



COMSATS Institute of Information Technology Abbottabad

Department of Management Sciences

First Sessional: Spring 2017

Class: BBA 1
Subject: Accounting I
Total Time Allowed: 80 Minutes
Registration #

Date: 18-04-17
Instructor: *Zaheer Swati*
Max Marks: 40

SECTION-A

Q1. Encircle the most appropriate choice (MCQs).

(Marks: 10)

1. Accrual-basis of accounting?
(a) Result in higher income than Cash-basis of accounting? (b) Is not acceptable under GAAP
(c) Leads to the reporting of more complete information than does cash-basis (d) Non of Above
2. Losses normally have?
(a) Credit balance (b) Debit balance (c) Not mentioned (d) a and b
3. What is the cash basis of accounting?
(a) Revenue and expenses are recognized as cash comes in or goes out
(b) All assets must be recorded by how much cash they're worth at that very moment
(c) Cash is always the most liquid asset (d) When cash comes in, something else must go out
4. The process of transferring the debit and credit items from a journal to their respective account in the ledger is termed as?
(a) Balancing (b) Posting (c) Arithmetic (d) Entry
5. The respective normal account balances of Sales, Sales Returns and Allowances, and Sales Discounts are?
(a) Credit, Credit, Credit (b) Debit, credit, debit
(c) Credit, Debit, Debit (d) Credit, Debit, Credit
6. The journal entry to record the withdrawal of cash by the owner, to pay a personal utility bill would include?
(a) Debit to Capital, and a credit to Cash (b) Debit to Utilities Expense and a credit to Cash
(c) Debit to Drawing and a credit to Cash (d) Debit to Drawing and a credit to Utilities Expense
7. Which of the following transactions occurs on daily basis in a large business organization?
(a) Purchaser of equipment (b) Payroll (c) Credit sales (d) Payment of suppliers
8. The arithmetical accuracy of books of account is verified through?
(a) Journal (b) Trial Balance (c) Ledger (d) None of the given options
9. The process of recording the economic effects of business transactions in a book of original entry is known as which of the following?
(a) Double entry system (b) Debit (c) Journalizing (d) Posting
10. A service is sold for Rs. 250 on 10 March. The service is carried out in March; it is invoiced on 10 April and paid for on 31 May. When is the transaction recognized under accrual basis?
(a) On 10 March (b) On 10 April (c) On 31 March (d) On 31 May

SECTION-B

Q2: Prepare general journal entries for the following transactions of a business for February 2017

03: Sold Goods to Ali on cash Rs. 4,000 with 10% trade discount

06: Received discount Rs. 20 and Commission Rs. 500

(10 Marks)

07: Billed customer for services provided Rs. 3,000

13: Purchased office supplies for Rs. 1,400. Cash paid Rs. 400 and remaining outstanding

28: Furniture lost by fire of worth Rs. 500

General Journal

| Date | Account Title and Explanations | Ref | Amount (Rs) | |
|--------------|--------------------------------|-----|-------------|--------|
| | | | Debit | Credit |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total | | | | |

Q3. Prepare Cash Ledger Account

(10 Marks)

General Journal

| Date | | Account Title and Explanations | Ref | Amount (Rs) | |
|--------------|----|---|-----|--------------------|--------------------|
| | | | | Debit | Credit |
| 2016 | | | | | |
| Aug. | 1 | Cash Photography Equipment Owner's Equity_ Hashim Khan (Started business with cash and equipments) | | 57,500 32,500 | 81,000 |
| | 4 | Prepaid Insurance Cash (Purchase two year insurance policy) | | 3,000 | 3,000 |
| | 7 | Account Receivable Photographic Services (Revenue earned but not received) | | 10,000 | 10,000 |
| | 13 | Office Supplies Cash Account Payable (Cash and Credit purchases recorded) | | 1,400 | 400 1,000 |
| | 20 | Cash Account Receivable (Account receivables are converted into cash) | | 2,000 | 2,000 |
| | 24 | Cash Unearned Photographic Services (Liability created) | | 15,000 | 15,000 |
| | 29 | Photography Equipment Cash Note Payable (Purchase asset by cash and credit) | | 100,000 | 25,000 75,000 |
| Total | | | | Rs. 221,400 | Rs. 221,400 |

Account # 1

Cash Account

Page #

| Date | Description | Ref | Amount (Rs.) | Date | Description | Ref | Amount (Rs.) |
|------|-------------|-----|--------------|------|-------------|-----|--------------|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Q4. There are several Mistakes in the Raees (Pvt.) Ltd. Trial Balance. You are requested to identify Errors and make corrected Trial Balance?

| S. No | Heads of Accounts | Ref | Amount (Rs.) | |
|--------------|---------------------|-----|--------------------|--------------------|
| | | | Debit | Credit |
| 1 | Return outward | | 16,000 | |
| 2 | Furniture | | 34,200 | |
| 3 | Salaries | | 12,000 | |
| 4 | Account Payables | | 28,000 | |
| 5 | Bank | | 45,000 | |
| 6 | Carriage Inward | | 6,000 | |
| 7 | Rent Received | | 3,000 | |
| 8 | Discount Allowed | | 2,000 | |
| 9 | Purchases | | 100,000 | |
| 10 | Bill Payable | | 20,000 | |
| 11 | Account Receivables | | | 15,000 |
| 12 | Carriage Outward | | | 5,000 |
| 13 | Owner Equity | | | 55,200 |
| 14 | Machinery | | | 18,000 |
| 15 | Return Inward | | | 3,000 |
| 16 | Discount Received | | | 4,000 |
| 17 | Insurance Expenses | | | 6,000 |
| 18 | Sales | | | 140,000 |
| 19 | Building | | | 20,000 |
| Total | | | Rs. 266,200 | Rs. 266,200 |

| S. No | Heads of Accounts | Ref | Debit | Credit |
|--------------|-------------------|-----|-------|--------|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| Total | | | | |