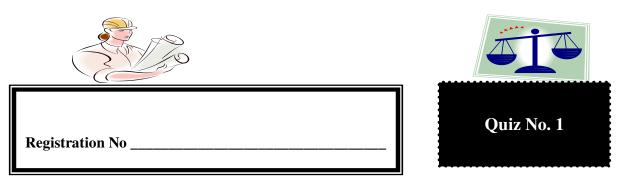
Financial Accounting and Reporting (M GT 430)



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 15 marks** and time allowed is 40 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 / 15 Total = / 35

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A. I	Multiple choice Questions			(Marks 10)			
1.	An example of an external	l user of an entity's accounting	g reports could be?				
	(a) An employee of the co	ompany	(b) the entity's financi	al manager			
	(c) The entity's general m	anager	(d) All of the above				
2.	Residual interest in the ne	t asset of an entity that remain	s after deducting its liabilities is?				
	(a) Owner Equity	(b) Liabilities	(c) Asset	(d) Expense			
<i>3</i> .	Which one of the followin	g statement completely and co	orrectly describes accounting?				
	(a) Recording, classifying	and summarizing economic a	ctivities in systematic way				
	(b) Recording, classifying	and summarizing all activitie	s in useful manner				
	(c) Accounting is the systematic process of recording social activities only						
	(d) Recording, classifying	and summarizing economic a	activities in informal manner				
4.	The controller's responsible	ilities are primarily in nature,	while the treasurer's responsibilities	es are primarily related to			
	(a) Operational; Financial	accounting	(b) Accounting; Financial mana	agement			
	(c) Financial management	nt; Operations	(d) Financial management; Acc	counting			
5.	What is the meaning of the	e word 'limited' in the name of	of a limited company?				
	(a) The number of shareho		1 7				
	(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 comp	pany can contract				
6.	A large organization with	separate legal status is known	as?				
	(a) Sole proprietorship	(b) Partnership		y (d) None			
7.	All of following are Asset	s excent?					
·•	(a) Prepaid Rent	(b) Goods	(c) Unearned Income	(d) b and c			
o	•						
8.	(a) Manufacturing	(b) Merchandising	s generated by the resale of production (c) Sole Proprietorship	(d) Partnership			
	-	-		_			
9.	_	•	on, if the goods are sold on credit t				
	(a) Cash account and Own	• •	(b) Account Receivable and Owner's equity				
	(c) Cash and Account Rec	eivable	(d) Account Payable and Owne	er's Equity			
10.	The amount received in re	espect of debtor's account?					
	(a) Increase liabilities (b) Decrease in expenses						
	(c) Decrease liabilities		(d) Conversion	on in assets side			

zaheerswati@ciit.net.pk 2 Quiz # 1

B. True False Statements

(Marks 5)

<i>1</i> .	Management Accounting communicates financial information about a business to both internal and external users?						
	(a) True				(b) False		
2.	The hiring of a new company president is an economic event recorded by financial information system?						
	(a) True				(b) False		
<i>3</i> .	A share provides	evide	ence of own	nership of a p	partner's share in a partnership?		
	(a) True				(b) False		
<i>4</i> .			-		easiest to raise capital for is the limited liability compugh the ownership changes?	pany because it is able	
	(a) True				(b) False		
5.				_	loans payable Rs. 230, trade accounts payable Rs. 200. Total liabilities are Rs. 4,500? (b) False	1,170, inventories Rs.	
	-				atement information listed in A through E woul in items 1 through 5 below Users	d most likely desire (5 Marks)	
	-	the e	conomic as	spects listed	in items 1 through 5 below	-	
	-	A.	Bankers	spects listed	in items 1 through 5 below	-	
	-	A. B.	Bankers Potentia	spects listed	in items 1 through 5 below Users	-	
	-	A. B. C.	Bankers Potentia Governr	l investors	in items 1 through 5 below Users	-	
	-	A. B. C. D.	Bankers Potentia Governr Customer	l investors ment agencies	in items 1 through 5 below Users	-	
	-	A. B. C.	Bankers Potentia Governr	l investors ment agencies	in items 1 through 5 below Users	-	
	-	A. B. C. D.	Bankers Potentia Governr Customer	l investors ment agencies	Users Users 1. Want to choose a company to earn returns p	(5 Marks)	
	-	A. B. C. D.	Bankers Potentia Governr Customer	l investors ment agencies	Users Users	(5 Marks)	
	-	A. B. C. D.	Bankers Potentia Governr Customer	l investors ment agencies	Users Users 1. Want to choose a company to earn returns p	otentially higher than	
	-	A. B. C. D.	Bankers Potentia Governr Customer	l investors ment agencies	Users Users I. Want to choose a company to earn returns p fixed income instruments	otentially higher than	
	-	A. B. C. D.	Bankers Potentia Governr Customer	l investors ment agencies	Users 1. Want to choose a company to earn returns p fixed income instruments 2. Need to predict future cash flows necessary for	otentially higher than	
	-	A. B. C. D.	Bankers Potentia Governr Customer	l investors ment agencies	Users 1. Want to choose a company to earn returns p fixed income instruments 2. Need to predict future cash flows necessary for 3. Want to determine how much tax a company makes at the company make	otentially higher than	

Q # 2: Following Transactions are related to Brother Corporation. You are required to make Equation?

(Marks = 15)

Opening Balances

 Inventory...... 23,000
 Furniture 10,000
 Marketable Securities ... 5,000
 Bank 25,000

 Cash 40,000
 Account Payable ... 30,000
 Debtors 17,000
 O.E 90,000

- Received dividend on marketable securities by bank of Rs. 500 and sold marketable securities of Rs. 1,000 by cash
- 2. Defective inventory returned to vendor of Rs. 7,000 who reduced account payable and paid carriage expense of Rs. 2,000
- 3. Obtained a bank loan of Rs. 13,000 by cash and paid Rs. 5,000 to creditor by bank
- 4. Paid Rent for 2 years of worth Rs. 6,000 by cash and received commission of worth Rs. 500 by bank
- 5. Payment made for furniture purchased for owner domestic use for Rs. 3,000 by bank
- 6. Goods return by cash customer of Rs. 2,500 which cost Rs. 2,100
- 7. Sold goods on account of Rs. 7,500 and by cash Rs. 2,500 which cost was Rs. 8,000

Brother Corporation

Accounting Equation

C M	Assets						Equities			
S. No	Cash	A/C Rec	Stock	Furniture	P. Rent	Bank	M. Sec	Creditors	B. Loan	Capital
Bal										
1										
Bal										
2										
Bal										
3										
Bal										
4										
Bal										
5										
Bal										
6										
Bal										
7										
Bal										
Total										

zaheerswati@ciit.net.pk 4 Quiz # 1