

Theory Base of Accounting

Choose the Correct Answer.

Question 1.

During the lifetime of an entity accounting produce financial statements in accordance with which basic accounting concept:

- (a) Conservation
- (b) Matching
- (c) Accounting period
- (d) None of the above

▼ [Answer](#)

Answer: (c) Accounting period

Question 2.

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

- (a) Verifiability
- (b) Relevance
- (c) Reliability
- (d) None of the above

▼ [Answer](#)

Answer: (d) None of the above

Question 3.

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

- (a) Going concern
- (b) Economic entity
- (c) Monetary unit
- (d) None of the above

▼ [Answer](#)

Answer: (a) Going concern

Question 4.

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

- (a) Relevance and freedom from bias
- (b) Reliability and comparability
- (c) Comparability and consistency
- (d) None of the above

▼ [Answer](#)

Answer: (b) Reliability and comparability

Fill in the blank with correct word

Question 1.

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

▼ [Answer](#)

Answer: Matching

Question 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

▼ [Answer](#)

Answer: Conservatism

Question 3.

Revenue is generally recognised at the point of sale denotes the concept of

▼ [Answer](#)

Answer: Revenue Realisation

Question 4.

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

▼ [Answer](#)

Answer: Consistency

Question 5.

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

▼ [Answer](#)

Answer: Objectivity.
