

## Chapter - 1

# Introduction to Accounting

**Short answers**

Q1 :

Define accounting.

Q2 :

State what is the end product of financial accounting?

Q3 :

Enumerate the main objectives of accounting.

Q4 :

List any five users who have an indirect interest in accounting.

Q5 :

State the nature of accounting information required by long-term lenders.

Q6 :

Who are the external users of information?

Q7 :

Enumerate informational needs of management.

Q8 :

Give any three examples of revenues.

Q9 :

Distinguish between debtors and creditors.

Q10 :

'Accounting information should be comparable'. Do you agree with this statement? Give two reasons.

Q11: If the accounting information is not clearly presented, which of the qualitative characteristic of the accounting information is violated?

Q12 :

The role of accounting has changed over the period "-

Do you agree? Explain.

Q13 :

Giving examples, explain each of the following accounting terms:

- Fixed assets
- Gain
- Profit
- Revenue
- Expenses
- Short-term liability
- Capital

Q14: How will you define revenues and expenses?

Q15 :

What is the primary reason for the business students and others to familiarise themselves with the accounting discipline?

**Long answers :**

Q1 :

Explain the factors, which necessitated systematic accounting.

Q2 :

Describe the brief history of accounting.

Q3 :

Explain the development of and role of accounting.

Q4 :

Define accounting and state its objectives.

Q5 :

Describe the informational needs of external users.

Q6 :

What do you mean by an asset and what are different types of assets?

Q7 :

Explain the meaning of gain and profit. Distinguish between these two terms.

Q8 :

Explain the qualitative characteristics of accounting information.

Q9 :

Describe the role of accounting in the modern world.

