## Accounting 1 MGT



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Quiz No. 1

Registration No	BBA 2	Prototype
Signature		<b></b>

### **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 <u>"Encircle" (don't tick mark)</u> 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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<b>Q</b> #	1 Multiple choice Questio	ons		(Marks 20)		
1.	External reporting is the	result of?				
	(a) Financial accounting	3	(b) Managem	nent accounting		
	(c) Cost accounting		(d) Social acc	counting		
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 Asse	ts except?				
	(a) Prepaid Rent	(b) Goods	(c) Unearned Income	(d) b and c		
4.	The outcome of financial	accounting is to?				
	(a) Record all transaction	s in the books of accounts				
	(b) Provide management	with detailed analyses of c	osts			
	(c) Present the financial	results to the organization	on by means of recognized f	inancial statements		
	(d) Calculate profit					
<i>5</i> .	Residual interest in the ne	et asset of an entity that ren	nains after deducting its liabi	lities is?		
	(a) Owner Equity	(b) Liabilities	(c) Asset	(d) Expense		
6.	Which of the following p	ersons are most likely to us	se accounting information?			
	(a) Business owners		(b) Lending i	nstitutions		
	(c) All of the above		(d) None of the above			
<i>7</i> .	Which of the following for	orms of business organizati	on can be publicly-traded?			
	(a) Partnership		(b) Private Limited Companies			
	(c) Public Limited Com	panies	(d) Both a and c			
8.	Which of these characterist	stics does not apply to part	enership?			
	(a) Unlimited liabilities		(b) Unlimite	d life		
	(c) Mutual agency		(d) Single tax	ation		
9.	Which of the following b	usiness entity is collectivel	y known as firm?			
	(a) Sole trader-ship	(b) Partnership	(c) Co-operative socie	ty (d) Company		
10.	Which of the following is	s true about a partnership?				
	(a) All partners have inve	ested an equal amount of ca	pital			
	(b) A partnership requires	s at least three people				
	(c) Partnerships do not ge	et favourable tax treatment	compared to joint stock comp	pany (JSC)		
	(d) All partners are pers	sonally liable for the debt	s of the business			
11.	1. Economic Obligations of the Business are called?					
	(a) Liabilities	(b) Assets	(c) Owner Equity	(d) Revenues		
12.	Preparation of companies	' financial reports is gover	ned in Pakistan under?			
	(a) State Bank of Pakistan		(b) Companies Ordin	nance 1984		
	(c) Partnership Act 1932		(d) Banking Companion			

<i>13</i> .	Which of the following is not a correct form of the Accounting Equation?							
	(a) Assets = Claim	S	<b>(b)</b> Assets = Liabilities + Owner Equity					
	(c) Assets – Liabilities =	ets – Liabilities = Owner's Equity (d) Assets + Owner's Equity = I						
14.	4. The decrease in owner's equity attributable to business activities is called?							
	(a) Assets	(b) Drawing	(c) Revenue	(d) Expense				
15.	During a reporting peri	iod, a company's asset	s increase by Rs. 80,000,000	. Liabilities decrease by Rs.				
	20,000,000. Equity must therefore?							
	(a) Decrease by Rs. 100,	,000,000	(b) Increase	e by Rs. 100,000,000				
	(c) Decrease by Rs. 60,0	00,000	(d) Increase	by Rs. 60,000,000				
<i>16</i> .	Liabilities are?							
	(a) Equal to the assets i	minus owner's equity	<b>(b)</b>	Resources owned				
	(c) Created when Stockh	nolder contributed cash	(d)	All of above are correct				
<i>17</i> .	7. Which of the following accounts will be used in equation, if the goods are sold on credit to Mr. Mahmood							
(a) Cash account and Owner's equity (b) Account Receivable and Owner's equity								
	(c) Cash and Account Re	eceivable	(d) Account Payable	and Owner's Equity				
18.	Which of the following transactions results in an immediate increase in expenses?							
	(a) Purchase of office eq	uipment on credit	(b) Payment	t of accounts payable				
	(c) Payment of wages		(d) Repaym	ent of bank loan				
19.	Which of the following j	journal entry will be reco	orded, if cash is drawn by a Pro	prietor?				
	(a) Drawings (Dr) and Cash (Cr)		(b) Cash (Dr) and Drawings (Cr)					
	(c) Capital (Dr) and Dra	wings (Cr)	(d) Drawing	gs (Dr) and Capital (Cr)				
20.	What is the normal balar	nce for an expense accou	unt?					
	(a) Credit (b	) Debit	(c) Contra liability	(d) None of these				

### $\it Q$ # 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

		Assets		Equities Equities			
	Cash	A/R	Inventory	Wages Outstanding	A/P	O.E	
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. 17	76,800			

COMSATS, ABBOTTABAD Accounting I MGT

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	Радама	Debit (Rs.)	Credit (Rs.)
5.110	Transactions	Involved	Accounts	Reasons		
		Cash	Asset	Increase	100,000	
1	Ali Started business with Cash Rs. 100,000	Owner Equity	Owner Equity	Increase		100,000
2	Paid to Creditor of Rs. 1,500	Account Payable	Liability	Decrease	1,500	
2		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.	Drawing	Drawing	Increase	2,400	
	2,400	Cash	Asset	Decrease		2,400