

Section 1: Accounting as a profession

1.1 Concept, principles and purpose of accounting

- 1 Accounting is
- (A) recording anything that happens in a business. (A)
 - (B) recording the transactions of a business. (B)
 - (C) recording, analysing and interpreting the business' transactions. (C)
 - (D) recording, summarising, analysing and interpreting the business' transactions. (D)
- 2 The recording of the transactions in the accounting books of a business is called
- (A) accounting. (A)
 - (B) book-keeping. (B)
 - (C) liabilities. (C)
 - (D) resources. (D)
- 3 The purposes of preparing accounting documents and financial statements are to
- I show information of the resources of a business.
 - II show who has claims on the business' resources.
 - III help users of financial information make decisions about the business.
- (A) I and II (A)
 - (B) I and III (B)
 - (C) II and III (C)
 - (D) I, II and III (D)

1.2 The users of accounting information

- 4 Which lists represents both internal and external users of financial statements?
- (A) Banks, government and investors (A)
 - (B) Creditors, government and managers (B)
 - (C) Creditors, banks and investors (C)
 - (D) Suppliers, investors and banks (D)
- 5 Which accounting user is correctly matched with its need?
- (A) Banker – to determine taxes to charge the business (A)
 - (B) Government – to find out if the business can repay a loan (B)
 - (C) Supplier – to find out if he should invest capital in the business (C)
 - (D) Owner – to determine the profit of the business over the financial period (D)
- 6 Which of the following statements is NOT a need of a user of accounting information?
- (A) To determine whether to invest further (A)
 - (B) To determine the profitability of the business (B)
 - (C) To find out the number of owners in the business (C)
 - (D) To add to the country's Gross Domestic Product (GDP) (D)

1.3 Traditional and emerging careers in the field of accounting

- 7 Why is accounting necessary in an organisation?
- (A) It is required by law (A)
 - (B) To help the government (B)
 - (C) To report on financial data (C)
 - (D) To have enough employees (D)

8 In which of the following industries can people who are trained and skilled in accounting be employed?

I Banking

II Insurance

III Construction

(A) I and II

(A)

(B) I and III

(B)

(C) II and III

(C)

(D) I, II and III

(D)

1.4 Ethical issues in the field of accounting

9 Marlon Ettienne prepared the financial statement for BrownTown Hardware. He is of the view that the statements should show more information about the transactions that are important to the owners than simply following accounting principles. His view is against the ethical principle in accounting of

(A) integrity.

(A)

(B) objectivity.

(B)

(C) confidentiality.

(C)

(D) professional competence.

(D)

10 Gordon Corbin, the manager of See Sea Hotel, fired his accountant. He then promoted his niece, Janet Cain, the bartender, who has no accounting training or experience, as the accountant. Which of the following does Janet lack?

(A) Integrity

(A)

(B) Objectivity

(B)

(C) Confidentiality

(C)

(D) Professional competence

(D)