

Term End Examination January – 2026

Course	: BSCIT	Date	: 25/02/2026
Subject Code	: BSCITRMU-204	Time	: 11:30am to 01:45pm
Subject Name	: Financial accounting and management	Duration	: 02.15 Hours
		Max. Marks	: 70

Answer the following (Attempt any three)

(30)

- Answer the following (Attempt any four)**

(20)

- ### Part – A (Multiple Choice Questions)

(10)

- Which accounting principle states that a business will continue to operate for the foreseeable future?
 - Entity Concept
 - Going Concern
 - Consistency
 - Materiality
- The process of transferring entries from a Journal to a Ledger is called:
 - Journalizing
 - Balancing
 - Posting
 - Summarizing
- Which of the following is a "Real Account"?
 - Salary Account
 - Machinery Account
 - Capital Account
 - Interest Account

- 4 Net Profit is calculated in which of the following statements?
A Balance Sheet B Income Statement
C Cash Flow Statement D Trial Balance
- 5 What is the formula for the "Current Ratio"?
A Current Assets / Total Liabilities B Current Assets / Current Liabilities
C Liquid Assets / Current Liabilities D Net Income / Current Assets
- 6 A credit entry in a Personal Account indicates:
A Debtor B A Creditor
C An Expense D An Asset
- 7 Which of the following is an example of an Intangible Asset?
A Inventory B Goodwill
C Cash D Furniture
- 8 The "Accounting Equation" is expressed as:
A Assets = Liabilities - Capital B Assets = Liabilities + Capital
C Capital = Assets + Liabilities D Liabilities = Capital - Assets
- 9 Bad Debts recovered is a:
A Capital Receipt B Revenue Receipt
C Revenue Expense D Deferred Revenue Expenditure
- 10 Which financial statement reports the financial position of a business at a specific point in time?
A Income Statement B Balance Sheet
C Trial Balance D Journal

- 1 Accounting is often referred to as the "Language of Business."
- 2 Depreciation is a cash expense that reduces the bank balance.
- 3 Drawings by the owner reduce the Capital of the business.
- 4 Outstanding expenses are shown on the Liabilities side of a Balance Sheet.
- 5 A Ledger is known as the "Book of Original Entry."
- 6 Inventory should be valued at cost or net realizable value, whichever is lower.
- 7 Prepaid Insurance is treated as a Current Asset.
- 8 Nominal accounts always deal with tangible assets like buildings and land.
- 9 The primary purpose of a Trial Balance is to check the arithmetical accuracy of the
Ledger.
- 10 Cash flow from financing activities includes the payment of dividends.