

## Introduction to Accounting

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Question 1.

Which of the following is not a business transaction?

- (a) Bought furniture of Rs. 10,000 for business
- (b) Paid for salaries of employees Rs. 5,000
- (c) Paid sons fees from her personal bank account Rs. 20,000
- (d) Paid sons fees from the business Rs. 2,000

▼ [Answer](#)

Answer: (c) Paid sons fees from her personal bank account Rs. 20,000

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Question 2.

Deepti wants to buy a building for her business today. Which of the following is the relevant data for his decision?

- (a) Similar business acquired the required building in 2000 for Rs. 10,00,000
- (b) Building cost details of 2003
- (c) Building cost details of 1998
- (d) Similar building cost in August, 2005 Rs. 25,00,000

▼ [Answer](#)

Answer: (a) Similar business acquired the required building in 2000 for Rs. 10,00,000

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Question 3.

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

- (a) Recording of data in the books of accounts
- (b) Preparation of summaries in the form of financial statements
- (c) Communication of information
- (d) Analysis and interpretation of information

▼ [Answer](#)

Answer: (c) Communication of information

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Question 4.

Which qualitative characteristics of accounting information is reflected when accounting information is clearly presented?

- (a) Understandability
- (b) Relevance
- (c) Comparability
- (d) Reliability

▼ [Answer](#)

Answer: (a) Understandability

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Question 5.

Use of common unit of measurement and common format of reporting promotes

- (a) Comparability
- (b) Understandability
- (c) Relevance
- (d) Reliability

▼ Answer

Answer: (a) Comparability

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Complete the following sentences with appropriate words

Question 1.

Information in financial reports'is based on ..... transactions.

▼ Answer

Answer: economic

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Question 2.

Internal users are the ..... of the business entity.

▼ Answer

Answer: management/employees

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Question 3.

A ..... would most likely use an entities financial report to determine whether or not the business entity is eligible for a loan.

▼ Answer

Answer: creditor

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Question 4.

The Internet has assisted in decreasing the ..... in issuing financial reports to users.

▼ Answer

Answer: time-gap

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Question 5.

..... users are groups outside the business entity, who uses the information to make decisions about the business entity.

▼ Answer

Answer: external

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Question 6.

Information is said to be relevant if it is .....

▼ Answer

Answer: free from bias

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Question 7.

The process of accounting starts with ..... and ends with .....

▼ Answer

Answer: identifying the transactions, communicating information

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Question 8.

Accounting measures the business transactions in terms of ..... units.

▼ [Answer](#)

Answer: monetary

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Question 9.

Identified and measured economic events should be recording in ..... order.

▼ [Answer](#)

Answer: chronological

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