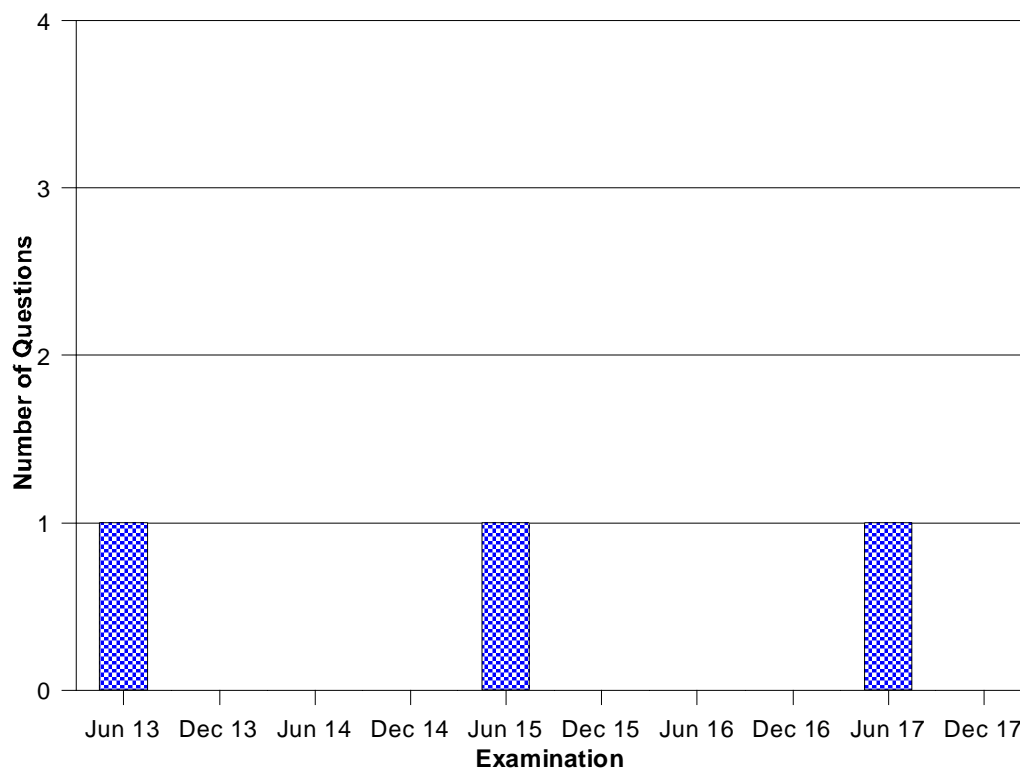


<b>CHAPTER</b>	<b>Accounting : An Introduction</b>
<b>1</b>	
<b>Unit : 4</b>	<b>Accounting Policies</b>



**2006 – November**

- [1] A change in Accounting Policy is justified to :
- (a) Comply with Accounting Standard
  - (b) Comply with Law

- (c) Ensure more appropriate presentation of Financial Statements
- (d) All of the above

**2007 – February**

- [2] Accounting Policies:
- (a) Are prescribed by AS 1
  - (b) Are laid down by Law
  - (c) Are same for all concerns
  - (d) Change from concern to concern

**2007 – May**

- [3] Which of the following is one of the major considerations governing the selection and application of accounting policy:
- (a) Prudence
  - (b) Materiality
  - (c) Substance over form
  - (d) All of the above

**2007 – August**

- [4] Accounting principles and policies are to be standardised to achieve:
- (a) Transparency
  - (b) Consistency
  - (c) Comparability
  - (d) All of these

**2007 – November**

- [5] Which is not an example of an accounting policy:
- (a) Going Concern
  - (b) Valuation of Fixed Assets
  - (c) Treatment of Retirement Benefits
  - (d) Valuation of Inventories

**2008 – February**

- [6] As per AS 1 disclosure should form part of:
- (a) The Final Accounts
  - (b) The Auditor's Report
  - (c) The Director's Report
  - (d) The Books of Accounts

**2008 – June**

- [7] Selection of an inappropriate accounting policy may lead to :
- (a) Understatement of Performance
  - (b) Overstatement of Performance
  - (c) Understatement or Overstatement of Financial Position
  - (d) None of the above

**2010 – December**

- [8] Selection of appropriate accounting policies is not based on:
- (a) Prudence
  - (b) Substance over form
  - (c) Amount involved
  - (d) Materiality.
- [9] Which of the following is not an example of change in accounting policy?
- (a) Change in method of providing depreciation on fixed assets.
  - (b) Change in the method of providing inventory valuation.
  - (c) Adopting double Entry system of accounting in place of Single Entry.
  - (d) Change in method of valuation of Investments.

**2013 – June**

**[10]** The area wherein different accounting policies can be adopted are:

- (a) Valuation of inventories
- (b) Retirement benefits
- (c) Treatment of goodwill
- (d) All of the above.

**2015 – June**

**[11]** An enterprise has adopted a wrong accounting treatment for valuation of spares and tools. However, proper disclosures are being made in financial statements?

- (a) The disclosure has the effect of rectifying the incorrect valuation.

(b) This wrong treatment will not effect true and fair view of financial statements.

(c) This disclosure cannot rectify a wrong or inappropriate treatment adopted by the enterprise.

(d) Wrong treatment has no relevance as spares and tools are not important to the enterprise.

**2017 – June**

**[12]** A change in accounting policy is justified:

- (a) To comply with law.
- (b) To ensure more appropriate presentation of the financial statement of the enterprise.
- (c) To comply with accounting standard.
- (d) All of the above.

**Answer**

- |        |         |         |         |
|--------|---------|---------|---------|
| 1. (d) | 2. (d)  | 3. (d)  | 4. (d)  |
| 5. (a) | 6. (a)  | 7. (c)  | 8. (c)  |
| 9. (c) | 10. (d) | 11. (c) | 12. (d) |

