



ACCOUNTS

BOOKS - SULTAN CHAND & SONS

ACCOUNTS (HINGLISH)

INTRODUCTION TO ACCOUNTING

Hots Questions

1. Accounting records transactions and events that can be measured in money terms.

It this, in your opinion, a limitation of accounting or an advantage? Give reasons.



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2. Resignation by a Marketing Manager is not recorded in the books of account . Why?



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3. Book Keeping is not a part of accounting. Do you agree with the statement?



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4. Is the basic objective of Book Keeping to maintain systematic records or to ascertain net results of operations of financial transactions?



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5. Recording the transactions and events correctly and preparing financial statements

are the only objectives of accounting. Do you agree?



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6. Which type of accounting information shows profit earned or loss incurred?



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7. State whether the following statements are True or False with reason:

(i) Accounting may be influenced by the personal judgment.

(ii) Financial Statements are not comparable.

(iii) Accounting Information must be presented in such a way that only accounting people understand it.

(iv) Accounting Information must be reliable.



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Very Short Answer Type Questions

1. Give the meaning of 'Accounting'.



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2. List any two functions of Accounting.



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3. What are the steps involved in the process of accounting?



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4. Name the branch of commerce, which keeps a record of monetary transactions in a set of books.



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5. Define Book Keeping.



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6. What is the function of Book Keeping?



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7. Name any two objectives of Accounting.



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8. What are the advantages of Accounting?

(Any Two)



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9. What are the limitations of Accounting ?

(Any Two)



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10. Name any one external user of Accounting information.



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11. What are the two accounting systems to record financial transactions in the books of account?



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12. Name the external user of accounting information from whom the firm purchases goods on credit.



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13. Is the basic objective of Book Keeping to maintain systematic records or to ascertain net results of operations of financial transactions?



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14. Name the external users directly concerned with accounting information.



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1. Book Keeping and Accounting

A. means same and are used interchangeably.

B. does not mean same and are not used interchangeably.

C. means both (a) and (b) .

D. None of the above.

Answer: B



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2. Accounting

- A. includes Book not include Book Keeping.
- B. does not included Book Keeping.
- C. may or may not include Book Keeping.
- D. None of these.

Answer: A



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3. Which of the following will not be recorded in the books of account?

- A. Sales of goods
- B. Payment of salary
- C. Quality of staff
- D. Purchase of Goods

Answer: C



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4. Book Keeping is concerned with

A. recording financial data relating to business operations.

B. designing for systems recording, classifying and summarising recorded data.

C. interpreting data for internal and external users.

D. All of the above.

Answer: A



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5. Which is the last step of accounting as a process of information?

- A. Recording the transaction
- B. Preparation of financial statements
- C. Communication of information

D. Analysis and interpretation of information.

Answer: C



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6. Basic function of financial accounting is to

A. record all business transactions.

B. interpret financial data.

C. assist the management.

D. None of these.

Answer: A



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7. Transactions are posted into Ledger Account from

A. Vouchers.

B. Journal book.

C. Bank Statement.

D. None of these.

Answer: B



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8. Which of the following is not a business transactions?

A. Purchase of goods for resale amounted to Rs. 50,000

B. Paid salaries and wages amounted to Rs.

10,000

C. Paid rent for office premises Rs. 5,000

D. Purchased a LCD for personal use

Answer: D



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9. Which of the following transactions will not be recorded in the books of account?

- A. Purchased a LCD for personal use, paying the amount from personal bank account.
- B. Purchased machinery for manufacture.
- C. Purchased machinery for resale.
- D. Paid salaries and wages.

Answer: A



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10. Accounting does not show the realisable value of business. It is a/an

- A. limitation of Accounting.
- B. advantage of Accounting.
- C. Both (a) and (b).
- D. None of these.

Answer: A



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11. Which of the following is not an internal user of financial statements?

A. Board of Directors

B. Managers

C. Employees

D. Lenders

Answer: D



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12. Which of the following is not a characteristic of accounting?

A. Recording non-monetary transactions

B. Classifying

C. Analysis

D. Summarising

Answer: A



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13. Which of the following is a limitation of accounting?

A. Assistance to Management

B. Replaces Memory

C. Unrealistic Information

D. Evidence in Court

Answer: C



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14. Cost of Goods Manufactured is determined by

A. Financial Accounting.

B. Cost Accounting

C. Management Accounting.

D. Human Resource Accounting.

Answer: B



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15. Qualitative characteristic of Accounting includes

A. Reliability and Relevance.

B. Understandability and Comparability.

C. Both (a) and (b).

D. None of the above.

Answer: C



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16. Which of the following is not a qualitative characteristic of accounting information?

A. Reliability

B. Understandability

C. Comparability

D. Materiality

Answer: D



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17. Which qualitative characteristic of accounting information is reflected when accounting information is clearly presented?

A. Reliability

B. Relevance

C. Comparability

D. Understandability

Answer: D



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18. Which external user of accounting information is most interested in knowing the long-term solvency position of the firm?

A. Employees

B. Management

C. Bank and Financial Institutions

D. Researchers

Answer: C



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Short Answer Type Questions

1. Explain the meaning of Accounting.



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2. What is the process of Accounting?



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3. Define Book Keeping. What is the function of Book Keeping?



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4. What is the difference between Book Keeping and Accounting?



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5. Discuss briefly the types of Accounting Information.

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6. Why the following parties are interested in Accounting Information:

(a) Investors, (b) Government?

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7. State what is the end-product fo Financial Accounting.



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8. What are the attributes (features) of Accounting?



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9. What do you mean by Accounting? What are its main objectives?



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10. What are the advantages of Accounting?



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11. Explain the primary objectives of Accounting.



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12. Explain any four objectives of Accounting.



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13. Define Accounting. Explain any two limitations of Accounting.



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14. What is Accounting? Explain four of its functions.



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15. What do you mean by Accounting? Explain in brief any four advantages of Accounting.



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16. What do you mean by Financial Accounting? Explain the four main limitations of Financial Accounting.



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17. Accounting provides information about the profitability and financial soundness of a concern.

In addition, it provides various other valuable information also. However, accounting has

certain limitations. Explain any three of such limitations.



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18. What do you mean by Financial Accounting? Explain its one main function.



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19. Write a short note on double Entry System of Accounting.



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