

Assignment:

Chapters: Introduction to Accounting and Basic Accounting Terms

Part A: Multiple Choice Questions (1 mark each) [12 Marks]

Choose the correct answer for each of the following:

1. Which of the following is the main objective of accounting?
 - a) To earn profits
 - b) To prepare budgets
 - c) To maintain financial records
 - d) To pay taxes
2. Which of the following is considered a liability?
 - a) Machinery
 - b) Capital
 - c) Bank Loan
 - d) Cash
3. Revenue is also known as:
 - a) Expense
 - b) Income
 - c) Liability
 - d) Asset
4. Which accounting term refers to anything owned by the business?
 - a) Liability
 - b) Expense
 - c) Asset

- d) Capital
5. Which discount is shown in books of accounts
- a) Trade Discount
 - b) Cash Discount
 - c) Rebate
 - d) All of the above
6. Which of the following is an example of an expense?
- a) Furniture
 - b) Bank loan
 - c) Salary paid
 - d) Investment
7. The person who invests money into a business is called:
- a) Creditor
 - b) Debtor
 - c) Owner
 - d) Manager
8. Which of the following is not a basic accounting term?
- a) Journal
 - b) Debtor
 - c) Capital
 - d) Marketing
9. Double-entry system of accounting means:
- a) Recording transaction once
 - b) Recording transaction twice

- c) Debit and credit for each transaction
 - d) Only credit entry
10. The account that shows the financial position of a business is called:
- a) Income Statement
 - b) Ledger
 - c) Trial Balance
 - d) Balance Sheet
11. If assets = Rs. 50,000 and liabilities = Rs. 20,000, capital will be:
- a) Rs. 30,000
 - b) Rs. 70,000
 - c) Rs. 20,000
 - d) Rs. 50,000
12. Which document is used to record daily transactions in chronological order?
- a) Ledger
 - b) Trial Balance
 - c) Journal
 - d) Balance Sheet

Part B: Short Answer Questions

Q1. (3 Marks):

Define the term 'Accounting' and state any two objectives of accounting.

Q2. (4 Marks):

Differentiate between Assets and Liabilities with two examples of each.

Part C: Long Answer Question

Q3. (6 Marks):

Explain any six basic accounting terms in detail such as Capital, Expense, Revenue, Debtor, Creditor, and Drawings.