INDIAN INSTITUTE OF MANAGEMENT & COMMERCE
DEGREE & P.G COLLEGE, An Autonomous College
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Financial Accounting -1 (B.Com Hon/Comp.Appl/B.A)
Question Bank

Unit – I

Short answer questions:

1. Define Financial Accounting
2. Objectives of Financial Accounting
3. Functions of Financial Accounting
4. Branches of Financial Accounting
5. What is Single Entry System?
6. Features of Double Entry System?
7. Stages in Accounting Cycle
8. Book keeping Vs. Accounting
9. Limitations of Financial Accounting
10. Differentiate between Journal and Ledger
11. Define Ledger?
12. What is Trial Balance?

Long answer questions:

1. Define Financial Accounting. Discuss the advantages and limitations of Financial Accounting.
2. Explain Accounting Concepts and Conventions.
3. What is Book-keeping? Distinguish between Book-keeping and Accounting?
4. What are the branches of accounting and who are the parties interested in accounting information?
5. What is Double Entry System? Discuss the rules, advantages and disadvantages of this system?
6. What do you mean by Journal? Why is it called the book of original entry? Give the rules and advantages of Journalizing?

Unit – II

Short answer questions.

1. Subsidiary books
2. Cash book
3. What is Journal Proper?
4. What is Contra Entry?
5. What is Petty Cash Book?
6. Distinguish between Cash discount and Trade discount.

7. Debit note and Credit note.
8. What is meant by Rectification of Errors?
9. What do you mean by Suspense Account?

Long answer questions.

1. What do you understand by Subsidiary Books? Explain the various forms of Subsidiary Books?
2. What do you mean by Three Column Cash Book? Give a specimen of it. Also explain the meaning of Contra entry by giving examples?
3. What is Contra Entry? What is its importance in Cash Book? Give examples?
4. Explain the "Impress System of Petty Cash Book". What is the relation of Petty Cash Book to cash book?
5. Explain the various methods of rectification of errors.
6. Describe errors of principle, Clerical errors. Explain errors disclosed by trial balance.

Unit – III

Short answer questions.

1. What is Bank Reconciliation Statement?

2. What is the need for Bank Reconciliation Statement?

Long answer questions.

1. What is Bank Reconciliation Statement? Explain the various reasons for preparation of Bank Reconciliation Statement.

2. What are the causes for difference between cash book balance and pass book balance?

Unit- IV

Short answer questions.

1. What are the causes of Depreciation?

2. What are the objectives of Depreciation?

Long Answer questions.

1. Explain the various methods of providing depreciation?
2. Distinguish between Depreciation, Depletion & Amortization?

Unit- V

Short answer questions.

1. What is Capital Expenditure?
2. What is Revenue Expenditure?
3. What is Capital Receipt?
4. What is Revenue Receipt?

5. What is Deferred Revenue Expenditure?
6. What do you understand by adjusting entries?
7. List the various items for which adjustment entries are passed?
8. Why are final Accounts are prepared?

Long Answer questions.

1. Distinguish between Capital Expenditure and Revenue Expenditure?
2. Distinguish between Capital Receipt and Revenue Receipt?
3. What are adjusting entries? Why are these necessary for preparing final accounts?
4. Distinguish between Trading & Profit & Loss Account? Give a specimen of Profit& Loss Account?
5. What is a Balance sheet? Why is it prepared? Give a specimen of Balance Sheet?