



St. Lawrence High School

A Jesuit Christian Minority Institution

Answer Key 2

Sub: ACCOUNTANCY

CLASS 11

F.M 15

Chapter : Unit 1 : Introduction to Accounting

Date: 16/06/2020

Topic: Limitations of Accounting; Users of Accounting Information

Choose the correct alternatives :

1x 15 =15

1. Which of the following is not a limitation of accounting?
 - (a) accounting information is historical in nature;
 - (b) accounting information does not show the impact of inflation;
 - (c) accounting reflects those increases in net assets that are realized;
 - (d) accounting information must possess some qualitative characteristics**
2. Which of the following is a limitation of accounting?
 - (a) accounting provides information useful for making economic decisions;
 - (b) accounting provides comparable data for comparison;
 - (c) accounting provides information useful for predicting uncertainty;
 - (d) tends to match current revenues with historical cost**
3. Which of the following is a limitation of accounting?
 - (a) accounting provides information useful for making economic decisions;
 - (b) accounting provides comparable data for comparison;
 - (c) accounting provides information useful for predicting uncertainty;
 - (d) accounting principles are not static**
4. Which of the following is a limitation of accounting?
 - (a) accounting provides information useful for making economic decisions;
 - (b) accounting provides comparable data for comparison;
 - (c) accounting provides information useful for predicting uncertainty;
 - (d) accounting information is historical in nature**
5. Which of the following is a limitation of accounting?
 - (a) accounting provides information useful for making economic decisions;
 - (b) accounting provides comparable data for comparison;
 - (c) accounting provides information useful for predicting uncertainty;
 - (d) accounting information does not show the impact of inflation**
6. . Which of the following is a limitation of accounting?
 - (a) accounting provides information useful for making economic decisions;
 - (b) accounting provides comparable data for comparison;
 - (c) accounting provides information useful for predicting uncertainty;
 - (d) accounting reflects those increases in net assets that are realized**

7. Which of the following is an internal user of accounting information?
(a) partners; (b) government agency; (c) suppliers; (d) customers
8. Which of the following is an internal user of accounting information?
(a) customer; (b) government agency; **(c) managers;**(d) suppliers
9. Which of the following is an internal user of accounting information?
(a) customer; **(b) board of directors;**(c) suppliers;(d) government agency
10. Which of the following is an internal user of accounting information?
(a) customer; (b) government agency; (c) suppliers; **(d) officers**
11. Which of the following is an external user of accounting information?
(a) partners; **(b) investors;** (c) managers;(d) officers
12. Which of the following is an external user of accounting information?
(a) partners; (b) officers; (c) managers; **(d) suppliers**
13. Which of the following is an external user of accounting information?
(a) partners; (b) managers; **(c) employees;** (d) officers
14. Which of the following is an external user of accounting information?
(a) labour union; (b) partners; (c) managers; (d) officers
15. Which of the following is an external user of accounting information?
(a) partners; (b) officers; (c) managers; **(d) lenders**

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