

List of 125 Questions on the Subject “Accounting”

(Bachelor’s) / (T) - ACT401 / 18 Students

1. Define double-entry bookkeeping and state its fundamental rule. Give one simple example from a Tashkent-based retail shop.
2. Explain the accounting equation. If a business has assets of 250,000,000 UZS and liabilities of 90,000,000 UZS, calculate the owner’s equity and briefly explain what this figure represents.
3. A trial balance shows total debits of 125,000,000 UZS and total credits of 124,500,000 UZS. Name two possible reasons for this difference and explain which type of error would not be revealed by a trial balance.
4. From the following information for “Samarkand Carpets” for 2024: Sales 200,000,000 UZS, Rent 30,000,000 UZS, Salaries 50,000,000 UZS, Cost of goods sold 90,000,000 UZS. Prepare a simple income statement and then state the net profit or loss in words.
5. What is depreciation? Describe the straight-line method and give one situation where a taxi company in Bukhara might prefer the reducing balance method instead.
6. Explain the accounting equation using an example from a service business in Andijan (e.g., a beauty salon). Write the equation in numbers, assuming the owner invests 80,000,000 UZS cash.
7. Record the following three transactions in journal entry format (no need for narration): (a) Owner invested 120,000,000 UZS cash; (b) Purchased equipment for 45,000,000 UZS on credit; (c) Paid 15,000,000 UZS to a supplier. Then explain how the third transaction affects the accounting equation.
8. A cash book shows a balance of 8,000,000 UZS, but the bank statement shows 7,200,000 UZS due to an outstanding cheque of 800,000 UZS. Prepare a simple bank reconciliation adjustment and explain what an “outstanding cheque” means.
9. What is the purpose of a ledger? Briefly describe how posting from the journal to the ledger is done, using the owner’s investment transaction from Question 2 as an example.
10. Should a small grocery store in Fergana use cash basis or accrual accounting? Give one advantage of each method and then justify your recommendation.
11. Name the three main financial statements and state the main purpose of each in one sentence.
12. “Nukus Trading” purchased inventory for 30,000,000 UZS on credit and sold half of it for 25,000,000 UZS cash. Record both journal entries and then calculate the gross profit from this sale only.
13. Given the following account balances: Cash 15,000,000, Accounts Receivable 10,000,000, Equipment 40,000,000, Accounts Payable 8,000,000, and Capital? Find the missing capital amount and write the accounting equation after finding it.
14. From the balances in Question 3 (after finding capital), prepare a trial balance in proper form. Then list any two errors that a trial balance cannot detect.
15. Why is the historical cost principle important for an Uzbek manufacturing company? Give one advantage and one disadvantage of using historical cost during inflation.

16. What is a ledger? How does it differ from a journal? Use a simple analogy to explain.
17. Calculate annual straight-line depreciation for a delivery van costing 90,000,000 UZS, salvage value 10,000,000 UZS, useful life 5 years. Show the calculation and then record the journal entry for one year's depreciation.
18. A business mistakenly recorded a purchase of 5,000,000 UZS as 500,000 UZS. Explain how this error affects the trial balance (does it balance?) and how it affects the income statement (overstates or understates profit?).
19. From the following adjusted trial balance of "Urgench Textiles", prepare a balance sheet: Cash 20,000,000; Inventory 35,000,000; Building 150,000,000; Loan payable 80,000,000; Capital 125,000,000. Then write one sentence about the business's solvency.
20. Compare FIFO and weighted average methods for inventory valuation. Which one would you recommend for a fruit seller in Namangan who deals with perishable goods? Explain briefly.
21. Write the formula for calculating Cost of Goods Sold (COGS) and define each component in your own words.
22. "Kokand Bazaar" had opening inventory 12,000,000 UZS, purchases 45,000,000 UZS, closing inventory 10,000,000 UZS. Calculate COGS. Then explain what would happen to COGS if closing inventory was over counted by 2,000,000 UZS.
23. A trial balance shows a credit balance of 2,000,000 UZS on a receivable account. What does this likely indicate? Suggest two possible real-world reasons for such a balance.
24. Record the following transactions in a simple two-column cash book (cash and bank columns only, no need to balance): (a) Started with cash 50,000,000 and bank 30,000,000; (b) Cash sales 10,000,000 deposited into bank; (c) Paid rent 5,000,000 by cheque. Then explain why the rent payment reduces bank balance.
25. Why is a bank reconciliation necessary every month for a business in Tashkent? Give two practical reasons and mention one type of error that only a bank reconciliation can discover.
26. Explain the difference between a capital expenditure and a revenue expenditure. Give one example of each from a hotel business in Bukhara.
27. "Jizzakh Furniture" paid 24,000,000 UZS for a one-year insurance policy on 1 April 2024. Record the journal entry at the time of payment and then the adjusting entry on 31 December 2024. After the adjustment, how much prepaid insurance remains?
28. Explain the concept of "business entity" as a fundamental accounting assumption. Why is it necessary to keep the owner's personal transactions separate from the business's transactions? Give one example from a sole proprietorship in Tashkent where mixing personal and business funds could mislead financial statement users.
29. Prepare a simple statement of owner's equity for "Termez Logistics" given: Beginning capital 200,000,000; Net income 50,000,000; Drawings 20,000,000. Then explain the effect of drawings on the accounting equation.
30. Should a business immediately expense or depreciate a 2,000,000 UZS office chair? Justify your answer using the materiality concept and the matching principle.

31. What is the “going concern” assumption? State its implication for recording assets, and give an example when this assumption might be violated for a business in Uzbekistan.
32. Record the following in simple purchases and sales journals (only two entries): (a) Bought goods from “Samarqand Silk” on credit 18,000,000 UZS; (b) Sold goods to “Buxoro Retail” on credit 25,000,000 UZS. Then explain which source document is used for each.
33. A business shows a net loss of 10,000,000 UZS but cash increased by 5,000,000 UZS. Provide one logical explanation and state whether it is possible under accrual accounting.
34. From the following data prepare an income statement for “Navoi Mining”: Sales 300,000,000; Returns inwards 5,000,000; Purchases 120,000,000; Returns outwards 3,000,000; Operating expenses 70,000,000. Then calculate net profit margin percentage.
35. Which financial statement is more useful for creditors – the income statement or the balance sheet? Explain why, mentioning two specific items a creditor would look at.
36. Define “accrual basis accounting” and contrast it with cash basis using the example of unpaid wages of 6,000,000 UZS earned in December but paid in January.
37. “Qarshi Carpets” uses a 12% VAT rate. Sold goods for 112,000,000 UZS including VAT. Calculate the VAT amount and the net sales amount, then record the sale journal entry (excluding cost of goods sold).
38. Given two errors: (a) Purchase of goods 7,000,000 recorded as 700,000; (b) Sales of 9,000,000 omitted entirely. Will the trial balance be in balance after each error? Explain why or why not for each.
39. Prepare a bank reconciliation statement from: Cash book balance 15,000,000; Bank statement 18,500,000; Unpresented cheques 4,000,000; Bank charges 500,000 not recorded in cash book. Show the adjusted cash book balance.
40. Why might a business in Uzbekistan prefer the reducing balance method of depreciation for tax purposes? Give one reason and mention one disadvantage of this method.
41. List four main types of source documents in accounting (e.g., invoice). For each, state one piece of information it provides.
42. On 1 January 2024, “Andijan Apples” paid 12,000,000 UZS for rent for the first quarter (January–March). Record the prepaid rent entry on 1 January and the monthly adjusting entry for January. After January’s adjustment, what is the balance of prepaid rent?
43. A company’s gross profit margin decreased from 40% to 30% while sales remained the same. Suggest two possible causes and explain how each affects gross profit.
44. From the trial balance below, prepare a balance sheet in proper format as at 31 Dec 2024: Cash 25,000,000; Accounts Payable 18,000,000; Land 100,000,000; Bank Loan 60,000,000; Capital 47,000,000. Then compute the total assets and total liabilities plus equity to verify.
45. Is it better to overestimate or underestimate bad debts from the perspective of the conservatism principle? Explain your answer with a short example.
46. Explain the purpose of a trial balance and name two types of errors it cannot detect. Give a concrete example of one such error.

47. Calculate the net realizable value of accounts receivable if total receivables are 45,000,000 UZS and allowance for doubtful debts is estimated at 5% of receivables. Show the adjusting journal entry and then define “net realizable value” in your own words.
48. A business purchased office supplies for 2,000,000 UZS and recorded them as an expense. At year end, 500,000 UZS of supplies remain. What adjusting entry is needed? Explain why the original recording was incorrect under the matching principle.
49. From the following post-closing trial balance items, prepare the balance sheet: Cash 32,000,000; Equipment 120,000,000; Accumulated Depreciation 20,000,000; Accounts Payable 15,000,000; Capital ? (Compute using accounting equation). Also state the amount of net book value of equipment.
50. Why is the matching principle important when calculating net income for a seasonal business like “Khiva Tourism”? Give an example of a revenue and an expense that should be matched.
51. What is the difference between a “debit” and a “credit” in accounting? For the account types Asset, Liability, and Expense, state their normal balance (debit or credit).
52. “Gulistan Grocery” has three cash transactions: (a) Owner withdrew 3,000,000 UZS for personal use; (b) Paid electricity bill 1,200,000 UZS; (c) Received cash from customer 4,500,000 UZS. Record each journal entry and then explain how each affects total assets.
53. A trial balance shows total debits 215,000,000 and credits 212,000,000. List three specific errors that could cause this difference. Which of these errors would also affect the income statement?
54. Prepare a simple cash flow statement (operating activities only, indirect method) from: Net income 40,000,000; Depreciation 8,000,000; Increase in receivables 5,000,000; Decrease in payables 2,000,000. Then explain why an increase in receivables is subtracted.
55. Would you recommend a perpetual or periodic inventory system for a large electronics store in Tashkent? Give two reasons for your choice.
56. What does “materiality” mean in accounting? Give a small example relevant to Uzbekistan (e.g., a very small expense that could be recorded immediately).
57. “Navoiy Textile” sold old machinery for 25,000,000 UZS. The machinery’s cost was 100,000,000 UZS and accumulated depreciation 80,000,000 UZS. Calculate the gain or loss on sale and record the journal entry. Then explain what “accumulated depreciation” means.
58. Describe the three main types of business activities that are reported in the statement of cash flows: operating, investing, and financing. For each type, provide one example of a cash inflow and one example of a cash outflow relevant to a small manufacturing company in Fergana.
59. From the information below, prepare a statement of profit or loss for “Zarafshan Mining” for the year: Revenue 500,000,000; Cost of sales 280,000,000; Selling expenses 40,000,000; Administrative expenses 60,000,000; Other income 10,000,000. Then calculate the operating profit (profit from operations).
60. Should a startup in Samarkand use a single-entry or double-entry system? Give two arguments in favor of double-entry even for a small business.
61. Write the normal balance side (debit or credit) for the following accounts: Cash, Accounts Payable, Sales Revenue, Rent Expense. Then explain why rent expense normally has a debit balance.

62. Record the following in a simple sales journal (only two entries): (a) Sold to “Chirchiq Cement” on credit 15,000,000 UZS; (b) Sold to “Angren Coal” on credit 22,000,000 UZS. Then state the total amount that will be posted to the Accounts Receivable control account.
63. A business’s bank reconciliation shows an unpresented cheque of 1,200,000 UZS and a bank credit memo of 500,000 UZS (interest earned). Which side of the cash book needs adjustment and by how much? Prepare the adjusting journal entry for the interest.
64. Prepare a trial balance from these ledger balances: Cash 22,000,000; Inventory 44,000,000; Accounts Payable 13,000,000; Sales 150,000,000; Purchases 70,000,000; Rent 8,000,000; Capital ? (plug). Then compute the missing capital.
65. Why might a company choose a fiscal year ending on 31 December instead of a different date? Relate your answer to Uzbekistan’s tax reporting calendar and business cycles.
66. Explain “depreciation” and name three factors that affect its calculation. Why is depreciation considered a non-cash expense?
67. “Bukhara Silk” purchased a computer for 12,000,000 UZS on 1 July 2024. Depreciation is 20% per annum using straight-line. Calculate depreciation for 2024 (fractional year) and record the journal entry. Then explain what the accumulated depreciation will be after two full years.
68. Given: Sales 400,000,000, COGS 240,000,000, Operating expenses 100,000,000, Interest expense 10,000,000, Tax rate 15%. Calculate net income after tax and then calculate the gross profit percentage.
69. Prepare a simple partnership appropriation account assuming: Net profit 80,000,000; Partner A salary 12,000,000; Partner B salary 8,000,000; Interest on capital: A 6,000,000, B 4,000,000; remaining profit split equally. Show how much each partner finally receives.
70. Which inventory valuation method (FIFO or LIFO) would produce a higher net income during inflation? Why? (Note: LIFO is not common in Uzbekistan – mention that fact and explain one reason.)
71. State the three main types of business entities (sole proprietorship, partnership, company). Give one real-world example from Uzbekistan for each and mention the key difference in owner’s liability.
72. “Namangan Fruits” purchased 100 units of apples at 50,000 UZS each and 200 units of pears at 40,000 UZS each. Calculate total cost of purchases. If freight-in is 2,000,000 UZS, what is the total inventory cost? Explain why freight-in is added to inventory.
73. A company wrote off a bad debt of 3,000,000 UZS. Later, the customer paid 2,000,000 UZS. Show the journal entries to record the write-off and then the recovery. What is the net effect on total assets after the recovery?
74. From the following, prepare a multi-step income statement up to operating income: Sales 600,000,000; Sales returns 20,000,000; Cost of goods sold 350,000,000; Selling expenses 70,000,000; General expenses 40,000,000. Then compute the operating income.
75. Why is it important to separate capital and revenue items? Give one consequence of misclassification for a construction firm in Tashkent (e.g., treating a capital purchase as an expense).
76. What is a “contra account”? Give an example (e.g., accumulated depreciation) and explain how it appears on the balance sheet.

77. "Karakalpak Machinery" paid 6,000,000 UZS for a 6-month insurance policy on 1 October 2024. Record the payment and the adjusting entry on 31 December 2024. How much insurance expense is recognized for 2024?
78. A firm's cash book shows a debit balance of 10,000,000 UZS, but the bank statement shows a credit balance of 9,000,000 UZS. List three possible reconciling items. Which of these would require an entry in the cash book?
79. Prepare a post-closing trial balance from the following accounts after closing entries: Cash 25,000,000; Accounts Receivable 15,000,000; Equipment 100,000,000; Accumulated Depreciation 30,000,000; Accounts Payable 20,000,000; Capital ? (solve). Then confirm that total debits equal total credits.
80. Should a non-profit organization in Uzbekistan prepare a balance sheet? Why or why not? Give one argument for and one against.
81. Define "drawings" and state its effect on capital and on the accounting equation. Give an example of a drawing transaction.
82. "Shakhrisabz Ceramics" had opening inventory 8,000,000 UZS, purchases 60,000,000 UZS, purchase returns 2,000,000 UZS, closing inventory 12,000,000 UZS. Calculate COGS. Then explain how purchase returns affect COGS.
83. Given two errors: (1) Purchase of goods on credit 7,000,000 not recorded; (2) Rent paid 4,000,000 recorded as 400,000. Will the trial balance still agree for each error? Explain separately.
84. Prepare a simple statement of cash flows (operating activities only) using the direct method assuming: Cash received from customers 250,000,000; Cash paid to suppliers 120,000,000; Cash paid for salaries 50,000,000; Cash paid for rent 20,000,000. Then calculate net cash from operating activities.
85. Why is the "stable monetary unit" assumption unrealistic in high inflation periods like Uzbekistan in the 1990s? What alternative might be used? Discuss briefly.
86. Explain the difference between a "journal" and a "ledger" and how they work together. Use the example of a cash sale.
87. On 1 December, "Khorezm Cotton" paid 5,000,000 UZS for advertising that will appear in January. Record the payment and the adjusting entry on 31 December. Then explain what "prepaid expense" means.
88. A trial balance shows a suspense account with a debit balance of 500,000 UZS. Later you find that a cash sale of 250,000 UZS was omitted from the Sales account. Show the correcting journal entry and explain the purpose of a suspense account.
89. From the following, prepare a balance sheet as at 31 December 2024: Cash 18,000,000; Inventory 42,000,000; Prepaid insurance 3,000,000; Land 80,000,000; Bank overdraft 10,000,000; Accounts Payable 25,000,000; Capital 108,000,000. Then classify assets as current and non-current.
90. Which is more reliable: internal or external audit? Why would a bank in Tashkent require an external audit before granting a loan? Give two reasons.
91. List three examples of current assets and three examples of non-current assets. For each, state one characteristic that distinguishes current from non-current.

92. "Sirdaryo Farm" uses the allowance method. At year end, Accounts Receivable is 60,000,000 UZS. Bad debts are estimated at 3% of receivables. If allowance for doubtful debts has a credit balance of 500,000 UZS before adjustment, record the adjusting entry. Then calculate the net realizable value of receivables after adjustment.
93. A business purchased a vehicle for 80,000,000 UZS. Residual value 5,000,000 UZS, useful life 5 years. Calculate annual straight-line depreciation. If the vehicle was bought on 1 October, compute depreciation for the first year (nearest whole month).
94. Prepare a corrected trial balance after the following error: Purchases of 4,000,000 was credited to Purchases and debited to Accounts Payable. Original trial balance totals were 310,000,000 each. Show the correcting entry and the corrected totals.
95. Should small businesses in Uzbekistan use accounting software? Give one advantage and one disadvantage. What is the minimum knowledge an owner should have before using software?
96. What is the "revenue recognition principle"? Give an example from a catering business in Samarkand that books events in advance.
97. "Tashkent Electronics" sold goods costing 18,000,000 UZS for 30,000,000 UZS on credit (perpetual system). Record both the sale and the cost of goods sold. Then explain why two entries are needed under the perpetual system.
98. Explain the difference between "bookkeeping" and "accounting". Why does a business in Nukus need both functions? Describe how the accounting process adds value beyond simply recording transactions, focusing on decision-making for the owner.
99. Prepare an income statement from the following pre-closing trial balance: Sales 500,000,000; Cost of sales 280,000,000; Salaries 60,000,000; Rent 30,000,000; Utilities 10,000,000; Interest income 5,000,000; Interest expense 7,000,000. Then identify the non-operating items.
100. Why might a partnership agreement specify interest on drawings? Is it fair to charge interest? Discuss from the perspective of equity among partners.

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