



# St. Lawrence High School



A Jesuit Christian Minority Institution

Answer Key 4

Sub: ACCOUNTANCY

Class 11

F.M. 15

Chapter: Unit 1: Introduction to Accounting

Date: 18/06/2020

Topic: Cash Basis

**Choose the correct alternatives:**

**1x 15 = 15**

1. Which of the following is advantage of cash basis ?  
(a) transactions are recorded before all phases of transactions are complete;  
**(b) transactions are recorded when all phases of transactions are complete;**  
(c) both (a) & (b);  
(d) none of these
2. Under cash basis transactions are  
**(a) simple;** (b) Complicated; (c) both (a) & (b); (d) none of these
3. Under cash basis reliability of accounting information is  
(a) decreased; **(b) increased;** (c) not affected; (d) both (b) & (c)
4. Cash basis of recording reflects actual  
(a) inflow of cash; (b) outflow of cash; **(c) inflow & outflow of cash;** (d) none of these
5. Cash Basis of accounting is \_\_\_\_\_ method of recording transactions  
(a) appropriate; **(b) inappropriate;** (c) both (a) & (b); (d) none of these
6. Under cash basis of accounting financial statement  
(a) can be prepared; **(b) cannot be prepared;** (c) can be prepared partly; (d) none of these
7. Generally Accepted Accounting Principle (GAAP) \_\_\_\_\_ cash basis  
(a) recognize; **(b) not recognize;** (c) partly recognize; (d) sometime recognize
- 8 cash basis of accounting does not take into account  
(a) fixed assets; (b) debtors; (c) creditors; **(d) all of these**
9. cash basis of accounting does not take into account  
(a) fixed assets; (b) debtors; (c) inventories; **(d) all of these**
10. cash basis of accounting does not take into account  
(a) pre payments; (b) inventories; **(c) both (a) & (b);** (d) none of these
11. fees received for 2019 is Rs. 15,000 ( include Rs. 5,000 for 2018 ) and paid salaries for Rs. 3,000, net income under cash basis is  
(a) Rs.7,000; **(b) Rs.12,000;** (c) 15,000; (d) Rs. 2,000
12. fees received in 2019 is Rs. 12,000 and salaries paid in 2019 is Rs. 7,000 (include Rs. 2,000 for 2018). Net income under cash basis is  
(a) Rs. 7,000; (b) Rs. 10,000; **(c) Rs. 5,000;** (d) Rs. 12,000
13. salaries paid in 2019 is Rs. 9,000 ( include Rs. 3,000 for 2018 ) & for the year 2019 salaries unpaid is Rs. 1,000. So, salaries under cash basis is amounted to  
(a) Rs. 6,000; (b) Rs .5,000; (c) Rs. 13,000; **(d) Rs. 9,000**

14. Rent paid in 2019 for Rs. 8,000 which include Rs. 2,000 for 2020. So, rent paid for the year 2019 is  
(a) Rs. 2,000; (b) Rs. 6,000; **(c) Rs. 8,000;** (d) none of these
15. fees received in 2019 is Rs. 12,000 which include Rs. 3,000 for 2018 & Rs. 2,000 for 2020. So, amount of fees received for the year 2019 is  
**(a) Rs. 12,000;** (b) Rs. 9,000; (c) Rs. 10,000; (d) Rs. 7,000

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