1. ---------------------- accounting, exploits the loopholes in accounting and audit systems after the finalization of accounts

   a) Creative Accounting
   b) Changes in price Accounting
   c) Inflation Accounting

   Answer: a) Creative Accounting is a method of accounting which interprets the accounting policies falsely with the objective to misuse the accounting standards, in order to make profits.

2. Creative Accounting adopts------------

   a) Recording less expenditure, showing reduced liabilities.
   b) Manipulate depreciation methods, sales and revenue.
   c) Both a and b

   Answer: c) both a and b – Creative Accounting is an attempt to window dress the financial statements to show a rosy or unfavorable picture in order to gain present or future profits.

3. Creative Accounting may also be termed as ------------

   a) Cooking the books
   b) Innovative Accounting
   c) None of the above
Answer: a) Cooking the books. Creative Accounting is an attempt to window dress the financial statements to show a rosy or unfavorable picture in order to gain present or future profits.

4. Creative Accounting involves --------------
   a) Fraudulent Practices
   b) Manipulating figures within the scope of law
   c) None of the above

   Answer: b) Manipulating figures within the scope of law

5. Forensic Accounting is a combination of
   a) Investigation and Accounting
   b) Auditing and Accounting
   c) None of the above

   Answer: a) Investigation and Accounting - Forensic accounting is a combustion of investigation and accounting mainly a probe to discover financial crimes and scandals.

6. Forensic Accountants are involved in ---------------
   a) Data Reporting
   b) Data Collection, Data Preparation, Data Analysis, and Data Reporting
   c) Data Analysis and Data Reporting.

   Answer: b) Allowance – Data Collection, Data Preparation, Data Analysis, and Data Reporting – Forensic accounting deals with discovering financial crimes and scams and hence they need to collect, , summarize, analyze, and final prepare and submit the report
7. Who among the following will be preferred to be a forensic accountant—————

   a) Certified Forensic Accountant or Certified Management Accountant  
   b) Charted Accountant or Certified Public Accountant  
   c) Both a and b

   Answer: c) Both a and b – Any competent graduate with any additional qualification will be preferred for a forensic accountant. There is no statutory eligibly criteria to appoint a forensic accountant.

8. ------------------Accounting deals with employees and management in an organization.

   a) Human Resource  
   b) Inflation  
   c) Environment

   Answer: a) HRA – deals with all the people working in an organization.

9. Companies who are suffering from losses are going to suffer losses in future can project profits in future by using -------------- accounting method.

   a) Creative Accounting Method  
   b) Human Resource Accounting Method  
   c) Forensic Accounting Method

   Answer: a) Creative Accounting helps the companies to cope up with the loss situations by predicting future gains many time more than the actual situation through creative accounting.

10. Legal way of misrepresenting financial statements by experts can be done through -------- Accounting

   a) Forensic Accounting  
   b) Creative Accounting
c) Inflation Accounting

**Answer:** b) Creative accounting is an ethical practice to manipulate, misguide and misrepresent facts and figures within the boundaries of accounting principles and prevailing laws. Hence an expert's knowledge is required.

11. --------------------------- Accounting may be considered as unethical as it may not meet the auditing and reporting objectives of true and fair representation of financial transactions and statements.

   a) Creative  
   b) Forensic  
   c) Cloud

**Answer:** a) Creative accounting – In the process of manipulating the financial statements to misrepresent, inflate, revalue, the original facts may be hidden and therefore mislead the stakeholders hence it may be considered unethical.

12. Forensic Accounting is very much useful to ------------------- industry.

   a) Communication  
   b) Banking and finance  
   c) Insurance

**Answer:** a) Insurance Industry – This industry in involved in settling the claims raised by the insured clients. The truthiness in the facts and figures and other evidences submitted along with the claims need to be discovered and instigated before finalizing the amount of the claim. Hence Forensic accounting is most helpful to the Insurance Industry.

13. The following branch of accounting ------------------- deals with business disputes, construction, environmental damage, cyber-crime, business valuations and the like.

   a) Creative Accounting
b) Environmental Accounting

c) Forensic Accounting

Answer: c) Forensic Accounting deals with the investigations and in-depth inquiry to identify the frauds and illegal and unethical activities.

14. A branch of accounting which decodes the human nature to hide failures, conceal problems, defend wrong decisions, and cover up mistakes is known as---------------------

   a) Creative Accounting
   b) Forensic Accounting
   c) Automated Accounting

Answer: b) Forensic Accounting deals with discovering the true human tendencies.

15. The Kyoto Protocol is ------------------ in action on an international scale

   a) Creative Accounting
   b) Environmental Accounting
   c) Automated Accounting

Answer: b) Forensic Accounting deals with discovering the true human tendencies.

16. The Kyoto Protocol measures changes in ------------------ emission

   a) Nitogen
   b) Carbon
   c) Hydrogen

Answer: b) Carbon Emission – Kyoto protocol measures changes in carbon emission.
17. A ---------------- is a value assigned to offset or reduce greenhouse gas emission.

   a) Carbon Credit
   b) Carbon emission
   c) Nitrogen Credit

Answer: a) Carbon Credit. It is a term for a permit or a tradable certificate to reduce the emission of the poisonous greenhouse gas carbon dioxide.

18. A ---------------- Accounting signifies the activities related to the conservation of Environment.

   a) Environmental
   b) Forensic
   c) Creative

Answer: a) Environmental accounting deals with all those measures and control related to conservation of the environment.

19. The other name for Environmental accounting is ------------- Accounting

   a) Green
   b) Red
   c) Orange

Answer: a) Green - Environmental accounting deals with all those measures and control related to conservation of the environment. Therefore it is also called as green accounting. Carbon dioxide emissions lead to greenhouse effects, global warming etc.

20. The main elements of environmental accounting are---------------

   a) Environmental Conservation costs and activities and environmental benefits
   b) Environmental activities and environmental benefits
c) Environmental conversion costs and environmental benefits

Answer: a) The three main elements of environmental accounting are
Environmental Conservation costs (mostly operating costs)
Environmental benefits (physical units)
Other economic benefits attached with the environmental conversion costs.

21. ---------------- Accounting refers to organization’s decisions and activities to safeguard and conserve the natural environment.

a) Environmental Accounting
b) Social Accounting
c) Responsibility Accounting

Answer: a) Environmental Accounting – It is a calculation to compare the loss and profits on incurring or reducing some costs in the efforts to conserve the natural environment. Production process generates environmental pollutions. To produce or to outsource can be a decision in this context.

22. ---------------- Accounting refers to organization’s decisions and activities to not emphasize on the organization’s profit but protect and improve the society’s benefit.

a) Environmental Accounting
b) Social Responsibility Accounting
c) Creative Accounting

Answer: b) Social Responsibility Accounting – It goes beyond the firms profit to protect and increase the societies benefit.