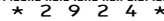


# BFA01 : Basics of Financial Accounting

Time : Three Hours



Max. Marks : 70

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- i) The ----- is the person or entity to whom money is owed.
  - a) Debtor
  - b) Creditor
  - c) Owner
  - d) Investor
- ii) The accounting equation is:  $\text{Assets} = \text{Liabilities} + \text{-----}$ 
  - a) Capital
  - b) Sales
  - c) Income
  - d) Expenses
- iii) Income received in advance is shown as a ----- in the balance sheet.
  - a) Asset
  - b) Liability
  - c) Expense
  - d) Revenue
- iv) ----- is the process of recording financial transactions.
  - a) Auditing
  - b) Budgeting
  - c) Bookkeeping
  - d) Reporting
- v) Goods returned to the supplier are recorded in the ----- book.
  - a) Sales
  - b) Purchases Return
  - c) Cash
  - d) Journal
- vi) A ----- is prepared to check the arithmetical accuracy of books of Accounts.
  - a) Journal
  - b) Ledger
  - c) Balance Sheet
  - d) Cash
- vii) ----- is an expense which is not yet paid.
  - a) Accrued Expense
  - b) Prepaid Expense
  - c) Outstanding Revenue
  - d) Capital Expense
- viii) Assets that can be converted into cash within one year are called ----- assets.
  - a) Fixed
  - b) Tangible
  - c) Current
  - d) Intangible
- ix) The document used to record all cash receipts and payments is the ----- book.
  - a) Petty Cash
  - b) Ledger
  - c) Cash
  - d) Journal
- x) ----- refers to the reduction in value of a fixed asset due to wear and tear.
  - a) Depletion
  - b) Depreciation
  - c) Amortization
  - d) Appreciation

b) Fill in the blanks –

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- i) The process of recording financial transactions is known as -----
- ii) The person who owes money to the business is called a -----
- iii) Assets = Liabilities + -----
- iv) A written document that supports a transaction is called a -----
- v) The left side of a ledger account is known as ----- side.

c) Write answer in one sentence.

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- i) What is the double-entry system?
- ii) What do you mean by trial balance?
- iii) What is depreciation?
- iv) What is accounting?
- v) What is a ledger?

2. a) Define accounting. What are its main objectives?

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**OR**

b) Pass journal entries for the following transactions:

- i) Started business with cash ₹ 1,00,000
- ii) Purchased goods from Ramesh ₹ 20,000 on credit.
- iii) Sold goods to Suresh ₹ 25,000 for cash.
- iv) Paid ₹ 5,000 to Ramesh in cash
- v) Received ₹ 10,000 from Suresh by cheque.
- vi) Sold goods for cash ₹ 15,000.
- vii) Received commission ₹ 2,000.

3. a) What is a Trial Balance? Why is it prepared?

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**OR**

- b) Prepare a Trial Balance from the following balances as on 31st March:

Particulars	Amount (₹)
Capital	50,000
Drawings	5,000
Cash in Hand	12,000
Furniture	10,000
Creditors	7,000
Debtors	8,000
Sales	25,000
Purchases	18,000

4. a) Write a detailed note on the importance and objectives of accounting.

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**OR**

- b) From the following trial balance, prepare Trading, Profit & Loss Account and Balance Sheet for the year ended 31st March.

Particulars	Debit (₹)	Credit (₹)
Capital		50,000
Drawings	5,000	
Purchases	35,000	
Sales		60,000
Furniture	8,000	
Rent	3,000	
Salaries	4,000	
Debtors	10,000	
Creditors		6,000
Cash in hand	5,000	
Opening Stock	7,000	
Closing Stock (adjusted)	6,000	

5. a) Define the term 'Ledger' and explain its importance.

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**OR**

- b) The following trial balance is extracted from the books of Mr. Ramesh as on 31<sup>st</sup> March 2025:

Particulars	Debit (₹)	Credit (₹)
Capital		3,00,000
Drawings	20,000	
Sales		2,00,000
Purchases	1,00,000	
Wages	15,000	
Salaries	12,000	
Rent	5,000	
Furniture	50,000	
Debtors	40,000	
Creditors		30,000
Cash in Hand	8,000	

Adjustments:

- 1) Closing stock valued at ₹ 60,000
- 2) Wages outstanding ₹ 2,000
- 3) Rent prepaid ₹ 1,000
- 4) Depreciate furniture @ 10% p.a.
- 5) Provide 5% reserve for doubtful debt on debtors.

6. Answer in short.

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- a) Types of Account
- b) Rules of Debit and Credit.
- c) Objectives of Accounting.
- d) Double Entry System.
- e) What is a journal?

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