

# **GOVERNMENT DEGREE COLLEGE, NANDIKOTKUR**

## **SUB: FUNDAMENTAL OF ACCOUNTING**

**Department of Commerce**

**Course: B.Com (CA), I YEAR: I Semester**

### **Question Bank**

#### **Multiple Choice Questions (MCQ)**

- Which of the following is an example of capital expenditure?  
A. Carriage inwards                      B. Additions to buildings  
C. Discount allowed                      D. Office expenses
- Final accounts of a trader consist of  
A. Trading account                      B. Profit and Loss account  
C. Balance sheet                      D. All of the above
- Final accounts are prepared to  
A. To ascertain profit or loss      B. To know financial position  
C. A and B                      D. A only
- The outcome of manufacturing account is  
A. Cost of goods sold                      B. Cost of purchases  
C. Cost of goods produced      D. None of the above
- Showing the assets in balance sheet by following an order is known as  
A. Grouping                      B. Marshalling  
C. Heading                      D. None of the above
- Which of the following expense should not be debited to trading account?  
A. Fright                      B. Carriage outwards  
C. Clearing charges      D. Carriage inwards
- Which of the following expense should not be debited to profit and loss account?  
A. Postage                      B. Advertisement  
C. Octroi                      D. Interest paid
- Which of the following expense should be debited to profit and loss account?  
A. Excise duty                      B. Salaries  
C. Heat and light                      D. Foreman salary
- Which of the following expense should be debited to trading account?  
A. Trade expenses                      B. Stationary  
C. Wages                      D. Travelling expenses
- Prepaid Insurance should be adjusted by 301  
I. Deducting from Insurance paid      II. Adding to insurance paid

III. Showing on liabilities side

IV. Showing on assets side

A. I & IV

B. II & III

C. I & III

D. II & IV

11. Depreciation on Furniture should be adjusted by

I. Deducting from Furniture II. Adding to Furniture

III. Debiting to profit and loss account IV. Crediting to profit and loss

account A. I & IV

B. II & III

C. I & III

D. II & IV

12. If Provision for doubtful debts is given in adjustments only, it should be adjusted by

I. Deducting from Debtors

II. Adding to Debtors

III. Debiting to profit and loss account IV. Crediting to profit and loss

account A. I & III

B. II & III

C. II & IV

D. I & IV

## II. Fill in the blanks

1. Benefits of \_\_\_\_\_ expenditure available for a number of years.
2. Receipt from Sale of a building is a \_\_\_\_\_ receipt
3. Trading account is prepared to ascertain \_\_\_\_\_
4. Showing liabilities of similar nature under one head is called \_\_\_\_\_
5. Bad debts are entered on \_\_\_\_\_ side of the profit and loss account
6. Incomes received in advance are shown on \_\_\_\_\_ side of the balance sheet.
7. Bank overdraft is an example of \_\_\_\_\_ liability
8. Land and building should be shown under the head of \_\_\_\_\_ assets.
9. Interest on capital should be \_\_\_\_\_ to profit and loss account.
10. Goods lost by fire should be \_\_\_\_\_ to trading account.

## UNIT – I

### Introduction

#### Short Answer Questions

1. Explain briefly the history of accounting
2. Differences between Book-keeping and Accounting
3. What is the need for Accounting substantiating with your own words?
4. What are the objectives and limitations of Accounting?
5. Explain the process of Accounting

#### Essay Answer Questions

1. Distinguish between Double Entry System and single entry System
2. Explain the Different Methods of Accounting
3. Explain Need and importance of Accounting

## **UNIT-II**

### **Subsidiary Books**

#### **Short Answer Questions**

1. What are the Subsidiary Books? Explain its merits and demerits
2. Explain Contra Entries
3. Explain importance of Cash Book.
4. Journal Proper .

#### **Essay Answer Questions**

1. Distinguish between trade discount and cash discount
2. What is Debit Note and Credit Note
3. PROBLEMS

## **UNIT-III**

### **Trail Balance & Rectification of Errors**

#### **Short Answer Questions**

1. Trail Balance
2. Suspense Account.
3. Explain Methods of Trail Balance?
4. Rectification of Errors?

#### **Essay Answer Questions**

1. What is Rectification of Errors? Explain the methods Rectification of Errors
2. What are the errors not disclosed by the trail balance
3. Explain different methods of Rectification of Errors (Problems)

## **UNIT-IV**

### **Banking Reconciliation Statement**

#### **Short Answer Questions**

1. Explain Bank Reconciliation Statement ? Explain its features, need
2. Pass book
3. Difference between pass book and cash book?
4. Causes for disagreement of cash book and pass book.

#### **Essay Answer Questions**

1. Explain the about Preparation of Bank Reconciliation Statement
2. How a Bank Reconciliation statement is prepared? Give a proforma exasmpl of the same, with figures, starting with overdraft as per pass book

### 3. PROBLEMS

## **UNIT-V**

### **Final Accounts**

#### **Short Answer Questions**

1. What is Trading Account?
2. .Explain the importance and purpose of the final; Accounts
3. Explain the differences between fixed assets and current assets.
4. Differed Revenue Expenditure.

#### **Essay Answer Questions**

1. Explain the differences between provisions and Reserves.
2. Adjustments in Final Accounts
3. PROBLEMS

