



FUNDAMENTALS OF ACCOUNTANCY BUSINESS AND MANAGEMENT 1
Third Quarterly Examination

Name: _____

Section: _____

I. Direction: Select the best answer from the given choices. Write the letter of your choice for each item.

1. It refers to an accounting process which involves selecting economic events that are relevant to a particular business transaction.
A. Communicating C. Recording
B. Identifying D. Reporting
2. It refers to the nature of accounting which provides assistance to decision makers by providing them financial reports that will guide them in coming up with sound decisions.
A. Accounting is both an art and a discipline C. Accounting is a process
B. Accounting is an information system D. Accounting is a service activity
3. It refers to the broadest branch of accounting and is focused on the needs of external users.
A. Accounting Education C. Management Accounting
B. Financial Accounting D. Tax Accounting
4. This branch of accounting deals with how the funds of the government are recorded and reported.
A. Accounting Research B. Auditing C. Government Accounting D. Tax Accounting
5. This refers to the contract wherein two or more persons bind themselves to contribute money, property or industry to a common fund with the intention of dividing the profits among themselves.
A. Cooperative B. Corporation C. Partnership D. Single Proprietorship
6. It is a type of business owned by a single individual who is singly responsible for running the business and is accountable for all debts and obligations related to the business.
A. Cooperative B. Corporation C. Partnership D. Single Proprietorship
7. It refers to the examination of financial statements by an independent CPA with the purpose of expressing an opinion as to fairness of presentation and compliance with the generally accepted accounting principles.
A. External Auditing C. Financial Statement Evaluation
B. Financial Assessment D. Internal Auditing
8. It is a branch of accounting which helps clients follow rules set by tax authorities.
A. Financial Accounting C. Management Accounting
B. Government Accounting D. Tax Accounting
9. It is an accounting process which involves keeping a chronological diary of events that are measured in pesos.
A. Communicating C. Recording
B. Identifying D. Summarizing
10. It is a branch of accounting which emphasizes the preparation and analysis of accounting information within the organization.
A. Accounting Research C. Financial Accounting
B. Cost Accounting D. Management Accounting
11. He is considered the Father of Accounting
A. Luca Pacio B. Luca Pacioli C. Lucas Pacoili D. Lucio Pascual
12. It is sometimes considered as a subset of management accounting. It refers to the recording, presentation, and analysis of manufacturing costs.
A. Accounting Research C. Financial Accounting
B. Cost Accounting D. Tax Accounting
13. It is an accounting process which occurs through the preparation and distribution of financial and other accounting reports.
A. Analyzing C. Identifying
B. Communicating D. Recording
14. It is a nature of accounting which refers to the method of performing any specific job step by step according to the objectives or targets.
A. Accounting deals with financial information C. Accounting is a process
B. Accounting is an information system D. Accounting is a service activity
15. This refers to a branch of accounting which deals with developing future accountants by creating relevant accounting curriculum.
A. Auditing C. Accounting Research
B. Accounting Education D. Government Accounting
16. It deals with determining the operational efficiency of the company regarding the protection of the company's assets, accuracy and reliability of the accounting data, and adherence to certain management policies.
A. Cost Accounting C. Internal Auditing
B. External Auditing D. Management Accounting
17. It focuses on the search for new knowledge on the effects of economic events on the process of summarizing, analyzing, verifying, and reporting standardized financial information, and on the effects of reported information on economic events.
A. Accounting Education C. Government Accounting
B. Accounting Research D. Management Accounting
18. It is a form of business organization managed by an elected board of directors.
A. Cooperative B. Corporation C. Partnership D. Sole Proprietorship

19. This types of users of accounting information are those individuals inside a company who plans, organizes, and runs the business.
A. External users B. Individual users C. Internal users D. Secondary users
20. This types of users of accounting information are not directly involved in managing and operating the business.
A. External users B. Individual users C. Internal users D. Primary users
21. This type of internal user uses financial information to analyze the organization's performance and position and take appropriate measures to improve the company results.
A. Employees B. Investor C. Management D. Owner
22. This type of internal user uses financial information for considerations regarding additional investment, expanding the business, borrowing funds to support any expansion plans.
A. Customers B. Employees C. Management D. Owner
23. This type of external user uses financial information to determine the credit worthiness of an organization.
A. Creditor B. Customer C. Investor D. Tax authorities
24. It refers to a duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve a lawful common social or economic end.
A. Cooperative B. Corporation C. Entrepreneur D. Partnership
25. This type of external user uses financial information to make sure they can earn a reasonable return on their investment before they commit any financial resources to a company.
A. Creditor B. Customer C. Investor D. Tax Authorities
26. Statement I – In a partnership there is an infusion of knowledge, experience, and skills from two or more partners.
Statement II – A partner cannot be held liable for the acts of the other partners.
A. Only the first statement is true C. Only the second statement is True
B. Both statements are true D. Both statements are false
27. Statement I – Calendar year is a twelve-month accounting period that starts on any month of the year other than January.
Statement II – All properties and services acquired by the business must be recorded at their current market value.
A. Only the first statement is true C. Only the second statement is True
B. Both statements are true D. Both statements are false
28. It refers to a twelve month period that starts on any month of the year other than January and ends twelve months after starting the period.
A. Annual period C. Fiscal Year
B. Calendar Year D. Time Period
29. It refers to an accounting concept which assumes that the business enterprise will continue to operate indefinitely.
A. Business Entity C. Objectivity
B. Going concern D. Periodicity
30. Statement I – Income from merchandising business is derived from converting raw materials into finished goods
Statement II – a manufacturing business is engaged in selling services to customers for a fee.
A. Only the first statement is true C. Only the second statement is true
B. Both statements are true D. Both statements are false

II. Identify the type of business organization formed in each case. Then, determine the type of activities or operations performed by the business. (2points each)

1. Abo Gado and Luh Year were classmates since elementary. They went to college together and recently passed the bar examination. They decided to form a Law firm.
2. Several housewives in barangay Tokyo are engaged in abaca weaving and bags and basket production. In order to gather support from the government and be given further trainings they decided to form a business which they registered at CDA.
3. Marie Ribong recently completed a training conducted by TESDA on bread and pastries production and decided to put up her online pastries store, she hired three personnel to assist her in pastries production and deliveries of her orders.

III – Indicate which accounting concept or principles are violated based on the independent cases given below.

1. The owner of Lucky Spa bought an air conditioner unit for personal use. The invoice was given to the accountant who recorded it as an asset of the business.
2. The statement of financial position of a Gina Shipping Lines included an equipment purchased from Japan for 430,000 yen. It was reported at that amount in the statement of financial position while all the other assets were reported in Philippine pesos.
3. No financial statements were prepared by the accountant of Red Cafe. The owner explained that they will prepare the statements when the business closes, which the owner predicts to take place after 20 years.
4. Mr. Tah Wad purchased a paper puncher at a cost of PHP450 for his Law Office. This was recorded as an asset and recorded expense to decrease its value by PHP45 per year for 10 years.

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