

FOCUS AREA BASED ON PREVIOUS AND EXPECTED QUESTIONS ,
ANSWERS OF PLUS ONE ACCOUNTANCY 2020-2021

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Chapter 1

Introduction to Accounting

1. Explain the term accounting ? (2 scores)

Ans: Accounting is the art of recording, classifying, and summarising in a significant manner and in terms of money, transactions and events which are, in part at least, of financial character, and interpreting the results thereof.

2. What are the qualitative characteristics of accounting information ? (4 scores)

Ans: 1. Reliability : Reliability means the users must be able to depend on the information. Accounting information is considered to be reliable if it is free from bias and faithfully represents the facts.

2. Relevance : The information to be relevant, it must be available in time.

3. Understandability: Understandability means decision-makers must interpret accounting information in the same sense as it is prepared and conveyed to them.

4. Comparability: It means that the accounting reports should be comparable with other firms to identify similarities or differences.

3. Discuss the objectives of accounting ? (4 scores)

1. Maintenance of Records of Business Transactions:

Accounting is used for the maintenance of a systematic record of all financial transactions in book of accounts. Moreover, the recorded information enables verifiability and acts as an evidence.

2 Calculation of Profit and Loss:

The most important objective of every business is to earn profit. Accounting helps in ascertaining profit or loss to the enterprise by preparing a profit and loss account.

3 Depiction of Financial Position

Accounting aims at ascertaining the financial position of the business concern in the form of its assets and liabilities at the end of every accounting period.

4 Providing Accounting Information to its Users:

The accounting information generated by the accounting process is communicated in the form of reports, statements, graphs and charts to the users who need it in different decision situations.

1 score each.

4. Find the odd one out.

- a. Debtors b. Stock c. Cash d. Furniture.

Ans: d. Furniture.

5. A person who owes money to the business . Identify the person.

- A. Debtor b. Creditor c. Customer d. None of these.

Ans: A. Debtor

6. Identify the intangible assets from the following.

- a. Patent b. Copyright c. Goodwill d. All of them.

Ans: d. All of them

7. Which one of the following is a wasting assets ?

- a. Copyright b. Goodwill c. Mines d. Preliminary expenses.

Ans: c. Mines

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8. The owner who invest money into his business.

- a. Drawings b. Capital c. Profit d. Gain.

Ans: **b. Capital**

9. The owner who withdraw money from his business for his personal purpose. It is called..

- a. Capital b. Drawings c. Profit d. None of these.

Ans: **b. Drawings**

10. Choose the correct one from the following.

- a. Reliability b. Relevance c. Understandability d. All of them.

Ans: **d. All of them.**

11. Excess of income over expenses is known as....

- a. Profit b. Loss c. Expenditure. d. Payments.

Ans: **a. Profit**

12. An obligation of business is.....

- a. Assets b. Liabilities c. Expenses d. Incomes.

Ans: **b. Liabilities**

13. Which is the excess of expenses over revenues...

- a. Profit b. Loss. c. Gain d. None of these.

Ans: **b. Loss.**

14. a. Tangible assets. b. Intangible assets c. Wasting Assets d. Fixed assets.

Find the odd one.

Ans: **d. Fixed assets.**

15. Who first published the 'book on Double Entry System of Accounting'?

- a. Peter. F. Drucker b. Mary Parker c. Luca Pacioli d. None of these.

Ans: **c. Luca Pacioli**

16. Discount on issue of shares and debentures is an example of

- a. Fictitious assets b. Wasting Assets c. Tangible Assets. d. Intangible Assets.

Ans: **a. Fictitious assets**

17. Purchase of machinery is an example of....

- a. Capital expenditure b. Revenue expenditure c. Expenses d. None of these.

Ans: **a. Capital expenditure**

18. is something on hand goods.

- a. Debtors b. Stock c. Creditors d. None of these.

Ans: **b. Stock**

19. In every business transactions at least parties are involved.

- a. 2. b.3. c 4. d.5

Ans: **a. 2**

20. Which is the correct one.

- a. Assets = Capital + Liabilities b. Assets= Capital -Liabilities
c. Capital = Assets+ Liabilities d. Liabilities= Assets+ capital.

Ans: **a. Assets = Capital + Liabilities**

21. Which is the language of business transaction.

- a. Communication b. Accounting c. Management d. Society.

Ans: **b. Accounting**

22. Business sold goods to Kasi on credit. Kasi is the of the business.

Ans: **Debtor**

23. Pick out the wrong pair.

- a. Land, Building b. Cash, Stock c. Debtors, machinery d. Copyright, Patent.

Ans: **c. Debtors, machinery**

24. Note books purchased by a stationery shop comes under

- a. Assets b. Income c. Purchase d. Liabilities.

Ans: **c. Purchase**

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25. Choose the correct sequences

1. Identifying, Recording, Classifying, Summarising
2. Identifying, Recording, Summarising, Classifying
3. Recording, Summarising, Classifying, Identifying
4. Identifying, Classifying, Recording, Summarising

Ans: 1. **Identifying, Recording, Classifying, Summarising**

26. Which one of the following is NOT a fixed asset?

- a) Goodwill . b) Stock of goods . c) Furniture. d) Land.

Ans: **b) Stock of goods**

27. is an example of current asset.

- (a) Furniture (b) Building (c) Debtors (d) Land.

Ans: **(c) Debtors**

28. "Accounting is the post mortem survey". Do you agree? Justify your answer ?

Ans: **Yes. It is basically financial post mortem analysis of past events.**

29. Mention the name of the value of goods remaining unsold at the end of an accounting period ?

Ans: **Closing Stock**

30. Assets-Liabilities=.....

Ans: **Capital**

31. Identify the type of expenditure for paying salary.

Ans: **Revenue Expenditure**

32. Quarries is the examples of..... asset.

- a) Tangible Assets (b) Intangible Assets (c) Wasting Assets (d) Fictitious assets.

Ans: (c) **Wasting Assets**

33. Identify the asset held for long term use in the business.

Ans: **Fixed Asset**

34. Find the odd one out and state reason.

- (a) Sundry Creditors (b) Bills Payable (c) Overdraft (d) Debentures.

Ans: (d) **Debentures.**

35. is an example of fixed Asset.

- (a) Sundry debtors (b) Machinery (c) Bills Receivable (d) Cash at Bank

Ans: **(b) Machinery**

36. Income received in advance is

- a) Income (b) Expense (c) Asset (d) Liability.

Ans: (d) **Liability.**

37. Classify the following Assets under appropriate heads.

- (a) Cash (b) Debtors (c) Machinery (d) Land.

Ans: **cash- Current Asset.**

Debtors- current Asset.

Machinery- Fixed Asset.

Land- Fixed Asset.

38. Complete the series based on the hint given.

Tangible asset. Building

- a) Intangible asset ?

ans. **Goodwill/ Trade mark/ copyright**

- b) Fictitious asset ?

ans. **Preliminary Expenses, /Discount issue of shares or debentures**

39. Find the odd one out and state.

- (a) Goodwill (b) Copyright (c) Machinery (d) Trade Mark.

Ans: **(c) Machinery**

40. Classify the following into Capital expenditure and Revenue expenditure.

a) Salary paid b) Machinery purchased c) Wages paid c) Computer purchased.

a) Salary paid -- Revenue Expenditure

b) Machinery purchased – Capital expenditure.

c. Wages paid -Revenue Expenditure.

c) Computer purchased.-Capital expenditure.

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Match the following

Goodwill	Wasting assets
Debtors	Intangible asset
Oil fields	Tangible asset
Building	Current assets

Ans: Goodwill- Intangible asset

Debtors- Current assets

Oil fields- Wasting assets

Building - Tangible asset

42. Which one of the following is not a business transaction?

a) Bought motorcar for business ₹ 100000

b) Paid employee's salary ₹ 1000

c) Paid son's fees from his personal account ₹ 2000.

d) Paid son's fees from business ₹ 2000. HSS REPORTER

Ans: c) Paid son's fees from his personal account ₹ 2000.

43. Find the odd one among the given users of accounting information.

a. Managers b. Creditors c. Tax Authorities d. Labour Unions.

Ans: a. Managers

44. Suresh advanced 3 months salary to an employee of his firm. This advance salary is

a. Revenue expenses b. Capital expenses c. Current Asset d. Current Liabilities.

Ans: c. Current Asset.

45. Goods or cash withdraw by the proprietor is debited toaccount.

a. Cash b. Cash or Goods c. Drawings d. Purchase.

Ans: c. Drawings

46. The amount earned by a business concern through sale of its products or providing services to customers is called...

a. Revenue b. Expenses c. Capital d. Interest.

Ans: a. Revenue

47. reduces the capital of owners.

a. Asset purchased b. Goods purchased c. Drawings d. Expenses.

Ans: c. Drawings

48. The proprietor of a furniture shop took a dining table from his shop for homely use. In which this transaction is recorded.

a. Drawings b. Purchase c. Sales d. Expenses.

Ans: a. Drawings

49 Explain the term current asset and current liabilities. ?

Ans: a) **Current assets:**

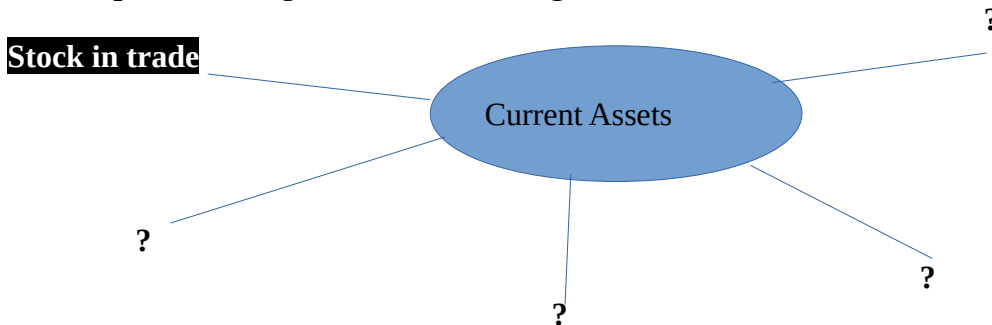
Current assets are those assets which can be converted into cash within a short period. i.e. within one year.

Ans: a) **Current Liabilities:** These are liabilities which become due and payable within a short time (within one year).

50. The assets which can be converted into cash within a period of one year. What are they?

Ans: **Current Asset.**

51. Complete the diagram from the hint given below:



Ans: **Current Assets, Debtors, Cash in hand, Cash at bank, Bills receivable, etc.**

52. Classify the following assets under appropriate heads.

a. cash - ?

Ans. **Current Asset**

b. Machinery - ?

Ans. **Fixed Asset**

c. Land - ?

Ans. **Fixed Asset**

d. Stock - ?

Ans. **Current Asset.**



53. The person to whom the business owes money. Who is this ?

Ans: **Creditor.**

54. Complete the series based on the hint below.

Hint: Good will-- Intangible Asset.

a. Underwriting commission --?

Ans: **Fictitious Assets.**

b. Cash in hand--?

Ans: **Current assets.**

55. Classify the assets into current assets and non-current assets.

Current investment, Fixed Assets, Non-current investment, Inventories, Deferred Tax Assets, Long term loans and advances, short term loans and advances, Trade Receivable, Prepaid Income, Debtors.

Current Assets:

Current investment, Inventories, short term loans and advances, Trade Receivable, Prepaid Income, Debtors.

Non-current assets.

Fixed Assets, Non-current investment, Deferred Tax Assets, Long term loans and advances,

56. Goods returned by the buyer due to breakage in transit...

Ans: **Sales Return / Return inward.**

57. Goods sold for cash and credit.....

Ans: **Sales.**

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