



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 **20 marks for Objective Type Questions, Equation 10 marks and Variation Proforma 10 Marks** and time allowed is one 60 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. External reporting is the result of?
(a) **Financial accounting** (b) Management accounting
(c) Cost accounting (d) Social accounting
2. All economics costs that a business incur through its operation to earn revenues?
(a) Assets (b) Drawing (c) **Expense** (d) Revenue
3. All of following are Assets except?
(a) Prepaid Rent (b) Goods (c) Unearned Income (d) **b and c**
4. The outcome of financial accounting is to?
(a) Record all transactions in the books of accounts
(b) Provide management with detailed analyses of costs
(c) **Present the financial results to the organization by means of recognized financial statements**
(d) Calculate profit
5. Residual interest in the net asset of an entity that remains after deducting its liabilities is?
(a) **Owner Equity** (b) Liabilities (c) Asset (d) Expense
6. 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
7. Which of the following forms of business organization can be publicly-traded?
(a) Partnership (b) Private Limited Companies
(c) **Public Limited Companies** (d) Both a and c
8. Which of these characteristics does not apply to partnership?
(a) Unlimited liabilities (b) **Unlimited life**
(c) Mutual agency (d) Single taxation
9. Which of the following business entity is collectively known as firm?
(a) Sole trader-ship (b) **Partnership** (c) Co-operative society (d) Company
10. Which of the following is true about a partnership?
(a) All partners have invested an equal amount of capital
(b) A partnership requires at least three people
(c) Partnerships do not get favourable tax treatment compared to joint stock company (JSC)
(d) **All partners are personally liable for the debts of the business**
11. Economic Obligations of the Business are called?
(a) **Liabilities** (b) Assets (c) Owner Equity (d) Revenues
12. Preparation of companies' financial reports is governed in Pakistan under?
(a) State Bank of Pakistan Act 1956 (b) **Companies Ordinance 1984**
(c) Partnership Act 1932 (d) Banking Companies Ordinance 1962

Q # 2 You are required to make Accounting Equation

(Marks = 10)

- i. Invested Rs. 150,000 in cash by Owner
- ii. Received cash as salary Rs. 3,600
- iii. A bill of Rs. 7,200 was sent to Mr. Ashraf Abbasi, a customer
- iv. Purchased inventory for cash Rs. 80,000 and on account Rs. 20,000 from Mr. Tahir
- 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>A/R</i>	<i>Inventory</i>	<i>Wages Outstanding</i>	<i>A/P</i>	<i>O.E</i>
1	150,000					150,000
Bal	150,000					150,000
2	3,600					3,600
Bal	153,600					153,600
3		7,200				7,200
Bal	153,600	7,200				160,800
4	(80,000)		100,000		20,000	
Bal	73,600	7,200	100,000		20,000	160,800
5	(4,000)			1,000		(5,000)
Bal	69,600	7,200	100,000	1,000	20,000	155,800
Total	Rs. 176,800			Rs. 176,800		

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	Ali Started business with Cash Rs. 100,000	Cash	Asset	Increase	100,000	
		Owner Equity	Owner Equity	Increase		100,000
2	Paid to Creditor of Rs. 1,500	Account Payable	Liability	Decrease	1,500	
		Cash	Asset	Decrease		1,500
3	Sold merchandise Rs. 21,700 to Ali Malik	A/c Receivable	Asset	Increase	21,700	
		Sale	Revenue	Increase		21,700
4	Bought goods by cash from F. Mills Rs. 190	Purchases	Expense	Increase	190	
		Cash	Asset	Decrease		190
5	Owner withdrew from business for personal use Rs. 2,400	Drawing	Drawing	Increase	2,400	
		Cash	Asset	Decrease		2,400