



Accounting 1 MGT



Registration No _____

Signature _____

BBA 2

Prototype Quiz No. 1

Instructions

Please read the following instructions carefully before attempting any question:

- Write your student Registration No. and Signature; Failure to do so will result in paper cancellation.
- All questions are compulsory. This exam consists of **30 marks for Objective Type Questions, Equation 10 marks and Variation Proforma 10 Marks** and time allowed is one 80 minutes.
- For each OTQ statement, read the choices available carefully and **“Encircle” (don’t tick mark)** one which you consider is the most suitable answer. Zero marks will be given if more than one option is **“Encircled”**.
- Cutting and overwriting in objective type questions is not allowed; if done so, that particular question will be marked Zero.
- Remember not to spend too much time on Objective type questions. It is important to manage your time and response to test questions effectively.
- Do not ask any questions about the contents of this examination from anyone.
- If you believe that some essential piece of information is missing, make an appropriate assumption and use it to solve the problem and will discuss in paper debate.
- Students are advised to solve paper in blue & black ink and do not use red, green ink and pencil.
- Writing irrelevant/immoral material will be severely penalized.
- This examination is closed book, closed notes, closed neighbors.
- Use of **mobile phones** is strictly prohibited; switch it off if it is in your custody.
- Failure to comply with the Teacher’s directions will result in your exam paper being cancelled.

(Not to Turn the Title Page Prior to Instructions)

OTQ / 20 Equation / 10 Proforma / 10 Total = / 40

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Q# 1 Multiple choice Questions**(Marks 20)**

1. Which of the following provides information about the financial information's, obligations and activities on the economic entity that is intended for use primarily by external decision makers?
(a) Management accounting (b) **Financial accounting**
(c) Tax accounting (d) Environmental Accounting
2. Which of the following statement is true about purpose of accounting?
(a) The purpose of accounting provide information to manager
(b) Accounting purpose gives quantitative information to economic decision makers
(c) Provision of base for decision making is purpose of accounting
(d) **All of above statement are true regarding purpose of accounting**
3. The controller's responsibilities are primarily in nature, while the treasurer's responsibilities are primarily related to?
(a) Operational; Financial accounting (b) Financial management; Operations
(c) **Accounting; Financial management** (d) Financial management; Accounting
4. The outcome of financial accounting is to?
(a) Record all transactions in the books of accounts (b) Calculate profit
(c) Provide management with detailed analyses of costs
(d) **Present the financial results to the organization by means of recognized statements**
5. Which of the following persons are most likely to use accounting information?
(a) Business owners (b) Lending institutions
(c) **All of the above** (d) None of the above
6. Which of the following financial statements also called statement of financial position?
(a) **Balance Sheet** (b) Income Statement
(c) Statement of changes in equity (d) Statement of cash flows
7. The question of what additional information should be provided to external users refers to?
(a) Reporting (b) Recognition (c) **Disclosure** (d) Measurement
8. A necessary element of internal control is?
(a) Database (b) **Information and communication**
(c) Systems analysis (d) Systems design
9. All of the form of Business Organizations except?
(a) Partnership (b) S type
(c) LLP (d) **Unlimited Liabilities Companies**
10. Organizations which combine the limited liability advantage in sole ownership are called?
(a) S Type (b) Hybrid (c) **PC** (d) LLP
11. Which of the following account is affected from the Drawings of cash in sole-proprietorship business?
(a) Shareholder account (b) **Capital account**
(c) Liability account (d) Expense account

12. Which of the following is a liability?
(a) Petty cash (b) Loose tools (c) **Unearned Revenue** (d) Leasehold premises
13. What is the meaning of the word 'limited' in the name of a limited company?
(a) The number of shareholders is limited to 50
(b) The liability of the company for its own debts is limited
(c) **The liability of shareholders for the company's debts is limited**
(d) There is a limit on the amount of debts that the company can contract
14. What is owned by a business and used in carrying out its operating activities is best described as?
(a) Liabilities (b) Owner's Equity (c) Revenues (d) **Assets**
15. Which of the following accounts will be used in equation, if the goods are sold on credit to Mr Muhammad Abdullah?
(a) Cash account and Owner's equity (b) **Account Receivable and Owner's equity**
(c) Cash and Account Receivable (d) Account Payable and Owner's Equity
16. If the cost of sales is Rs. 60,000, sales are Rs. 95,000 and operating expenses are Rs. 20,000 during the year. What would be the Net Profit?
(a) **Rs. 15,000** (b) Rs. 35,000 (c) Rs. 55,000 (d) Rs. 60,000
17. Which of the following statement true?
(a) Expenses decrease shareholders' equity (b) Profit and gains increase shareholders' equity
(c) Revenue increase shareholders' equity (d) **All of given options are true**
18. A company paid cash of Rs. 350 for salary of employees. Which accounting equation's categories would be affected by this transaction?
(a) **Assets and Owner's Equity** (b) Expense and liabilities
(c) Assets and liabilities (d) Assets only
19. Which of these items would be accounted for as an expense?
(a) Repayment of a bank loan (b) Dividends of stock holders
(c) The purchase of land (d) **Payment of the current period's rent**
20. The reporting earning of income previously collected has what effect on the basic accounting equation?
(a) Increase in assets, decrease in liabilities
(b) Increase in assets, increase in stockholder's equity
(c) **Decrease in liabilities, increase in stockholder's equity**
(d) Decrease in assets, decrease in stockholders' equity

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Q # 2 You are required to make Accounting Equation*(Marks = 10)*

After playing several seasons of professional football, Haider Sultan had saved enough money to start a business, to be called Auto Rental. The transactions during March 2009, while the new business was being organized are listed below.

March 1 Haider Sultan started business of Auto Rental by invested Rs. 540,000 Cash and Rs. 60,000 of worth Furniture in the business.

March 9 Purchased two new Cars at Rs. 80,000 each from Fleet sales company. Paid Rs. 90,000 Cash and agreed to pay Rs. 70,000 by March 31 the remaining balance.

March 18 Purchased goods of worth Rs. 4,000; Rs. 1,000 for Fuel expenses has been paid and Rs. 3,000 for Repair and Maintenance expense are payable.

March 23 The new company purchased Land and a Building at a cost of Rs. 120,000 of which Rs. 72,000 was regarded as applicable to the Land and Rs. 48,000 to the Building. The transaction involved a Cash payment of Rs. 41,500 & the issuance of a Note Payable for Rs. 78,500.

March 25 Revenue earned during the month by Cash Rs. 80,000.

Haider Sultan

	<i>Cash</i>	<i>Furniture</i>	<i>Car</i>	<i>Land</i>	<i>Building</i>	<i>N. Pay.</i>	<i>A. Pay.</i>	<i>O.E</i>
1	540,000	60,000						600,000
Bal	540,000	60,000						600,000
2	(90,000)		160,000				70,000	
Bal	450,000	60,000	160,000				70,000	600,000
3	(5,000)						3,000	(8,000)
Bal	445,000	60,000	160,000				73,000	592,000
4	(41,500)			72,000	48,000	78,500		
Bal	403,500	60,000	160,000	72,000	48,000	78,500	73,000	592,000
5	80,000							80,000
Bal	483,500	60,000	160,000	72,000	48,000	78,500	73,000	672,000
Total	Rs. 823,500					Rs. 823,500		

Q # 3 Following Variation Proforma for Journal Entries have been provided, you are required to check changes in following transaction with the help of Proforma

(Marks = 10)

Variation Proforma for Journal Entries

S.No	Transactions	Account Title	Pillar of	Reasons	Debit (Rs.)	Credit (Rs.)
		Involved	Accounts			
1	Owner withdrawal Furniture in business Rs. 20,000	Drawing	Drawing	Increase	20,000	
		Furniture	Asset	Decrease		20,000
2	Goods Sales to Vendor on Account Rs. 44,000	A/c Receivable	Asset	Increase	44,000	
		Sales	Revenue	Increase		44,000
3	Payment made to Creditor on Account Rs. 7,500	A/c Payable	Liability	Decrease	7,500	
		Cash	Asset	Decrease		7,500
4	Further Investment made by owner Rs. 5,000	Cash	Asset	Increase	5,000	
		Owner Equity	Owner Equity	Increase		5,000
5	Paid Wages to employee by Cash Rs. 200	Wages	Expense	Increase	200	
		Cash	Asset	Decrease		200