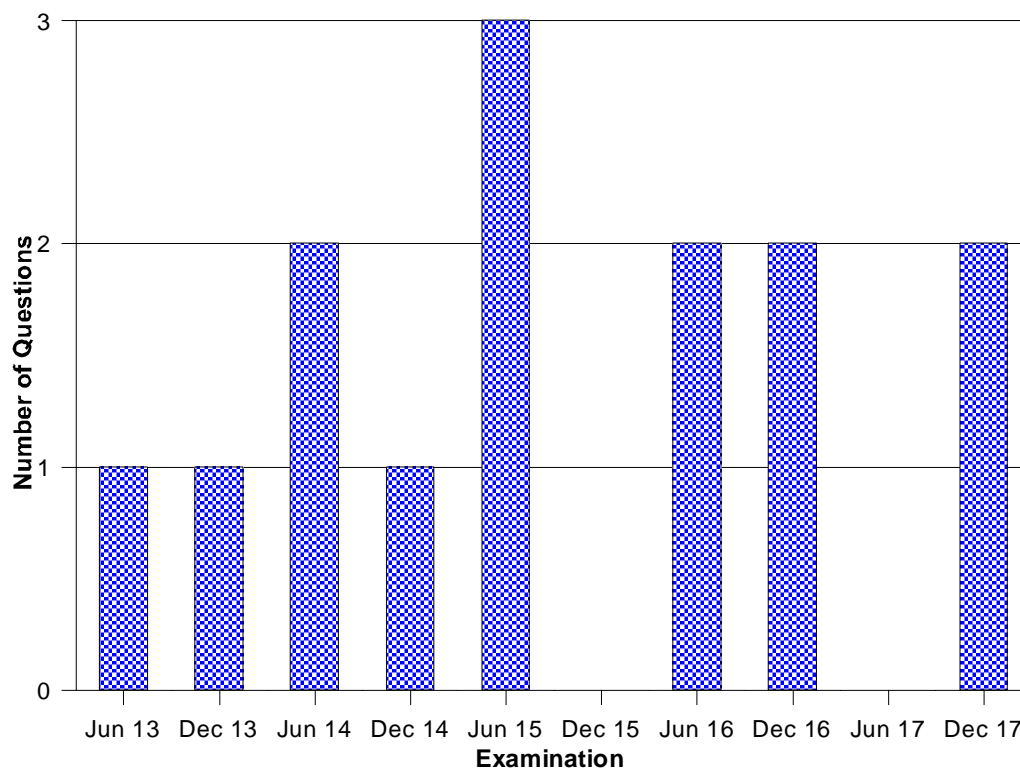


<b>CHAPTER</b>	<b>Accounting : An Introduction</b>
<b>1</b>	
<b>Unit : 1</b>	<b>Meaning and Scope of Accounting</b>



**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 31<sup>st</sup> December, 2005, Ashok Ltd. purchased a machine from Mohan Ltd. for ₹ 1,75,000. This is: (Year end: 31<sup>st</sup> 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
- Entries
  - Transactions
  - Data
  - Figures.

**2014 – June**

- [20] \_\_\_\_\_ was the root of financial accounting system:
- Social accounting
  - Stewardship accounting
  - Management accounting
  - Responsibility accounting
- [21] Interpreting Financial Statements means:
- Methodical classification of the data given in the financial statements.
  - Preparation and presentation of the classified data in a manner useful to the users of financial statements.
  - Systematic analysis of the recorded data so as to put information in usable form.
  - 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:-

- Book Keeping
- Accounting
- Classifying
- 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?
- Communicating
  - Analysing
  - Interpreting
  - 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 transaction
  - An event
  - A transaction as well as an event
  - 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?
- Substance over form.
  - Disclosure of accounting policies.
  - Both (a) and (b).
  - 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 31<sup>st</sup>, 2016, after sale of goods worth ₹ 45,000, businessman 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

**2017 – December**

**[30]** The purposes of an accounting system includes all the following except

- (a) Interpret and record the effects of business transaction
- (b) Classify the effects of transactions to facilitate the preparation of reports.
- (c) Summarize and communicate information to decision makers
- (d) Inform the type of business transactions in which the enterprise may engage in

**[31]** Payment made to suppliers of goods may be classified as \_\_\_\_.

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

**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) | 30. (d) | 31. (b) |         |

