



St. Lawrence High School



A Jesuit Christian Minority Institution

Answer Key 13

Sub: ACCOUNTANCY

Class 11

F.M. 15

Chapter: Unit 2: Theory Base of Accounting

Date: 08/07/2020

Topic: Fundamental Accounting Assumptions

Choose the correct alternatives

1 x 15 = 15

- (1). Fundamental accounting assumptions develop
(a) accounting principles; **(b) generally accepted accounting principles**; (c) both (a) & (b); (d) none of these
- (2). As per going concern concept the length of life of a business unit is
(a) very less; (b) medium; **(c) as long as possible**; (d) all of these
- (3). As per going concern concept a business unit will continue operating under the
(a) same economic conditions; (b) different economic conditions; (c) better economic conditions;
(d) worst economic conditions
- (4) Going concern concept is based on
(a) present; (b) past; **(c) future**; (d) all of these
- (5) _____ are rules of the game and they have been developed from common accounting practice
(a) principles; **(b) assumptions**; (c) both (a) & (b); (d) none of these
- (6) An accountant should follow a particular method in such way that figures of one accounting period may be comparable with another accounting period- is based on which assumption?
(a) going concern; **(b) consistency**; (c) accrual; (d) all of these
- (7) As per the assumption of consistency accounting methods
(a) can be changed; (b) cannot be changed; **(c) can be changed with proper note**; (d) all of these
- (8) Under which assumption it is recognize that revenues can be recorded when they are earned
(a) going concern; (b) consistency; **(c) accrual**; (d) all of these
- (9) Under which assumption it is recognize that expenses can be recorded when they are incurred
(a) going concern; (b) consistency; **(c) accrual**; (d) all of these
- (10) Profit & Loss Account must be prepared under
(a) cash concept; **(b) accrual concept**; (c) mixed concept; (d) all of these
- (11) At the time of preparation of financial statement which assumption is required to use
(a) going concern; (b) consistency; (c) accrual; **(d) all of these**
- (12) As per accrual concept revenues are recorded in the books when it is
(a) received; **(b) earned**; (c) both (a) & (b); (d) none of these
- (13)) As per accrual concept expenses are recorded in the books when it is
(a) paid; **(b) incurred**; (c) both (a) & (b); (d) none of these

- (14) salary paid for the year 2019-20 is Rs. 30,000 includes salary for 2018-19 for Rs. 5,000 and not paid for 2019-20 is Rs. 10,000. Salary under accrual concept is amounted to
(a) Rs. 45,000; (b) Rs. 30,000; **(c) Rs.35,000;** (d) Rs.25,000
- (15) Rent received for the year 2019-20 is Rs.50,000 which includes rent for year 2020-21 for Rs. 10,000. Rent received under accrual concept is amounted to
(a) Rs. 40,000; (b) Rs. 50,000; (c) Rs. 60,000; (d) none of these

Prepared by
Pralay Kabi