



St. Lawrence High School



A Jesuit Christian Minority Institution

Worksheet 16

Sub: ACCOUNTANCY

Class 11

F.M. 15

Chapter: Unit 2: Theory Base of Accounting

Date: 13/07/2020

Topic: Accounting Principles 3

Choose the correct alternatives

1 x 15 = 15

1. Historical Cost Concept refers cost as
(a) cost of maintaining assets; (b) cost of acquisition; (c) cost of sales; (d) none of these
2. Historical Cost Concept is applicable at the time of
(a) inflation; (b) deflation; (c) stability of prices; (d) fluctuation of prices
3. Dual Aspect concept is based on
(a) single entry system; (b) double entry system; (c) triple entry system; (d) all of these
4. Dual aspect concept is based on the equation
(a) Assets = Liabilities + Capital; (b) Assets + Liabilities = Capital;
(c) Assets + Capital = Liabilities; (d) all of these
5. As per Revenue Recognition concept revenue should be brought into account when it is
(a) expected to realize; (b) realized; (c) not possible to realize; (d) none of these
6. In case of long term contract revenue is recognized
(a) after completion of the job; (b) before completion of the job; (c) both (a) & (b); (d) none of these
7. In hire purchase system revenue is recognized
(a) proportion to the instalments over price; (b) on the basis of amount due;
(c) on the basis of repossession of goods (d) none of these
8. Matching concept deals with matching of
(a) expenses with assets; (b) expenses with liabilities;
(c) expenses with revenues; (d) capital with liabilities
9. The owner of the business paid his private telephone bill from the business bank account. The amount was debited to his drawings account. Which concept was applied?
(a) business entity; (b) matching; (c) prudence; (d) realization
10. Outstanding telephone bill at the end of the financial year is added to a business's expenses in the Profit & Loss Account. Which accounting principle is being applied?
(a) business entity; (b) matching; (c) historical cost; (d) money measurement
11. A company does not include the value of skills gained by its employees from training programmes in its financial statements. Which accounting concept is being applied?
(a) consistency; (b) materiality; (c) money measurement; (d) substance over form

12. When a businessman introduces capital into his business, the transaction is debited in the Cash Book and credited to his capital account. Of which accounting concept is this an example?
(a) business entity; (b) going concern; (c) matching; (d) prudence
13. A trader who sells food does not include food that is past its 'sell by' date in his stock in the Balance Sheet. This is an example of
(a) matching; (b) prudence; (c) realization; (d) going concern
14. A trader has included rent, which is due but not paid, in his Profit & Loss Account. Which accounting concept has been applied?
(a) historical cost; (b) accrual; (c) money measurement; (d) prudence
15. What is an example of prudence concept?
(a) accrued expenses are treated as a liability; (b) drawings are deducted from capital
(c) profit is not over-stated; (d) only items with a monetary value are included in accounting

Prepared by
Pralay Kabi