

Omkar Shikshan Prasarak Mandal's
Art, Commerce and Science College, Gadhinglaj.

B.com (Part-I) (Sem-I)

Title of Paper: Financial Accounting-I

Unit 1. Introduction to Accounting

Q.No.1 Multiple Choice Questions:

1. _____ is a specialised branch of accounting that keeps track of a company's financial transactions.

- A. Cost accounting
B. Management accounting
C. Financial Accounting
D. Corporate accounting

2. Financial accountancy is governed by _____

- A. local standards only
B. international standards
C. local as well as international accounting standards
D. company's internal top management only

3. _____ is the scope of financial accounting.

- A. Collection and processing of data
B. Verifying or auditing data
C. Publishing data
D. All of the above

4. Which is not a benefit of financial accounting?

- A. Maintaining systematic records
B. Protecting and safeguarding business assets
C. Historical in nature
D. Facilitates rational decision making

5. Which is not a limitation of financial accounting?

- A. Inadequate information to fix up the price of products manufactured
B. Lack of data for comparison of cost of operation of the firm with other firms in the industry
C. The data available is historical in nature
D. Complies with the various legal requirements

6. The overriding purpose of financial accounting is to summarize financial activity in business in the _____

- A. profit and loss statement
B. balance sheet
C. cash flow statement
D. all of the above

7. -----are the basis of the business's financial accounting.

- A. Accounting records
C. Sales Volume

B. Bookkeeping

D. Both A & B

8. Financial accounting provides accounting information to the _____ though the information is useful for internal purposes also.

A. external users

C. company

B. internal users

D. competitors

9. Financial accounting reports to the _____ after the completion of the accounting year.

A. internal management

C. Media

B. external parties

D. rivals

10. Financial accounting reports include _____

A. profit and loss account

C. balance sheet and auditors report

B. directors report

D. all of the above

11. Financial accounting cover overall performance of the _____

A. Competitors

C. Company

B. Market

D. Finance department

12. Financial accounting reports lay greater emphasis on the _____

A. objectivity of data

C. Relevancy of data

B. Flexibility of data

D. Subjectivity of data

13. Financial accounting statements are subject to _____

A. Cost audit

C. Statutory audit

B. Forensic audit

D. Non-statutory audit

14. _____ are the components of financial statements.

A. profit and loss account and balance sheet

C. notes and schedules

B. cash flow and fund flow statement

D. All of the above

15. _____ explain the financial position of the reporting entity at the end of the accounting period.

A. Balance sheet

C. ledger

B. Income statement

D. Notes & schedules

16. _____ helps to find out the profit made on loss sustained in a particular accounting period through transactions and events.

A. Income statement

C. Trading account

B. Profit and loss account

D. None of the above

17. _____ is not a primary source of long-term debt financing.

A. Accounts payable

C. Leases

B. Notes payable

D. Bonds

18. Cash flow is also known as _____
 A. balance sheet flow
 B. profit and loss account
 C. **fund flow statement**
 D. notes and schedules
19. _____ is written evidence in support of a business transaction.
 A. Ledger
 B. **Voucher**
 C. Ledger Posting
 D. Journal
20. Trademark, Copyrights & Patents are _____ assets.
 A. **Intangible**
 B. Fixed
 C. Current
 D. Tangible
21. Capital increases if _____
 A. cost increases
 B. Expenses increases
 C. **Revenue increases**
 D. Interest on capital increases
22. Current assets - current liabilities = _____
 A. losing capital
 B. gaining capital
 C. fixed capital
 D. **working capital**
23. A _____ can also be referred to as a tangible asset.
 A. liquid asset
 B. **fixed asset**
 C. current asset
 D. another asset
24. Copyrights, Patents, and Trademarks are instances of
 A. Fixed resources
 B. **Current resources**
 C. Intellectual property
 D. Investments
25. Management Accounting is the _____ combination of accounting.
 A. **Financial Accounting and Cost Accounting**
 B. Only Cost Accounting
 C. Financial and Management Account
 D. None of the Above
26. The Accounting Principal are divided into _____ parts.
 A. Two
 B. Four
 C. **Three**
 D. Six
27. Who is Considered the father of modern accounting?
 A. **Luca D. Pacioli**
 B. J. Betty
 C. Henry Fayol
 D. Gestonburg
28. Which of the following is not a Real Account?
 A. Cash Account
 B. Stock Account
 C. Machinery Account
 D. **Reserve for Discount on Creditors**

29. The last step in accounting process is _____

- A. Identifying the Business Transaction & Event
- B. Recording of Business Transactions
- C. Classifying of Business Transactions
- D. Communication of Financial Statements**

30. Which of the following is not a branch of accounting?

- A. Financial Accounting
- B. Cost Accounting
- C. Responsibility Accounting**
- D. Management Accounting

Q. No. 2. Short Notes:

1. Account meaning and its types
2. Consignor and Consignee
3. Accounting Concept
4. Define Accounting
5. Functions of accounting
6. Define Book-Keeping
7. Types of Accounting
8. Golden Rules of Accounting
9. Objective Accounting
10. Accounting Concept
11. Accounting Conventions
12. Accounting Standard
13. Branches of Accounting
14. Dual Aspect concept
15. Accrual Concept