



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

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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

13. Which of the following is not a correct form of the Accounting Equation?
 (a) Assets = Claims (b) Assets = Liabilities + Owner Equity
 (c) Assets – Liabilities = Owner’s Equity (d) Assets + Owner’s Equity = Liabilities
14. The decrease in owner’s equity attributable to business activities is called?
 (a) Assets (b) Drawing (c) Revenue (d) Expense
15. During a reporting period, a company’s assets 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 by Rs. 100,000,000
 (c) Decrease by Rs. 60,00,000 (d) Increase by Rs. 60,000,000
16. Liabilities are?
 (a) Equal to the assets minus owner’s equity (b) Resources owned
 (c) Created when Stockholder contributed cash (d) All of above are correct
17. 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 Receivable (d) Account Payable and Owner’s Equity
18. Which of the following transactions results in an immediate increase in expenses?
 (a) Purchase of office equipment on credit (b) Payment of accounts payable
 (c) Payment of wages (d) Repayment of bank loan
19. Which of the following journal entry will be recorded, if cash is drawn by a Proprietor?
 (a) Drawings (Dr) and Cash (Cr) (b) Cash (Dr) and Drawings (Cr)
 (c) Capital (Dr) and Drawings (Cr) (d) Drawings (Dr) and Capital (Cr)
20. What is the normal balance for an expense account?
 (a) Credit (b) Debit (c) Contra liability (d) None of these

Q # 2 You are required to make Accounting Equation

(Marks = 10)

- i.* Invested Rs. 15,000 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						
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	Ali Started business with Cash Rs. 100,000					
2	Paid to Creditor of Rs. 1,500					
3	Sold merchandise Rs. 21,700 to Ali Malik					
4	Bought goods by cash from F. Mills Rs. 190					
5	Owner withdrew from business for personal use Rs. 2,400					