

PART C: Reading Comprehension

Directions: Read the following three passages and answer the questions by choosing the best choice (1), (2), (3), or (4). Then mark the correct choice on your answer sheet.

PASSAGE 1:

Bookkeeping and record-keeping methods, created in response to the development of trade and commerce, are preserved from ancient and medieval sources. Double-entry bookkeeping began in the commercial city-states of medieval Italy and was well developed by the time of the earliest preserved double-entry books, from 1340 in Genoa.

The first published accounting work was written in 1494 by the Venetian monk Luca Pacioli. Although it disseminated rather than created knowledge about double-entry bookkeeping, Pacioli's work summarized principles that have remained essentially unchanged. Additional accounting works were published during the 16th century in Italian, German, Dutch, French, and English, and these works included early formulations of the concepts of assets, liabilities, and income.

The industrial Revolution created a need for accounting techniques that were adequate to handle mechanization, factory-manufacturing operations, and the mass production of goods and services. With the emergence in the mid-19th century of large, publicly held business corporations, owned by absentee stockholders and administered by professional managers, the role of accounting was further redefined.

Bookkeeping, which is a vital part of all accounting systems, was in the mid-20th century increasingly carried out by machines. The widespread use of computers broadened the scope of bookkeeping, and the term data processing now frequently encompasses bookkeeping.

- 16- The best title for the passage would be -----.
- 1) The Types of Record-Keeping Methods
 - 2) The Historical Background of Bookkeeping
 - 3) The Principles of Double-Entry Bookkeeping
 - 4) The Effect of the Industrial Revolution of Accounting
- 17- Bookkeeping is now mainly considered -----.
- 1) as vital as the other accounting systems
 - 2) less important than double-entry bookkeeping
 - 3) a branch of data processing
 - 4) a mid-20th century invention
- 18- The word "disseminated" in line 6 is closest in meaning to -----.
- 1) accepted
 - 2) included
 - 3) spread
 - 4) taught
- 19- The 15th and 16th centuries witnessed -----.
- 1) the increasing importance of monks
 - 2) original knowledge about accounting
 - 3) the use of the first accounting system
 - 4) the formulation of principles which are still valid
- 20- The development of bookkeeping shows that -----.
- 1) early accountants were needed to help Italian traders
 - 2) a number of accounting books were published in 1600-1700
 - 3) some bookkeepers reacted against medieval businessmen
 - 4) accounting techniques were first created during the Industrial Revolution

PASSAGE 2:

Recording a transaction in a journal marks the starting point for the double-entry bookkeeping system. In this system, the financial structure of an organization is analyzed as consisting of many interrelated aspects, each of which is called an account (for example, the "wages payable" account). Every transaction is identified in two aspects or dimensions, referred to as its debit (or left side) and credit (or right side) aspects, and each of these two aspects has its own effect on the financial structure. Depending on their nature, certain accounts are increased with debits and decreased with credits; other accounts are increased with credits and decreased with debits. For example, the purchase of merchandise for cash increases the merchandise account (a debit) and decreases the cash account (a credit). If