



ALLAMA IQBAL OPEN UNIVERSITY
Semester Terminal Exam Autumn 2020

Program /level:	ADC/AD/BS/Graduation	Maximum Marks	100
Title /Course Code	Financial Accounting (5418)	Pass marks	50

Instructions for Exams:

1. Attempt All Questions.
2. Write answers in your own words and avoid copying from an internet source or any book.
3. Be precise, avoid unnecessary details, answer to each question must be between 600-800 words.
4. Students are advised to upload their answer sheets/solutions on LMS portal as soon as they complete their answers and not to wait for 8:30 PM.
5. Submissions after due date & time will not be entertained. Attach undertaking with each course code which were allowed to attempt in Urdu.
6. If plagiarism found, Student may be declared fail.

Q. No.	Questions	Marks																																				
1	You have learned various types of ratios in your course. You are required to select the recent annual reports of any service organization listed at Pakistan Stock Exchange (PSX) from the given link https://financials.psx.com.pk/# and perform the ratio analysis and pinpoint the strengths and weaknesses of that organization to managers.	33																																				
2	<p>Do you agree that coding system is essential for establishing an accounting information system? Yes, or No? Comment. Also devise a coding scheme-using block and sequential codes for the following chart of accounts for Digital Camera distributors:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Cash</td> <td style="width: 50%;">Taxes Payable</td> </tr> <tr> <td>Accounts Receivable</td> <td>Notes Payable</td> </tr> <tr> <td>Office supplies Inventory</td> <td>Bonds Payable</td> </tr> <tr> <td>Prepaid insurance</td> <td>Common shares</td> </tr> <tr> <td>Inventory</td> <td>Share Premium</td> </tr> <tr> <td>Marketable Securities</td> <td>Retained Earnings</td> </tr> <tr> <td>Delivery Van</td> <td>Sales</td> </tr> <tr> <td>Accumulated Depreciation-Delivery Van</td> <td>Sales Returns</td> </tr> <tr> <td>Plant</td> <td>Dividend Income</td> </tr> <tr> <td>Accumulated Depreciation-Plant</td> <td>Cost of Goods Sold</td> </tr> <tr> <td>Furniture and Fixtures</td> <td>Wages Expense</td> </tr> <tr> <td>Accumulated Depreciation-Furniture & Fixtures</td> <td>Utility Expense</td> </tr> <tr> <td>Building</td> <td>Supplies Expense</td> </tr> <tr> <td>Accumulated Depreciation-Building</td> <td>Insurance Expense</td> </tr> <tr> <td>Land</td> <td>Depreciation Expense</td> </tr> <tr> <td>Accounts Payable</td> <td>Advertising Expense</td> </tr> <tr> <td>Wages Payable</td> <td>Fuel Expense</td> </tr> <tr> <td></td> <td>Interest Expense</td> </tr> </table>	Cash	Taxes Payable	Accounts Receivable	Notes Payable	Office supplies Inventory	Bonds Payable	Prepaid insurance	Common shares	Inventory	Share Premium	Marketable Securities	Retained Earnings	Delivery Van	Sales	Accumulated Depreciation-Delivery Van	Sales Returns	Plant	Dividend Income	Accumulated Depreciation-Plant	Cost of Goods Sold	Furniture and Fixtures	Wages Expense	Accumulated Depreciation-Furniture & Fixtures	Utility Expense	Building	Supplies Expense	Accumulated Depreciation-Building	Insurance Expense	Land	Depreciation Expense	Accounts Payable	Advertising Expense	Wages Payable	Fuel Expense		Interest Expense	34
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3	<p>Of the following statements, which are true for the corporate form of organization? Why or why not? Explain your answer in detail.</p> <ol style="list-style-type: none">1. Owners are not agents of the corporation.2. It is a separate legal entity.3. It has a limited life.4. Capital is more easily accumulated than with most other forms of organization.5. Corporate income that is distributed to shareholders is usually taxed twice.6. Owners have unlimited liability for corporate debts.7. Ownership rights cannot be easily transferred.	33
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