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Self-Made Assignment - Manual Accounting

Advantages And Limitations Of Accounting

Do These Multiple Choice Questions.

1. Which of the following is an advantage of accounting?

- a) Provides unreliable financial data
- b) Offers a systematic recording of transactions
- c) Ignores financial reporting standards
- d) Lacks transparency in financial statements

2. Which of the following is a limitation of accounting?

- a) Provides accurate and reliable information
- b) Ignores non-financial factors
- c) Helps in decision making
- d) Tracks financial performance

3. One of the major advantages of accounting is:

- a) Inability to measure qualitative factors
- b) Facilitates budgeting and planning
- c) Obsolete in decision-making
- d) Complicated for non-financial users

4. Accounting is limited by which of the following factors?

- a) Objectivity in recording financial data
- b) Dependence on historical costs
- c) Helps in evaluating financial performance
- d) Acts as a reliable decision-making tool

5. Which of the following is a benefit of accounting?

- a) Misrepresentation of business activities
- b) Provides a clear picture of financial health
- c) Ignores compliance with tax regulations
- d) Makes it harder to compare business performances

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6. A key limitation of accounting is that it:

- a) Provides future financial forecasts
- b) Only records quantitative information
- c) Helps in fraud detection
- d) Assists in legal compliance

7. Which of the following statements is true about accounting?

- a) It measures both quantitative and qualitative factors equally
- b) It provides absolute future forecasts
- c) It is helpful in performance evaluation and control
- d) It disregards consistency in maintaining records

8. A limitation of accounting is that it:

- a) Reflects accurate current market value of assets
- b) Fails to account for inflation
- c) Is useful for stakeholders to make informed decisions
- d) Enhances the reliability of financial statements

9. One advantage of accounting is:

- a) It focuses only on short-term financial performance
- b) Provides information for decision-making purposes
- c) Ignores external factors like market conditions
- d) Lacks clarity in presenting financial data

10. Which of the following is NOT a limitation of accounting?

- a) Based on historical data
- b) Provides insight into qualitative aspects of a business
- c) Subject to personal bias in estimates
- d) May not reflect current market values

11. Which of the following is an advantage of accounting?

- a) Provides legal evidence in case of disputes
- b) Ignores profitability analysis
- c) Prevents business risks
- d) Fails to offer transparency



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12. Which of the following is a limitation of financial accounting?

- a) Focuses on past transactions
- b) Ensures tax compliance
- c) Improves the credibility of the business
- d) Highlights business opportunities

13. What is one limitation of accounting information?

- a) It assists in management decision-making
- b) It provides outdated information due to reliance on historical data
- c) It helps in determining the financial health of the business
- d) It allows for comparison of financial statements

14. An advantage of accounting includes:

- a) Overlooking compliance with tax regulations
- b) Objectively measuring business performance
- c) Ignoring internal decision-making needs
- d) Hiding the financial position from stakeholders

15. Which of the following is NOT an advantage of accounting?

- a) Facilitates decision-making
- b) Ignores the qualitative aspects of transactions
- c) Assists in financial forecasting and planning
- d) Helps in determining the profit or loss of the business

16. Which of the following is an important limitation of accounting?

- a) Records only quantitative information
- b) Provides a clear financial picture of the company
- c) Complies with legal regulations
- d) Helps in setting business strategies

17. One limitation of accounting is that it:

- a) Records both monetary and non-monetary events
- b) Only considers financial information



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- c) Provides real-time business forecasts
- d) Reflects changes in the market conditions automatically

18. An advantage of accounting is that it:

- a) Is affected by inflation rates
- b) Focuses on both financial and qualitative data
- c) Helps in cost control and budgeting
- d) Lacks consistency in financial records

19. Which of the following is NOT considered a limitation of accounting?

- a) Only focuses on past events
- b) Helps to analyze the financial health of a company
- c) Does not consider inflation
- d) Requires estimates for certain financial data

20. One of the key limitations of accounting is its:

- a) Inability to include personal biases
- b) Use of historical cost for asset valuation
- c) Ability to provide real-time updates
- d) Capability to reflect inflation accurately

