



Accounting 1 MGT



Registration No _____

Signature _____

BBA 2

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

Page intentionally left Blank

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

1. Which one of the following statement completely and correctly describes accounting?
 - (a) Recording, classifying and summarizing economic activities in systematic way
 - (b) Recording, classifying and summarizing all activities in useful manner
 - (c) Accounting is the systematic process of recording social activities only
 - (d) Recording, classifying and summarizing economic activities in informal manner
2. Which of the following type of the business is governed under the partnership Act 1932 in Pakistan?
 - (a) Sole-Proprietorship
 - (b) Partnership
 - (c) Limited Companies
 - (d) Unlimited Companies
3. The controller's responsibilities are primarily in nature, while the treasurer's responsibilities are primarily related to?
 - (a) Operational; Financial accounting
 - (b) Accounting; Financial management
 - (c) Financial management; Operations
 - (d) Financial management; Accounting
4. External Users of Financial Accounting Information include all of the following except?
 - (a) Investors
 - (b) Labor Union
 - (c) Line Manager
 - (d) General Public
5. Management accounting generally provides economic information for?
 - (a) Managers of competing companies
 - (b) regulatory bodies such as SECP
 - (c) External users such as investors
 - (d) Internal users
6. Which of the following business has the burden of unlimited liability?
 - (a) Sole-proprietorship
 - (b) Single member company
 - (c) Public limited company
 - (d) Private limited company
7. Organizations which combine the limited liability advantage in sole ownership are called?
 - (a) S Type
 - (b) Hybrid
 - (c) PC
 - (d) LLP
8. Which of the following documents contains offer to subscribe shares?
 - (a) Memorandum of Association
 - (b) Articles of Association
 - (c) Prospectus
 - (d) Statutory Declaration
9. All of following are Assets except?
 - (a) Prepaid Rent
 - (b) Goods
 - (c) Unearned Income
 - (d) b and c
10. Assets which have no physical existence and which cannot be seen, touched or felt are?
 - (a) Current assets
 - (b) Tangible assets
 - (c) Fictitious assets
 - (d) Intangible assets
11. Which of the following is an expense?
 - (a) Purchasing operating equipment
 - (b) Purchasing cleaning service
 - (c) Purchasing an investment of another company
 - (d) Purchasing a computer for the accounting
12. Due from customer is?
 - (a) Liability
 - (b) Assets
 - (c) Revenue
 - (d) None of these

13. Find out value of account receivable from following Cash Rs. 48,000 account payable Rs. 33,000 office equipment Rs. 21,000 owner equity Rs. 77,000?
(a) Rs. 21,000 (b) Rs. 41,000 (c) Rs. 15,000 (d) Rs. 110,000
14. 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
15. Which of the following is not true?
(a) Assets – Liabilities = Equity (b) Liabilities + Equity = Assets
(c) Liabilities – Equity = Assets (d) Assets – equity = liabilities
16. The effect of a credit entry on the payables account is to?
(a) Decrease the account balance (b) Decrease & increase the account balance
(c) Decrease or increase the account balance (d) Increase the account balance
17. If the goods are purchased for the purpose of resale on credit, then the following account would be credited?
(a) Goods (b) Purchase (c) Merchandising (d) Creditor
18. To record goods returned inward?
(a) Debit sales account and credit payables account
(b) Debit returns inward and credit payable account
(c) Debit returns inwards and credit receivables account
(d) Debit receivable account and credit returns inwards account
19. An asset resulting from selling goods and services on credit?
(a) Account payable (b) Account receivable
(c) Note payable (d) Prepaid insurance
20. The amount received in respect of debtor’s account?
(a) Increase liabilities (b) Decrease in expenses
(c) Decrease liabilities (d) Conversion in assets side

Q # 2 You are required to make Accounting Equation

(Marks = 10)

- i. Commence business with cash Rs. 200,000 and Land Rs. 50,000
- ii. Purchased securities for cash Rs. 7,500
- iii. Equipment purchased on credit for Rs. 9,000 and Purchase inventory by cash Rs. 10,000
- iv. Sold goods on account of Rs. 7,500 and by cash Rs. 2,500 which cost was Rs. 8,000
- v. Paid rent and salaries for the month Rs. 4,000 and wages outstanding for month Rs. 1,000

BBA 2

	<i>Assets</i>					<i>Equities</i>		
	<i>Cash</i>	<i>Land</i>	<i>Securities</i>	<i>Inventory</i>	<i>Equipment</i>	<i>A/P</i>	<i>Wages Outstanding</i>	<i>O.E</i>
1								
Bal								
2								
Bal								
3								
Bal								
4								
Bal								
5								
Bal								
Total								

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

<i>S.No</i>	<i>Transactions</i>	<i>Account Title</i>	<i>Pillar of</i>	<i>Reasons</i>	<i>Debit (Rs.)</i>	<i>Credit (Rs.)</i>
		<i>Involved</i>	<i>Accounts</i>			
1	Started business with Rs. 2,000 in the bank					
2	Credit Sales made of worth Rs. 17,000					
3	Paid Commission to employee Rs. 1,800					
4	Purchased goods from Salman & co. Rs.300					
5	Paid Miscellaneous Exposes of Rs. 13,245					