Chapter 02: Accounting Concepts, Principles and Convention

Course Name : IC-46: General Insurance Accounts Preparation and Regulation of Investment

1) Which of the following imply resources controlled by the enterprise, as a result of contribution from the promoters, shareholders and past performances, from which future economic benefits may arise?

(a) Equity  
(b) Shares  
(c) Liabilities  
(d) Assets

Correct Options : (d)

2) Which of the following terms refer to the basic assumptions and rules, required for recording business transactions, maintaining accounts and preparing financial statements?

(a) Financial concept  
(b) Accounting concept  
(c) Financial position  
(d) Cash concept

Correct Options : (b)
3) The ____ concept states that an entity will continue to carry on its business activities for an indefinite period of time.

(a) Financial concept
(b) Business concept
(c) Growth concept
(d) Going concern concept

Correct Options : (d)

4) As per the money measurement concept, all transactions are to be recorded in the books of account on the assumption that the financial results of such transactions are to be ascertained for a specified period.

(a) True
(b) False

Correct Options : (b)

5) Which of the following concepts is expressed as Assets = Liabilities + Capital?

(a) Dual aspect concept
(b) Dual keeping concept
(c) Business concept
(d) Double book concept

Correct Options : (a)
6) ______ concept states that the revenue from any business transaction should be included in the accounting records only when it is realized.

(a) Accrual concept
(b) Matching concept
(c) Money measurement concept
(d) Realization concept

Correct Options : (d)

7) Which of the following concepts states that the revenue and the expenses incurred to earn the revenues must belong to the same accounting period?

(a) Business entity concept
(b) Matching concept
(c) Comparing concept
(d) Going concern concept

Correct Options : (b)

8) The set of rules or standards on which financial accounting are based is called the Indian Accounting Standards (IAS).

(a) True
(b) False

Correct Options : (b)
9) Which of the following is not a basic accounting principle?

(a) Periodicity principle
(b) Continuity principle
(c) Going concern principle
(d) Standard accounting principle

Correct Options: (d)

10) The financial statements of a company must be prepared in accordance with the provisions of the __________

(a) Business Act 1946
(b) Companies Act 1966
(c) Insurance Act 1956
(d) Companies Act 1956

Correct Options: (d)
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