

Uva Wellassa University
Faculty of Animal Science and Export Agriculture
BSc in Tea Technology and Value Addition
End Semester Examination - August/September 2011
Year III Semester II
Financial Accounting (TEA 344-2)



Instructions

Answer **All** questions only. **Mark the correct answer**

No. of questions : Five (05)

No. of pages : Six (06)

Total marks allocated : 100%

Time : 30 minutes

Part I - MCQ

1. Which of the following does not describe accounting?
 - a) Language of Business
 - b) Is an end rather than a mean to an end?
 - c) Useful for decision making
 - d) Used by business government, nonprofit organizations and individuals

2. Identify the item that is likely to serve as source document ;
 - a) Trial balance
 - b) Income statement
 - c) Balance sheet.
 - d) Invoice from supplier

3. Which of the following amounts appears in both the income Statement and balance sheet?
 - a) Net profit
 - b) Accumulated depreciation
 - c) Dividends
 - d) Sales

4. Income received in advance is ;
 - a) An income
 - b) An asset
 - c) A liability
 - d) A loss

5. The purchase of machinery on credit would
- a) Increase an asset and decrease another asset
 - b) Increase an asset and decrease liability
 - c) Increase an asset and increase liability
 - d) Decrease an asset and increase liability
06. A balance sheet is prepared to find out financial position of a firm:
- a) for a specified period
 - b) on a particular date
 - c) at the time of sale of business
 - d) per month
07. Which of the following best describes the nature of an asset?
- a) Something with a ready market value
 - b) An economic resource, which will provide some future benefits, owned by a business
 - c) The amount of the owner's investment in a business
 - d) None of this
08. Which of the following list of accounts is used to compute the cost of goods sold?
- a) Purchases, inventory, and sales returns
 - b) Gross profit, purchase returns
 - c) Inventory, net sales and purchases
 - d) Sales and expenditure
09. Which of the following financial statements reflects the overall financial position of the business?
- a) Statement of cash flows
 - b) Income Statement
 - c) Balance Sheet
 - d) Statement of owner's equity
10. The sale of a business asset on credit is recorded in:
- a) Sales journal
 - b) General journal
 - c) Cash receipt journal
 - d) None of these

11. Quick assets include which of the following?
- a) Cash
 - b) Accounts Receivable
 - c) Inventories
 - d) Only (a) and (b)
12. An owner investment of land into the business would ;
- a) Decrease withdrawals
 - b) Increase liabilities
 - c) Increase owner's equity
 - d) Decrease asset
13. Under the diminishing balance method, depreciation amount is ;
- a) Payment
 - b) Receipt
 - c) Expenditure
 - d) Assets
14. An interest system ;
- a) Records the use of a company's seal
 - b) Helps to reconcile the cash book with the bank statement
 - c) Helps to control petty cash
 - d) Part of computerized accounting
15. Books of original entry are called ;
- a) Ledger
 - b) Work sheets
 - c) Journal
 - d) Income statement
16. For preparing balance sheets prepaid expenses are shown as part of ;
- a) Liability
 - b) Equities
 - c) Assets
 - d) Income

17. Unpaid and unrecorded expenses are called ;

- a) Prepaid expenses
- b) Accrued expenses
- c) Additional expenses
- d) None of these

18. Double entry book-keeping was fathered by ;

- a) F.W.Taylor
- b) Henry Fayol
- c) Lucas Pacioli
- d) David.Taylor

19. Real accounts are related to ;

- a) Assets
- b) Expenses and incomes
- c) Customers and Creditors etc.
- d) Liabilities

20. Which one of the following should be accounted for as capital expenditure?

- a) The cost of painting a building.
- b) The replacement of windows in a building.
- c) The purchase of a car by a garage for re-sale.
- d) Legal fees incurred on the purchase of a building

(20x 2=40 marks)