

MEANING AND OBJECTIVES OF ACCOUNTINGMULTIPLE CHOICE QUESTIONS

- Q1- Book-keeping means :
- (A) Keeping books
  - (B) Recording in books
  - (C) Recording of business transactions in the books
  - (D) All of the above
- Q2- Book-keeping means :
- (A) Recording financial transactions in the books of accounts.
  - (B) Taking all steps from recording of transactions in the books of original entries to preparation of final accounts.
  - (C) Preparing Final Accounts
  - (D) Taking all steps after preparing final accounts.
- Q3- Accounting Starts :
- (A) Where book-keeping begins
  - (B) Where book-keeping ends
  - (C) Where books are not maintained at all
  - (D) After preparing final accounts
- Q4- In accounts recording is made of :
- (A) Only Financial Transactions
  - (B) Only Non-financial transactions
  - (C) Financial and non-financial transactions
  - (D) Personal transactions of the Proprietor
- Q5 The characteristics of Accounting are :
- (A) Recording
  - (B) Classifying
  - (C) Summarising
  - (D) All of the above
- Q6- Which of the following is not a business transaction?
- (A) Purchased furniture for ₹50,000 for business.
  - (B) Paid ₹25,000 as salaries to employees.
  - (C) Proprietor paid ₹10,000 the school fees of his son from his own bank account.
  - (D) Proprietor paid ₹10,000 for the school fees of his son from business.
- Q7- Ghanshyam is a furniture dealer. Which one of the following will not be recorded in his books?
- (A) Purchase of Timber for ₹50,000
  - (B) Sofa set worth ₹40,000 taken to his home
  - (C) Sale of household furniture for ₹5,000
  - (D) Dining table of ₹30,000 given to his friend as gift
- Q8. The functions of Accounting are :
- (A) To ascertain Profit or Loss
  - (B) To ascertain the financial position of the Business
  - (C) To provide informations to various parties
  - (D) All of the above
- Q9. The function of Accounting is not to :
- (A) Record the transactions of business
  - (B) Record the personal transactions of the Proprietor
  - (C) Ascertain the Profit or Loss of business
  - (D) Ascertain the Financial Position of the business
- Q 10. Which of the following transactions is not of 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
- Q 11. 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

- Q 12.** Internal users of accounting information are :  
 (A) Potential Investors (B) Creditors  
 (C) Management (D) Employees
- Q 13.** External users of accounting information are  
 (A) Researchers (C) Government  
 (C) Potential Investors (D) All of the above
- Q 14.** External users of accounting information are not  
 (A) Lenders (B) Officers  
 (C) Employees (D) Public
- Q 15.** Accounting Cycle starts with :  
 (A) Recording of Transactions in Ledger  
 (B) Recording of Transactions in Journal  
 (C) Preparing Trial Balance  
 (D) Preparing Trading Account
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- Q 16.** Creditors of the business want to know :  
 (A) Profitability of the Business  
 (B) Capability of the business to pay higher salaries  
 (C) Creditworthiness of the business  
 (D) Employment Opportunities
- Q 17.** The advantages of accounting are  
 (A) Information regarding Profit or Loss  
 (B) Information regarding Financial Position  
 (C) Helpful in Prevention of Errors  
 (D) All of these
- Q 18.** Which of the following is not the advantage of accounting?  
 (A) Systematic records  
 (B) Comparative Study  
 (C) Based on accounting concepts  
 (D) Helpful in decision making
- Q 19.** Which of the following is an advantage of accounting?  
 (A) Based on Historical Costs  
 (B) Omission of Qualitative Information  
 (C) Incomplete information  
 (D) Detection of Errors
- Q 20.** The limitations of accounting are :  
 (A) Influenced by Personal Judgements  
 (B) Based on Historical Costs  
 (C) Affected by window-dressing  
 (D) All of these
- Q 21.** Which of the following is not the limitation of accounting?  
 (A) Based on accounting conventions  
 (B) Evidence in Legal Matters  
 (C) Incomplete Information  
 (D) Omission of Qualitative Informations
- Q 22.** Users of Accounting Informations are  
 (A) Owners of Business (B) Management of Business  
 (C) Creditors (D) All of the above
- Q 23.** Which one of the following is not an objective of accounting?  
 (A) To provide 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
- Q 24.** The information provided in the financial statements of an enterprise pertains to  
 .....  
 (A) The nation as a whole (B) The industry as a whole  
 (C) Business enterprise (D) Proprietor