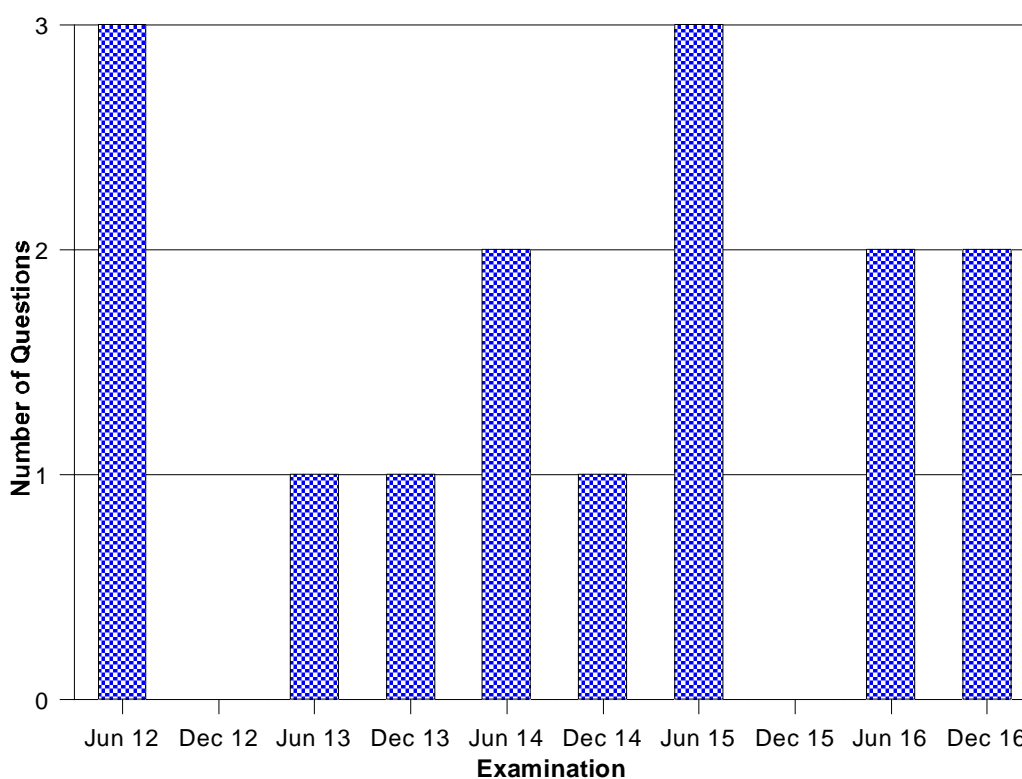


CHAPTER	Accounting : An Introduction
1	
Unit : 1	Meaning and Scope of Accounting



2006 – November

[1] The main objectives of Book-Keeping are :

(a) Complete Recording of Transactions

(b) Ascertainment of Financial Effect on the Business

(c) Analysis and Interpretation of data

(d) (a) and (b) both

- [2] At the end of the financial year after sale of goods worth ₹ 2,00,000 there was a closing stock of ₹ 10,000. This is:

(a) An event
 (b) A transaction
 (c) Both event as well as transaction
 (d) None of these

2007 – February

- [3] Financial Statements are a part of:

(a) Accounting
 (b) Book - Keeping
 (c) Both
 (d) None

- [4] _____ of American Institute of Certified Public Accountants enumerated the functions of Accounting:

(a) Accounting Principles Board
 (b) Accounting Standards Board
 (c) Accounting Concepts Board
 (d) None of these

2007 – May

- [5] Management Accounting:

(a) Is a clerical work
 (b) Is accounting for future
 (c) Is a recording technique of the management related transactions
 (d) Is an analysis of the past business activities

2007 – August

- [6] The direct advantage of accounting do not include:

(a) Preparation of financial statements
 (b) Competitive advantage
 (c) Ascertainment of profit or loss
 (d) Information to interested groups

2007 – November

- [7] Double Accounting System owes its origin to:

(a) Lucas Pacioli
 (b) Adam Smith
 (c) Kohler
 (d) Karl Marx

- [8] On 31st December, 2005, Ashok Ltd. purchased a machine from Mohan Ltd. for ₹ 1,75,000. This is: (Year end: 31st December)

(a) A transaction
 (b) An event
 (c) None of these
 (d) Both transaction as well as event

2008 – February

- [9] The problems related to price-rise are handled under:

(a) Management Accounting
 (b) Cost Accounting
 (c) Financial Accounting
 (d) Inflation Accounting

2008 – June

[10] Financial statements users include

- (a) Shareholders
- (b) Government
- (c) Vendors
- (d) All of the above

[11] Which of these is not available in the Financial Statements of a Company?

- (a) Total Sales
- (b) Total Profit & Loss
- (c) Capital
- (d) Cost of Production

2009 – June

[12] ₹ 5000 paid as rent of office premises is an/a _____

- (a) Event
- (b) Transaction
- (c) Both
- (d) None.

[13] Which of the following is correct? Owner's Equity is:

- (a) (Current Asset + Fixed Asset) + (Current Liabilities + Long term Liabilities)
- (b) (Current Asset + Fixed Asset) – (Current Liabilities + Long term Liabilities)
- (c) (Current Asset – Fixed Asset) – (Current Liabilities + Long term Liabilities)
- (d) None of the above.

[14] If owner's capital is ₹ 50,000 liability is ₹ 30,000 and fixed assets is ₹ 70,000, then what is the value of current assets?

- (a) ₹ 10,000
- (b) ₹ 40,000

(c) ₹ 80,000

(d) ₹ 1,00,000

2012 – June

[15] Net Profit or Loss will be derived at _____ stage of accounting

- (a) Classifying
- (b) Interpretation
- (c) Recording
- (d) Summarising

[16] Which one of the following is not a main objective of accounting?

- (a) Systematic recording of the transaction
- (b) Ascertainment of the profitability of the business.
- (c) Ascertainment of the financial position of the business.
- (d) Solving tax disputes with tax authorities

[17] At the end of the financial year, Mr. X earns a profit of ₹ 57,000 in his business. This is

- (a) a transaction
- (b) an event
- (c) a transaction as well as an event
- (d) neither a transaction nor an event

2013 – June

[18] Which of the following is an event?

- (a) Sale of goods for ₹ 5,000
- (b) Closing stock of worth ₹ 4,000
- (c) Purchase of goods for ₹ 8,000
- (d) Rent paid ₹ 2,000

2013 – December

[19] Accounting has universal application for recording _____ and events and presenting suitable information for decision making

- (a) Entries
- (b) Transactions
- (c) Data
- (d) Figures.

2014 – June

[20] _____ was the root of financial accounting system:

- (a) Social accounting
- (b) Stewardship accounting
- (c) Management accounting
- (d) Responsibility accounting

[21] Interpreting Financial Statements means:

- (a) Methodical classification of the data given in the financial statements.
- (b) Preparation and presentation of the classified data in a manner useful to the users of financial statements.
- (c) Systematic analysis of the recorded data so as to put information in usable form.
- (d) Explaining the meaning and significance of the relationship of analysis of accounting data.

2014 – December

[22] The process of recording financial data along with the preparation of trial balance are covered under:-

- (a) Book Keeping
- (b) Accounting

- (c) Classifying
- (d) Summarising

2015 – June

[23] All items relating to fixed assets are put at one place while all items relating to current assets are put at another place. Which procedural stage of the accounting is being referred?

- (a) Communicating
- (b) Analysing
- (c) Interpreting
- (d) Recording

[24] Government raises funds through taxes and spends on various development activities. The deficit or surplus at the end of accounting year is:

- (a) A transaction
- (b) An event
- (c) A transaction as well as an event
- (d) Neither transaction nor an event.

[25] "Substance of any transaction should be considered while recording them and not only the legal form." Is the statement which holds true for?

- (a) Substance over form.
- (b) Disclosure of accounting policies.
- (c) Both (a) and (b).
- (d) None of the three.

2016 – June

[26] Financial position of the business is ascertained on the basis of:

- (a) Records prepared under book keeping process.
- (b) Trial balance.
- (c) Accounting Reports.
- (d) None of the above.

[27] On March 31st, 2016, after sale of goods worth ₹ 45,000, business-man is left with the closing inventory of ₹ 20,000. This is:

- (a) an event
- (b) a transaction
- (c) a transaction as well as an event
- (d) neither a transaction nor an event.

2016 – December

[28] BOD, government, lender, suppliers, customers, managers, investors, partners. From the above identify the external and internal stakeholders.

- (a) Internal: BOD, lender, suppliers, manager, partners

External: Investor, customers, government

- (b) Internal: BOD, managers, partners

External: Investor, customer, government, lender, supplier

- (c) Internal: BOD, lenders

External: Suppliers, managers, partners, investors, customers, government,

- (d) Internal: BOD, partners

External: Suppliers, managers, investors, lenders, customers.

[29] Procedure of accounting includes two main components, namely:

- (a) Generating and using financial information
- (b) Generating and reporting financial information
- (c) Generating and classifying financial information
- (d) Reporting and communicating information

Answer

- | | | | |
|---------|---------|---------|---------|
| 1. (d) | 2. (a) | 3. (a) | 4. (a) |
| 5. (c) | 6. (b) | 7. (a) | 8. (d) |
| 9. (d) | 10. (d) | 11. (d) | 12. (b) |
| 13. (b) | 14. (a) | 15. (d) | 16. (d) |
| 17. (b) | 18. (b) | 19. (b) | 20. (b) |
| 21. (d) | 22. (a) | 23. (b) | 24. (b) |
| 25. (a) | 26. (c) | 27. (a) | 28. (b) |
| 29. (b) | | | |

