

1. Define Accounting.

Accounting is the process of recording, classifying, summarizing, and interpreting financial transactions of a business.

2. State the objectives of accounting.

The objectives are to maintain records, calculate profit or loss, know financial position, help management, and prevent frauds.

3. What are the types of accounting?

Financial Accounting, Cost Accounting, Management Accounting, and Tax Accounting.

4. What is Financial Accounting?

It records business transactions and prepares final accounts for external users.

5. What is Cost Accounting?

It helps in calculating and controlling the cost of production.

6. What is Management Accounting?

It provides information to management for planning and decision-making.

7. What is Tax Accounting?

It is used to calculate tax liability as per tax laws.

8. What are Accounting Concepts?

They are basic assumptions on which accounting is based.

9. Explain Business Entity Concept.

Business and owner are treated as separate entities.

10. Explain Money Measurement Concept.

Only transactions expressed in money are recorded.

11. Explain Going Concern Concept.

It assumes business will continue for a long period.

12. Explain Dual Aspect Concept.

Every transaction has two aspects – debit and credit.

13. What is Accrual Concept?

Income and expenses are recorded when they occur.

14. What are Accounting Conventions?

They are traditional practices followed in accounting.

15. Explain Conservatism Convention.

Anticipate losses but do not anticipate profits.

16. Explain Consistency Convention.

Same accounting methods should be followed every year.

17. Explain Full Disclosure Convention.

All material information should be disclosed.

18. What are Accounting Standards?

They are rules to ensure uniformity in accounting.

19. Who issues Accounting Standards in India?

Institute of Chartered Accountants of India (ICAI).

20. Why are Accounting Standards important?

They ensure uniformity, reliability, comparability, and transparency.