
  - d) Going concern
7. The final phase of accounting is:
  - a) Identification
  - b) Measurement
  - c) Communication
  - d) Recording
8. Which of the following is not a financial statement?
  - a) Profit & Loss A/c
  - b) Ledger
  - c) Balance Sheet
  - d) Cash Flow Statement
9. Which is an objective of accounting?
  - a) Providing tax benefits
  - b) Maintaining customer relations
  - c) Providing financial information
  - d) Promoting sales

10. Accounting principles are:

- a) Legal rules
- b) Ethical rules
- c) General guidelines
- d) Statutory laws

## **Unit II – Journal, Ledger, Trial Balance, and Entry Systems**

1. The basic rule of double-entry system is:
  - a) Every debit has a corresponding credit
  - b) Every account has two sides
  - c) Assets = Liabilities
  - d) Debits should exceed credits
2. The process of transferring journal entries into the ledger is called:
  - a) Summarizing
  - b) Posting
  - c) Recording
  - d) Balancing
3. Which of the following is not a part of journal?
  - a) Date
  - b) Ledger Folio
  - c) Narration
  - d) Balance
4. Trial balance is prepared:
  - a) Before journal
  - b) After balance sheet
  - c) After ledger
  - d) Before ledger
5. Ledger is known as:
  - a) Secondary book
  - b) Book of original entry
  - c) Principal book
  - d) Journal
6. Which of these is an asset account?
  - a) Salary
  - b) Rent
  - c) Cash
  - d) Interest received
7. The dual aspect concept states:
  - a) Assets = Liabilities + Capital
  - b) Liabilities = Assets
  - c) Income = Expenditure
  - d) Revenue = Profit
8. Which one is a personal account?
  - a) Capital A/c
  - b) Rent A/c
  - c) Machinery A/c

- d) Salary A/c
9. If trial balance does not agree, the difference is put into:
- a) Cash book
  - b) Journal
  - c) Suspense A/c
  - d) Profit & Loss A/c
10. The primary objective of preparing trial balance is:
- a) Profit calculation
  - b) Tax calculation
  - c) Checking arithmetical accuracy
  - d) Preparing receipts

### **Unit III – Final Accounts of Sole Trading Concern**

1. Final accounts include:
  - a) Trial Balance
  - b) Journal and Ledger
  - c) Trading, Profit & Loss A/c and Balance Sheet
  - d) Cash Book
2. Gross Profit is transferred to:
  - a) Balance Sheet
  - b) Trading Account
  - c) Profit & Loss Account
  - d) Receipts and Payments A/c
3. Adjustments are shown in:
  - a) Only in Trial Balance
  - b) Only in Profit & Loss A/c
  - c) Both Profit & Loss and Balance Sheet
  - d) Only Journal
4. Wages are shown in:
  - a) Profit & Loss A/c
  - b) Trading Account
  - c) Balance Sheet
  - d) Capital A/c
5. Income Tax paid is shown in:
  - a) Trading Account
  - b) Profit & Loss A/c
  - c) Drawings in Balance Sheet
  - d) Assets
6. Outstanding salaries are:
  - a) Current Asset
  - b) Current Liability
  - c) Capital
  - d) Expense

7. Capital introduced is shown in:
  - a) Trading Account
  - b) Profit & Loss A/c
  - c) Balance Sheet (Liabilities side)
  - d) Income
8. The difference between assets and liabilities is:
  - a) Income
  - b) Capital
  - c) Revenue
  - d) Drawings
9. The closing stock appears in:
  - a) Trading Account
  - b) Balance Sheet
  - c) Both (a) and (b)
  - d) Journal
10. Salaries paid in advance are:
  - a) Outstanding Expense
  - b) Prepaid Expense
  - c) Accrued Income
  - d) Deferred Revenue

#### **Unit IV – Depreciation & Bank Reconciliation Statement**

1. Depreciation is:
  - a) Increase in value of asset
  - b) Decrease in value of liability
  - c) Reduction in the value of asset
  - d) Increase in liability
2. Which method charges equal amount of depreciation every year?
  - a) Diminishing Balance Method
  - b) Written Down Value Method
  - c) Straight Line Method
  - d) Annuity Method
3. Depreciation is charged on:
  - a) Current Assets
  - b) Fixed Assets
  - c) Capital
  - d) Liabilities
4. Salvage value means:
  - a) Cost of asset
  - b) Value at the end of its life
  - c) Installation charges
  - d) Insurance value
5. Which of the following causes a difference in BRS?
  - a) Payment of salary
  - b) Cash purchase
  - c) Cheque deposited but not cleared

- d) Goods sold
6. BRS is prepared by:
    - a) Bank
    - b) Auditor
    - c) Business
    - d) Government
  7. The value of asset after deducting depreciation is:
    - a) Scrap Value
    - b) Current Value
    - c) Book Value
    - d) Re-sale value
  8. Bank charges not recorded in Cash Book leads to:
    - a) No difference
    - b) Increase in Cash
    - c) Difference in BRS
    - d) Increase in liability
  9. The objective of preparing BRS is:
    - a) To calculate profit
    - b) To check cash balance
    - c) To match bank balance
    - d) To pay
  10. tax Depreciation is a:
    - a) Cash expense
    - b) Non-cash expense
    - c) Revenue
    - d) Asset

## **Unit V – Accounting for Non-Profit Organizations**

1. NPO stands for:
  - a) Non-Payment Organization
  - b) National Private Office
  - c) Non-Profit Organization
  - d) National Pension Organization
2. The Receipts & Payments A/c is similar to:
  - a) Journal
  - b) Cash Book
  - c) Profit & Loss A/c
  - d) Ledger
3. Which account shows revenue and expenses of an NPO?
  - a) Trading Account
  - b) Profit & Loss A/c
  - c) Income and Expenditure A/c

- d) Cash Book
- 4. Subscription is:
  - a) Capital Receipt
  - b) Revenue Receipt
  - c) Asset
  - d) Expense
- 5. Honorarium paid is shown in:
  - a) Balance Sheet
  - b) Income & Expenditure A/c
  - c) Receipts & Payments A/c
  - d) Ledger
- 6. Income and Expenditure Account records:
  - a) Capital Items
  - b) Only Receipts
  - c) Revenue items
  - d) Assets and Liabilities
- 7. Legacy is a:
  - a) Revenue Income
  - b) Capital Receipt
  - c) Revenue Expense
  - d) Revenue Receipt
- 8. Donations for specific purpose are:
  - a) Revenue Receipt
  - b) Capital Receipt
  - c) Expense
  - d) Income
- 9. Life membership fee is:
  - a) Revenue Income
  - b) Capital Receipt
  - c) Revenue Receipt
  - d) Deferred Expense
- 10. The balance sheet of NPO shows:
  - a) Only assets
  - b) Only liabilities
  - c) Assets and liabilities
  - d) Cash flow only