

~~~~~

**1. During the life-time of an entity accounting produce financial statements in accordance with which basic accounting concept:**

- (a) Conservation
- (b) Matching
- (c) Accounting period
- (d) None of the above

**2. When information about two different enterprises have been prepared presented in a similar manner the information exhibits the characteristic of:**

- (a) Verifiability
- (b) Relevance
- (c) Reliability
- (d) None of the above

**3. A concept that a business enterprise will not be sold or liquidated in the near future is known as:**

- (a) Going concern
- (b) Economic entity
- (c) Monetary unit
- (d) None of the above

**4. The primary qualities that make accounting information useful for decision-making are:**

- (a) Relevance and freedom from bias
- (b) Reliability and comparability

~~~~~

~~~~~  
(c) Comparability and consistency

(d) None of the above

**5. Recognition of expenses in the same period as associated revenues is called the \_\_\_\_\_ concept.**

(a) Realisation

(b) Accrual

(c) Matching

(d) Consistency

**6. The accounting concept that refers to the tendency of accountants to resolve uncertainty and doubt in favour of understating assets and revenues and overstating liabilities and expenses is known as \_\_\_\_\_.**

(a) Consistency

(b) Objectivity

(c) Matching

(d) Conservatism

**7. Revenue is generally recognised at the point of sale, which denotes the concept of \_\_\_\_\_.**

(a) Revenue Realisation

(b) Matching

(c) Consistency

(d) Dual Aspect

~~~~~

8. The _____ concept requires that the same accounting method should be used from one accounting period to the next.

- (a) Accrual
- (b) Consistency
- (c) Objectivity
- (d) Going Concern

9. The _____ concept requires that accounting transactions should be free from the bias of accountants and others.

- (a) Dual Aspect
- (b) Business Entity
- (c) Objectivity
- (d) Accrual

10. If a firm believes that some of its debtors may ‘default,’ it should act on this by making sure that all possible losses are recorded in the books. This is an example of the _____ concept.

- (a) Matching
- (b) Objectivity
- (c) Conservatism
- (d) Consistency

11. The fact that a business is separate and distinguishable from its owner is best exemplified by the _____ concept.

~~~~~

~~~~~

- (a) Business Entity
- (b) Accrual
- (c) Objectivity
- (d) Dual Aspect

12. Everything a firm owns, it also owes out to somebody. This co-incidence is explained by the _____ concept.

- (a) Matching
- (b) Dual Aspect
- (c) Conservatism
- (d) Going Concern

13. The _____ concept states that if the straight-line method of depreciation is used in one year, then it should also be used in the next year.

- (a) Matching
- (b) Conservatism
- (c) Consistency
- (d) Business Entity

14. A firm may hold stock that is heavily in demand. Consequently, the market value of this stock may increase. Normal accounting procedure is to ignore this because of the _____.

- (a) Conservatism
- (b) Consistency
- (c) Objectivity

~~~~~

(d) Dual Aspect

**15. If a firm receives an order for goods, it would not be included in the sales figure owing to the \_\_\_\_\_.**

- (a) Accrual
- (b) Revenue Realisation
- (c) Objectivity
- (d) Business Entity

**16. The management of a firm is remarkably incompetent, but the firm's accountants cannot take this into account while preparing the books of accounts because of the \_\_\_\_\_ concept.**

- (a) Matching
- (b) Objectivity
- (c) Money Measurement
- (d) Conservatism

### **Answers to questions**

- 1. (c) Accounting period
- 2. (d) None of the above
- 3. (a) Going concern
- 4. (b) Objectivity
- 5. (c) Matching
- 6. (d) Conservatism

~~~~~

7. (a) Revenue Realisation

8. (b) Consistency

9. (c) Objectivity

10. (c) Conservatism

11. (a) Business Entity

12. (b) Dual Aspect

13. (c) Consistency

14. (a) Conservatism

15. (b) Revenue Realisation

16. (c) Money Measurement

~~~~~