



Exam Duration:	60 Minutes	Semester:	Fall
Paper Date:	21- Oct- 2021	Total Marks:	60
Section:	ALL	Weight	15%
Exam Type:	Sessional-I	Page(s):	3

Student : Name: _____ Roll No. _____ Section: _____

Instruction/Notes: Attempt all questions. Programmable calculators are not allowed.

Q1. Each MCQ question carry 2 marks, encircle around right answer/s (Total 10 marks)

1.1 Which accounting method will result in financial statements that report a more complete picture of a corporation's financial position and a better measure of profitability during a recent accounting year?

- ☒ 1. Accrual Method
- ☐ 2. Cash Method
- ☐ 3. Cash & Accrual Method
- ☐ 4. None of the above

1.2 Which financial statement will allow you to determine the gross margin for a retailer or manufacturer?

- ☐ 1. Balance Sheet
- ☒ 2. Income Statement
- ☐ 3. Statement Of Cash Flows
- ☐ 4. Statement Of Comprehensive Income Statement Of Stockholders' Equity

1.3 Which financial statement's structure is closest to that of the basic accounting equation?

- ☒ 1. Balance Sheet
- ☐ 2. Income Statement
- ☐ 3. Statement Of Cash Flows
- ☐ 4. Statement Of Comprehensive Income Statement Of Stockholders' Equity

1.4 A corporation's working capital is calculated using which amounts?

- ☐ 1. Total Assets and Total Liabilities
- ☐ 2. Total Assets and Current Liabilities
- ☒ 3. Current Assets and Current Liabilities
- ☐ 4. Total Assets, Liabilities and equity

1.5 Which of the following will appear as a positive amount on a statement of cash flows that was prepared using the indirect method?

- ☐ 1. An Increase In Accounts Receivable
- ☐ 2. An Increase In Inventory
- ☐ 3. A Decrease In Accounts Payable
- ☒ 4. Depreciation Expense

Q2

$$\textcircled{1} \text{ NEI Profit Margin} = \frac{\text{Net Income}}{\text{Sales}}$$

$$\begin{array}{r} 20 \\ 459 / 3552 \\ \hline 12.92\% \end{array}$$

$$\begin{array}{r} 21 \\ 637 / 3587 \\ \hline 17.75\% \end{array}$$

↑ Good.

$$\textcircled{2} \text{ ROE} = \frac{\text{Net Income}}{\text{Equity}}$$

$$\frac{459}{3001} \times 100 = 15.29\%$$

$$\frac{637}{2688}$$

$$23.69\%$$

↑ Good.

$$\textcircled{3} \text{ NCA Turnover} = \frac{\text{Sales}}{\text{Avg (TA - CA)}}$$

$$\frac{3552}{(4739 - 1900) = 2839} = 1.25$$

$$\frac{3587}{(3888 - 1461) = 2427} = 1.36$$

↑ Good

$$\textcircled{4} \text{ AR Turnover}$$

$$\frac{\text{Sales}}{\text{Average A/c Receivable}}$$

$$\frac{3552}{346} = 10.26$$

Good ↑

$$\frac{3587}{346 + 308 / 2} = 10.96$$

AR Turnover Increasing
it's shows stronger ability of organization

$$\textcircled{5} \text{ Leverage Ratio}$$

$$\frac{\text{avg total liabilities}}{\text{avg Shareholder's Equity}}$$

$$\frac{1721}{3001} = 0.57$$

$$\frac{1721 + 1187 / 2}{3001 + 2688 / 2} = 0.51$$

Leverage ratio is decreasing ↓ Good ✓

→ as debt portion is reducing in comparison to Equity.

Q3

Ass-

NCA

Equipment	8100 -
Land	510,000 -
Building	300,000 -
Furniture	47200
	<u>865,300</u>

CA

AR
Cash

9400 -
10,300 -

19,700
885,000

TA

E

Capital Stock

RE

100,000

310900 ~~668700~~

NCL

CL

Accounts Payable

Salaries Payable

Interest Payable

Notes Payable

40100 -

21000 -

8000 -

~~47200~~ 405000

~~116,000~~ 474100

574100