



St. Lawrence High School



A Jesuit Christian Minority Institution

Answer Key 14

Sub: ACCOUNTANCY

Class 11

F.M. 15

Chapter: Unit 2: Theory Base of Accounting

Date: 09/07/2020

Topic: Accounting Principles 1

Choose the correct alternatives

1 x 15 = 15

1. As per entity concept business and owner of the business are
(a) same; **(b) separated;** (c) distinct from the owner; (d) both (b) & (c)
2. Which of the following reason is correct as per entity concept
(a) for merging transactions of business with the transactions of owner;
(b) for separating transactions of business from the personal transactions of owner;
(c) both (a) & (b);
(d) none of these
3. which of the following reason is correct for considering entity concept
(a) for merging transactions of business with the transactions of owner;
(b) for separating transactions of business from the personal transactions of owner;
(c) for ascertaining the return in capital employed;
(d) both (b) & (c)
4. which of the following reason is correct for considering entity concept
(a) to ensure the proper use of funds provided by the owners;
(b) for separating transactions of business from the personal transactions of owner;
(c) for ascertaining the return in capital employed;
(d) all of these
5. Entity concept can be applied for
(a) sole proprietorship business; (b) partnership business; (c) company; **(d) all of these**
6. Entity concept is the basis _____ entry book keeping system
(a) single; **(b) double;** (c) triple; (d) all of these
7. Accounting activities are performed for a business unit which is _____
(a) a person; **(b) an artificial person ;** (c) both (b) & (c); (d) none of these
8. Which of the following is a limitation of entity concept?
(a) follow double entry book keeping;
(b) owners cannot be identified with the existence of the business unit;
(c) this concept stress the importance of business unit;
(d) it ensure the proper use of funds provided by the owner

9. Which of the following is a limitation of entity concept?
- (a) follow double entry book keeping;
 - (b) this concept does not stress the importance of the proprietor(s)**
 - (c) this concept stress the importance of business unit;
 - (d) it ensure the proper use of funds provided by the owner
10. Which of the following is a limitation of entity concept?
- (a) it is not concerned with increase in wealth of the owner(s)
 - (b) owners cannot be identified with the existence of the business unit;
 - (c) this concept does not stress the importance of proprietor(s)
 - (d) all of these**
11. Under _____ all business transactions must be recorded in terms of money
- (a) entity concept; **(b) money measurement concept;** (c) going concern concept; (d) all of these
12. The major limitation of money measurement concept is
- (a) assume a stability in the value of money;**
 - (b) value of money can change with the change in situation;
 - (c) value of money will increase;
 - (d) value of money will decline
13. The major limitation of money measurement concept is
- (a) assume a stability in the value of money
 - (b) many factors of vital importance to the business are outside the purview of accounting;
 - (c) both (a) & (b);**
 - (d) none of these
14. _____ is one form in which wealth can be maintained.
- (a) money;** (b) creditor; (c) liability; (d) loan
15. _____ provides a uniform way to measure the value of goods and services.
- (a) entity concept; (b) going concern concept; **(c) money measurement concept;** (d) none of these

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