2017

1. Define accounting? Mention any three objectives of accounting.
Ans : Accounting is the process of reporting, recording, interpreting and summarizing financial data of an organization for decision making.
Any three objectives of accounting are,
a. Recording financial transactions.
We use accounting to systematically record all financial transactions in the books of accounts, ensuring accuracy and completeness.

b. Providing Financial information
accounting helps in providing financial information to stakeholder for prompt decision making.

c. Evaluating Performance
With the help of accounting we can assess the financial performance of the organization by analyzing revenue, expenses, profits and losses.

2. Difference Between:

Going Concern Concept	**Business Entity Concept**
Going concern concept assumes that business will operate indefinitely.	Business entity concept assumes that business and owners are separate legal entity.
It focuses on continuity of a business entity	It focuses on distinguishing the business and personal financial operations
Assets and liabilities are recorded on the basis of continued use.	Transactions between owner and business is recorded separately.
It is important for determining whether the business will run for long term or not.	It is important for maintaining accountability and avoiding mixing of personal and business finances
Violation may lead to liquidation of the organization	Violation may lead to inaccurate recording of financial transactions.

3. What are the various users of accounting information. Explain?
Ans : Accounting provides financial information to various users. The users can be divided into mainly two group namely internal and external users.

a. Internal users
Internal users of accounting information are,
i. Management
In management, Accounting information plays vital role in planning, decision-making and controlling operations. Accounting provides internal reports such as financial comparisons , forecasting of cash etc.

ii. Employees

The stability and profitability of the employees are the interests of both the workforce and representatives. Accounting information helps them judge whether the organization can afford to pay salaries, offer retirement benefits and create job prospects.

iii. Shareholders

Shareholders are the owners of the company. Accounting information helps them access how their business is going on and what is the level of risk involved in it. It also helps them to monitor the return on their investments.

b. External Users

i. Government

Governing body is one of the main user of accounting information. They use this information to monitor the economy. Accounting information also helps government to ensure whether the business is following the law or not.

ii. Creditors/Lenders

Should a loan be granted to the company? Will the company be able to pay the debts? Those are the concern of lenders. Thus accounting information helps them ascertain the paying ability of the organization.

iii. Customers

Customers are curious about the organization future, especially if they depend on it. Thus accounting information increases or decreases the organization's goodwill among its customers.

4. Define Company ? Difference Between Public and Private Company

Ans: A company is the most popular form of business organization and a voluntary association of people who contribute capital to run a particular type of business.

Public Company	**Private Company**
In Public Company, .ltd is written after its name eg xyz.ltd	In Private company, .pvt.ltd is written after its name eg xyz.pvt.ltd
Minimum 7 members are required to form company and the maximum is unlimited	Minimum 1 member is needed to form it and maximum is 101
It can issue share and debenture to general public for collection of capital.	It cannot issue share and debenture to general public for collection of capital.
It have to publish its financial statement in newspaper.	It doesn't have to publish its financial statement in newspaper.
Shareholders can freely transfer the shares without any restriction.	Shareholder cannot transfer the shares without the consent of the other shareholders.