Exam Paper for Financial Accounting in BBA

PAPER # 1

Instructions:

* Answer all questions.
* Show your work whenever possible.
* Write your answers in the space provided.

Question 1:

What is the purpose of financial accounting?

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Answer:

The purpose of financial accounting is to provide information about the financial position, performance, and changes in financial position of an entity to users of financial statements.

Question 2:

What are the three main financial statements?

Answer:

The debit side of a transaction represents an increase in an asset or a decrease in a liability or equity. The credit side of a transaction represents a decrease in an asset or an increase in a liability or equity.

Question 8:

What is the trial balance?

Answer:

The trial balance is a list of all the accounts in a ledger, with their debit and credit balances.

The trial balance is used to ensure that the total of the debit balances equals the total of the credit balances.

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Question 9:

What is an adjusting journal entry?

Answer:

An adjusting journal entry is an entry made at the end of an accounting period to record transactions that have not yet been recorded in the general ledger.

- Cash flows from financing activities: The cash inflows and outflows from the transactions with the owners and creditors of a business such as issuing shares, repaying loans, paying dividends, etc.

The cash flow statement shows the changes in the cash balance of a business for a given period and follows the equation:

Change in cash = Cash flows from operating activities + Cash flows from investing activities + Cash flows from financing activities

For example,

Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Change in cash
300	-100	-50	150

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This means that:

- The business generated 300 units
of cash
from its operating activities
such as receiving 1000 units
from customers,
paying 600 units