Please read the following instructions carefully before attempting Quiz

- This Quiz covers lesson no. 01-10

- Due date of quiz no 01 is 26/03/2009. It means that you can submit your solution file till 12 O’clock mid night 27/03/2009.

- All instruction will be considered during marking quiz. So, consider all these.

- To attempt a quiz, students should be asked to submit their solution files (word documents) in the following shape / form.

<table>
<thead>
<tr>
<th>Question #</th>
<th>Correct Options</th>
<th>Question #</th>
<th>Correct Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>B</td>
<td>11.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>A</td>
<td>12.</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td>15.</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td>16.</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td></td>
<td>17.</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td>18.</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td>19.</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td>20.</td>
<td></td>
</tr>
</tbody>
</table>

- Quiz file must be in Word document, all other would be marked zero.
- Give the answer according to question
- Use only the black font color
- Don’t rely only on handouts, use recommended books as well
- Avoid choosing more than one option.
- Make sure that you upload the solution before due date. No solution will be accepted through E-mail after the due date.
- Cheating or copying of solution is strictly prohibited; No credit will be given to copied assignment.
- Once you upload the quiz on LMS, it will not be replaced under any condition
Financial Accounting (mgt101)  
Spring Semester 2009  
Quiz 01

Choose the correct/best option from given MCQs and put your answer in tabular form as drawn above.

1. A business event which can be measured in terms of money and must be recorded in books of accounts is called:
   a. Condition  
   b. Information  
   c. Transaction  
   d. Record  

2. The price paid for an item, in terms of currency is called:
   a. Sale  
   b. Cost  
   c. Debt  
   d. Revenue  

3. The investment of cash in the business will result in which of the following?
   a. An increase in cash and a decrease in equity  
   b. An increase in cash and an increase in equity  
   c. A decrease in cash and an increase in equity  
   d. An increase in fees earned and an increase in equity  

4. Find out the missing value of an Accounting Equation with the help of given data:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>Rs. 90,000</td>
</tr>
<tr>
<td>Cash</td>
<td>Rs. 100,000</td>
</tr>
<tr>
<td>Debtors</td>
<td>Rs. 10,000</td>
</tr>
<tr>
<td>Other Assets</td>
<td>Rs. 1,000</td>
</tr>
<tr>
<td>Owner’s equity</td>
<td>Rs. 90,000</td>
</tr>
</tbody>
</table>

   a. Rs. 201,000 liabilities  
   b. Rs. 111,000 liabilities  
   c. Rs. 290,000 liabilities  
   d. Rs. 291,000 liabilities  

5. Mr.”A” sold goods for Rs. 300,000 to Mr. “B”, Rs. 300,000 will be treated as __________ for business of Mr.”A”.
   a. Revenue  
   b. Net profit  
   c. Gross profit  
   d. Operating profit
6. Cost incurred for the maintenance of shop is considered as _______.
   a. Deferred expense  
   b. Capital expense  
   c. Revenue expense  
   d. Preliminary expense

7. Income of the business includes:
   a. Cash sales only  
   b. Credit sales only  
   c. Credit purchases only  
   d. Both cash sales and credit sales

8. The basic accounting principle/concept according to which Business is independent from its owner(s) is known as:
   a. Separate Entity Concept  
   b. Matching Concept  
   c. Going Concern Concept  
   d. Materiality Concept

9. Which of the following is CORRECT according to the double entry system of book-keeping?
   a. Debit = Credit  
   b. Debit > Credit  
   c. Debit < Credit  
   d. All of the given options

10. According to the double entry system of book keeping, the investment of Rs.10,000 in the business made by the owner will effect:
    a. Cash Account & Capital Account  
    b. Cash Account & Expense Account  
    c. Capita Account & Revenue Account  
    d. Capital Account & Expense Account

11. What will be the effect on accounting equation, when payment is made to the creditor of the business?
    a. Increase in an asset and increase in a liability  
    b. Decrease in an asset and decrease in a liability  
    c. Increase in an asset and increase in owner's equity  
    d. Decrease in an asset and decrease in owner's equity

12. When a Liability is reduced or decreased, it is recorded on the:
    a. Right or debit side of the account  
    b. Left or debit side of the account  
    c. Left or credit side of the account  
    d. Right or credit side of the account
13. Which of the following transaction have NO affect on stockholders' equity?
   a. Purchase of building on credit
   b. Dividends to stockholders
   c. Net loss/Net profit
   d. Investment in cash by stockholders

14. Which of the following is NOT correct?
   a. Increase in Assets is Credit
   b. Decrease in Expenses is Credit
   c. Increase in Liability is Credit
   d. Increase in Income is Credit

15. Which of the following is the correct accounting cycle?

16. Which of the following event is NOT considered as Transaction?
   a. Mr. Afnan started business with Rs. 50,000.
   b. Mr. Afnan took away goods for worth Rs. 2,000 from the business for personal use.
   c. Mr. Afnan paid rent Rs. 2,000
   d. Mr. Afnan Submitted a tender for goods worth Rs. 10,000

17. Any mistake in ledger can be easily detected with the help of which of the following?
   a. Trial Balance
   b. Income Statement
   c. Balance Sheet
   d. Journal

18. A summarized record of transactions related to individuals or things is called a/an ___________.
   a. Account
   b. Voucher
   c. Journal
   d. Trial balance
19. The process of transferring journal entry information to the ledger is called:
   a. Journalizing
   b. Posting
   c. Balancing
   d. Analyzing

20. An accounting system is used by a business to:
   a. Analyze transactions
   b. Handle routine bookkeeping tasks
   c. Structure information
   d. All of the given options