

Accounting and it's Needs

01. What is the Main Purpose of the Accounting
1. To calculate the Profit for each year
 2. To Communicate financial information for decision making by stake holders of a firm
 3. To Communicate information about the firm for the use of managers'
 4. To Record all transactions in the accounting books
 5. To communicate information about the firm for decision making by External and Internal parties of the the firm
02. Which of the followings factor is not created a diference between Financial accounting and Management Accounting
1. Users of information
 2. Number of reporting times
 3. Comperative importance of the information
 4. Use of Accounting Standards and Regulations
 5. The Nature of the information
03. Which of the following Statements best describes the function of the Financial Accounting
1. Preparing Income Statement, Cash flow Statement and Statement of financial position for the considering period
 2. Recording transactions in the ledger Accounts by using Double entry System
 3. Communicating both financial and Non Financial information for all Mangement Level to planning and Controlling
 4. Communicating information to managers and External Parties for making decisions
 5. Fund Management and Making Decisions
04. Which of the following statement best describes the function of accounting
1. Collecting, Reporting, Summerizing, Analysing and communicating the financial transactions
 2. Act as a controlling tool
 3. Preparing general purpose financial Statements
 4. Communicating information about the firm for stake holders
 5. Providing information for management to Direct the resources in the way of Efficiency.
05. The following statements are related with the financial accounting management accounting
- A. Providing information about the firm for stakeholders is the main purpose of both financial and management accounting
 - B. Accounting concepts, Standards, regulations and Asumptions are used in both financial and management Accounting
 - C. Historical information are provided by financial accounting but management accounting provide historical, Present and future information
- Which of the above statements is/are corrected
1. A and C
 2. B Only
 3. A Only
 4. A, B and C only
 5. A and B
06. Which of the following Statements is wrong ?
1. Most information for Management Accounting are provided by Financial Accounting
 2. Management Accounting Reports should be prepared accordance with the Accounting Standards
 3. providing information is the Main function of Accounting
 4. Accounting policies used in financial Accounting can not be changed
 5. Management Accounting Concepts, Policies and methods may be differed in varius situations
07. Which of the following reports is not prepared in financial Accounting
1. Bank reconciliation Statement
 2. Financial Statements for the needs of auditors
 3. Comprehensive income Statements for last six year
 4. Forecasting cashflow statement for the next year
 5. Debtors Reconciliation Statement
08. What is the main purpose of accounting in a firm
1. Satisfing Leagal Requeiments
 2. Providing information about resource utilization in the firm
 3. Providing information for decisions making
 4. Providing information to estimate future cash flows
 5. Providing financial information to obtain bank loans

09. Why are shareholders interested for information included in financial statements
 1. To obtain information for the needs of daily operations
 2. To make investment decisions for purchasing or selling company shares
 3. To prepare the plans for day to day operation of the firm
 4. To identify the extent of welfare activities for employees implemented by the firm
 5. To identify the extent of social responsibility activities implemented by the firm
10. What is the base used to divide subject of accounting in to two parts as Financial and Management,
 1. The nature of the supplied information
 2. no. of reporting times
 3. The nature of accounting inputs
 4. The formats used to present information
 5. Users of information
11. Which of the following report is not in management accounting
 1. Statements of changes in equity
 2. Budget reports
 3. Break even point analyreport
 4. Marginal costing reports
 5. Over head costing appreciation report
12. Which of the following statements is not an output of financial Accounting
 1. Cash flow Statement prepared by a company
 2. Income Statement prepared by a non profit organization
 3. Trial balance prepared by a company
 4. Statement of financial position prepared by a soleproprietorship
 5. Trade, Profit and loss appropriation account
13. Which of the following factor is impact on Accounting process of a firm
 1. Price Level and Accounting standards
 2. Tax policy and foreign Exchange rate
 3. Fiscal Policies and Computer tech
 4. Tax policy and inland revenue act
 5. Professional Accounting institutions
14. Which of followings is not a trend of accounting
 1. Human resources Accounting
 2. Social Responsibility Accounting
 3. Inflation Accounting
 4. Computerized Accounting
 5. Management Accounting
15. Which of the following statements best describes the main purpose of accounting in a firm ?
 1. To compute the profit of a firm
 2. To prevent Errors and frauds
 3. Providing information to Management for making decisions
 4. Providing information to stake holders for making decisions
 5. To satisfy needs of legal requirements imposed by the government
16. Which of the following Statements best describes the main function of Management accounting in a firm
 1. Providing information to management for controlling activities of a firm
 2. Providing information to interested stakeholders for making decisions
 3. Preparing forecasted income statement and statement of financial position of the firm
 4. Recording transaction in the accounts book
 5. Preparing financial statements for audit purpose
17. Which of the following Statements best describes the main function of financial accounting in a firm
 1. Preparing the general purpose financial statements
 2. Providing information for special needs of management
 3. Recognizing, reporting and summarizing the financial information of the firm
 4. Communicating information about the firm to both internal and external parties for making decisions
 5. Act as a controlling medium of the firm
18. Price of materials has increased due to VAT imposed by the government. this is occurred due to the factor changes in,
 1. Legal Environment
 2. Social and cultural Environment
 3. Economic and Political Environment
 4. Technical and professional environment
 5. Natural Environment

19. Which of the following statements is not correct relating to Management Accounting?
1. Information is provided for internal parties
 2. Accounting standards should not be used
 3. No legal requirements
 4. Use historical financial information only
 5. No. of reporting times varies with the needs of management
20.(1)..... are interested about accounting for ensure the job security and Creditors and lending institutions are interested for(2).....
- (1) Managers, Can the monies lent be recovered ?
 - (2) Creditors and lending institutions, Is it feasible to extend further loans ?
 - (3) Employees, Can the interest earned be recovered ?
 - (4) Employees, Has a satisfactory profit been made in accordance with the investment ?
 - (5) Managers, Can the monies lent be recovered ?
21. The input of financial Accounting are,
1. Forecasting and Historical information
 2. Financial transactions and events
 3. All Quantitative and qualitative informations
 4. All Quantitative information
 5. Annually Financial Statements
22. The beginning step in financial accounting process
1. Preparing source documents
 2. Preparing trial balance
 3. Preparing financial statements
 4. Recording transaction in accounts book
 5. Measuring the transaction and events of a business
23. What is the accounting environment impact of making provision for warranty on sales
1. Economic and Political Environment
 2. Technical and professional Environment
 3. Legal environment
 4. Social and cultural environment
 5. Technological environment
24. Which of the following statements is not correct relating to Accounting
1. It can be divided into two parts as financial and management
 2. Providing information is the main purpose of accounting
 3. There is a process for accounting including Input, process and output
 4. Employees can be recognized as an internal party of a firm
 5. Statement of financial position is an output of financial accounting
25. Which of the following is not considered as an output in financial accounting
1. Accounting policies and notes
 2. Comprehensive financial statement
 3. Transaction and events
 4. Budget reports
 5. Accounting ratios
26. What is the importance of accounting reflected from increase in income and life standards of the people due to increase in production and employment opportunities due to the investment decisions taken by investors based on information provided through accounting information?
1. Importance of accounting as controlling medium
 2. Importance of accounting as an information system
 3. Importance of management accounting
 4. Importance of accounting as a social Phenomena
 5. Importance of Accounting standards, Principles and concepts used in accounting
27. Which of the followings is not a factor conducting the accounting practices
1. Professional Accounting institutions
 2. Accounting Standards
 3. Central Bank of Sri Lanka
 4. Financial markets forces
 5. Companies Act No. 07 of 2007