



ACCOUNTS

BOOKS - ARYA ACCOUNTS (HINGLISH)

MEANING AND OBJECTIVES OF ACCOUNTING

Short Answer Questions

1. Define Accounting



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2. What are the attributes (features) of accounting ?



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3. What is accounting cycle ?



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4. "Only financial transactions are recorded in accountancy." Explain the statement.



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5. What is the meaning of "recording in term of money" ?



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6. Explain any three objective of accounting.



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7. Give difference between Book-keeping and accounting on the basis of stage, special skills and nature of job.



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8. What are types of accounting ?



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9. Explain briefly any five advantages of accounting.



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10. State three limitations of accounting.



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11. Name the qualitative characteristics of accounting information. Explain any two of

them.



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12. "Non-monetary transactions are not recorded in the books of accounts." Explain.



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13. "Accounting information should be comparable." Do you agree with this statement? Give two reasons.



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14. Explain 'Comparability' as qualitative characteristics of accounting information.



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15. "The role of accounting has changed over the period of time " Explain.



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16. What is the primary reason for business students and others to study accounting discipline ?



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17. Briefly appreciate the exact nature of accounting.



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18. State any six of accounting information

Why do they need accounting information ?



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19. Explain the factors which necessiated systematic accounting.



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20. Identify the stakeholder group who would be most interested in the following :

(i) The ethical or environmental activities of the firm.

(ii) Whether the firm has a long term future.

(iii) The ability of the firm to carry on providing quality products.



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Very Short Answer Questions

1. What is meant by Accounting ?



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2. Give any two objectives of accounting.



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3. How is profit or loss of a particular period is ascertained?



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4. How do we ascertain the financial position of the business?



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



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6. Give one point of distinction between Book-keeping and accountancy.



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7. What is end product of financial accounting ?



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8. Name any two users of accounting information.



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9. Who are the internal users of accounting information?



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10. Name any two external users of accounting information?



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11. State the nature of information required by Investors.



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12. What type of information is required by long term lenders ?



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13. What are the informational needs of management ?



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14. Mention two advantages of accounting.



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15. State three limitations of accounting.



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16. Which qualitative characteristics of accounting information requires the use of common unit and common format of reporting ?



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17. Accounting information should be verifiable and free from personal Bias'. Name the qualitative characteristics of accounting information denoted by this statement.



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18. Meena is owner of a restaurant. She paid son's fees her personal bank account Rs. 20,000. Whether this constitute her Business Transaction? Give reason.



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Objective Type Questions

1. Which of the following transactions are of financial character and will be recorded in the books ?

(i) Credit purchase of goods.

(ii) Strike by employes.

(iii) Goods worth Rs 20,000 taken form the business and given by the proprietor to his friend as gift.

(iv) Withdrawing of money by proprietor from business for personal use.

(v) Interviewing the candidates for employment.

(vi) Sale of household furniture for Rs 10,000.

(vii) Payment of school fess of proprietor's son from proprietor's personal bank account.

(viii) Make promise to send the goods.

(ix) Receiving on order to send the goods.

(x) Loss of goods by fire.

(xi) Value of human resources.



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2. State whether the following statements are true or false :

(i) Accounting is the language of business.

(ii) Accounting is helpful in raising loans.

(iii) Accounting is not accepted as evidence in legal matters.

(iv) Management of an enterprise is internal user of its accounting information.

(v) Accounting makes a record of qualitative aspects of business.

(vi) Accounting is a service function.

(vii) Accounting involves only the recording of

business transactions.

(viii) Accounts are prepared on the basis of historical costs.

(ix) Only those transactions are recorded in accounting which can be expressed in terms of money.

(x) Book -keeping starts where accounting ends.

(xi) Creditors are external users of accounting information.

(xiii) A creditor would use an entity's financial report to determine whether or not

credit may be granted to the firm.

(xiii) Accounting may be affected to the firm.



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Objective Type Questions Choose The Best Alternate

1. In accounts recording is made of :

A. Only financial transactions

B. Only Non-financial transactions

C. Financial as well as non-financial transactions

D. Personal transactions of the proprietor

Answer: A



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2. Ghanshyam is a furniture dealer. Which one of the following will not be recorded in his books?

A. Purchase of timber for Rs. 50,000

B. Sofa set worth Rs. 40,000 taken to his
home

C. Sale of houseland furniture for Rs. 5,000

D. Dining table of Rs. 30,000 given to his
friend as gift

Answer: C



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3. Which of the following transactions is not financial character?

A. Purchase of asset on credit

B. Purchase of asset for cash

C. Withdrawing of money by proprietor
from business

D. Strike by Employees

Answer: D



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4. Last step of accounting process is :

A. Provide information to various parties who are interested in business enterprise.

B. Record transactions in the books.

C. To make summary in the form of financial statements.

D. To classify the transactions under separate heads in the ledger.

Answer: A



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5. Internal users of accounting information are

:

A. Potential investors

B. Creditors

C. Management

D. Employees

Answer: C



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6. External users of accounting information are :

- A. Researchers
- B. Government
- C. Potential investors
- D. All of the above

Answer: D



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7. External users of accounting information are not :

A. Lenders

B. Officers

C. Employees

D. Public

Answer: B



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8. Which of the following is not a limitation of accounting

- A. Based on accounting conventions
- B. Evidences in legal matters
- C. Incomplete information
- D. Omission of qualitative information

Answer: B



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9. Which of the following is not a limitation of accounting

A. To provided information about the assets, liabilities and capital of the enterprise.

- B. To provide information about the private assets and liabilities of the proprietor.
- C. To maintain records of the business
- D. To provide information regarding the profit and loss of the enterprise

Answer: B



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10. If accounting information is based on facts and it is verifiable by documents it has the quality of

A. Relevance

B. Reliability

C. Understandability

D. Comparability

Answer: B



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11. Which of the following transactions is of a financial character and will be recorded in the business?

A. Good taken from the business by the proprietor for her personal use

B. Interviewing the candidates for employment

C. Sale of house and furniture for Rs. 5,000

D. Received an order for sale of goods

Answer: A



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12. Book-keeping is mainly concerned with :

A. Recording of financial data

B. Designing the systems of summarising
the recorded data

C. Interpreting the data for internal and
external users

D. Preparation of financial statements of
the business enterprise

Answer: A



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13. Which of the following is not a sub field of
accounting ?

A. Financial accounting

B. Book keeping

C. Management accounting

D. Cost accounting

Answer: B



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14. Which of the following is the most relevant accounting information for taxation authorities ?

A. Cash balance of the firm

B. Book value of the fixed assets

C. Credit sales of the year

D. Profit generated during the year

Answer: D



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15. Which of the following limitations of accounting states that accounts may be manipulated to conceal vital facts :

- A. Accounting is not fully exact
- B. Accounting may lead to window dressing
- C. Accounting ignores prices level changes
- D. Accounting ignores qualitative elements

Answer: B



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Higher Order Thinking Skills Hots Questions

1. What is the traditional function of accounting ?



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2. 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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3. Recording of financial transactions and preparing the financial statements are the only objectives of accounting. Do you agree ?



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4. What is the first step of accounting process ?



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5. What is the last step of accounting process ?



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6. On 1st Jan., 2015, Mr. Vadera was appointed as Marketing Manager of the firm with a salary of Rs. 50,000 per month. State whether this event will be recorded in the books of accounts.



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7. A firm follows a practice of giving the figures of previous year alongwith the figures of current year. Now the accountant of the firm want to discontinue this practice. Do you justify this decision?



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8. Give two examples of transactions which are not recorded in accounting.



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9. A firm has received a large order to supply the goods. Will it be recorded in the books?



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10. Mr. Ganpati, the proprietor of a business, sold his residential house for Rs. 50 Lac. Will it be recorded in the books of accounts ?



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11. Miss Priti, an electronic goods dealer, gifted a washing machine valued Rs. 25,000 to her friend Suruchi. Will it be recorded in the books of accounts?



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12. How is accounting influenced by personal judgements?



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13. Mr. Vishwanath established a travel agency. Over the years the travel agency earned high reputation. Mr. Vishwanath considers the value of goodwill of his travel agency at Rs. 50 lac. He want to recorded the value of the goodwill in the books of accounts. Can he do so ?



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14. What is meant by qualitative information?



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15. Huge loss occurred due to the strike by employees. Will it be recorded ?



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16. If the accounting information is not clearly presented, which of the qualitative characteristics of the accounting information is violated ?



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17. Confidence and trust that the reported information is a reasonable representation of the actual items and events, that have occurred, depicts which qualitative characteristic of accounting information.

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18. Which value is most important for good accounting ?

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19. The accountant of the firm found an error in the books of accounts but neither he rectified the error nor disclosed it to the management fearing that it will risk his job. Which value has been violated by the accountant?



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20. Accounting records business transactions and events which are of financial nature. Do you consider it a limitation of accounting ?



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