



ACCOUNTS

NCERT - NCERT ACCOUNTS(HINGLISH)

THEORY BASE OF ACCOUNTING

Short

1. 'The accounting concepts and accounting standards are generally referred to as the essence of financial accounting'. Comment.



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2. Why is it important to adopt a consistent basis for the preparation of financial statements? Explain.



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3. Discuss the concept-based on the premise 'do not anticipate profits but provide for all losses'





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4. What is matching concept? Why should a business concern follow this concept? Give reasons for your answer.



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5. What is the money measurement concept? Which one factor can make it difficult to compare the monetary values of one year with the monetary values of another year?



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Long

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6. Test Your Understanding - I

1. (c) 2. (d) 3. (a) 4. (b)



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7. Fill in the correct word:

1. Recognition of expenses in the same period as associated revenues is called _____ concept.

2. The accounting concept that refers to the tendency of accountants to resolve uncertainty and doubt in favour of

understating assets and revenues and overstating liabilities and expenses is known as _____.

3. Revenue is generally recognised at the point of sale denotes the concept of _____.

4. The _____ concept requires that the same accounting method should be used from one accounting period to the next.

5. The _____ concept requires that accounting transactions should be free from the bias of accountants and others.



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8. Test Your Understanding - III

1. 18% 3. 5% 2. Dress material sale value not exceeding 100 0 5 % and *exceed* € g 1,000 @12%



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Others

1. During the life-time of an entity accounting produce financial statements in accordance

with which basic accounting concept:

- 1) Conservation
- 2) Matching
- 3) Accounting period
- 4) None of the above

A. Conservation

B. Matching

C. Accounting period

D. None of the above

Answer: Accounting period



2. When information about two different enterprises have been prepared presented in a similar manner the information exhibits the characteristic of:

- 1) Verifiability
- 2) Relevance
- 3) Reliability
- 4) None of the above

A. Verifiability

B. Relevance

C. Reliability

D. None of the above

Answer: None of the above



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3. A concept that a business enterprise will not be sold or liquidated in the near future is known as :

1) Going concern

2) Economic entity

3) Monetary unit

4) None of the above

A. Going concern

B. Economic entity

C. Monetary unit

D. None of the above

Answer: Going concern



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4. The primary qualities that make accounting information useful for decision-making are :-

1) Relevance and freedom from bias

2) Reliability and comparability

3) Comparability and consistency

4) None of the above

A. Relevance and freedom from bias

B. Reliability and comparability

C. Comparability and consistency

D. None of the above

Answer: Reliability and comparability



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5. Why is it necessary for accountants to assume that business entity will remain a going concern?



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6. When should revenue be recognised? Are there exceptions to the general rules ?



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7. What is the basic accounting equation?

Explain it?



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8. The realisation concept determines when goods sent on credit to customers are to be included in the sales figure for the purpose of computing the profit or loss for the

accounting period. Which of the following tends to be used in practice to determine when to include a transaction in the sales figure for the period. When the goods have been



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9. Complete the following worksheet: (i) If a firm believes that some of its debtors may 'default', it should act on this by making sure that all possible losses are recorded in the

books. This is an example of the _____
concept. (ii) The fact that a business is
separate and distinguishable from its owner is
best exemplified by the _____ concept. (iii)
Everything a firm owns, it also owns out to
somebody. This co-incidence is explained by
the _____ concept. (iv) The _____
concept states that if straight line method of
depreciation is used in one year, then it should
also be used in the next year. (v) A firm may
hold stock which is heavily in demand.
Consequently, the market value of this stock
may be increased. Normal accounting

procedure is to ignore this because of the _____.

(vi) If a firm receives an order for goods, it would not be included in the sales figure owing to the _____.

(vii) The management of a firm is remarkably incompetent, but the firm's accountants can not take this into account while preparing book of accounts because of _____ concept



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