



COMSATS INSTITUTE OF INFORMATION TECHNOLOGY, ABBOTTABAD

Registration # _____ Signature _____

Quiz # 2 and 3



Financial Accounting *MBA I_(3.5)*

Instructions:

1. Borrowing of Calculator, Ruler etc. is not allowed
2. Switch off Mobile Phone
3. Don't waste yours time, all students have different papers
4. Total Time Allowed for 85 minutes
5. There will be no overwriting in Paper.
6. Marks Distribution is 25 for Quiz #1 and 25 for Quiz #2

Quiz # 2 / 25

Quiz # 3 / 25

(Not to Turn the Page Prior to Instructions)

Quiz # 2**Q1. Encircle the most appropriate choice.***(Marks = 10)*

1. A company purchases supplies for Rs. 750 for cash. The accountant fails to record the journal entry. The trial balance would help discover this error?
(a) True (b) False
2. A customer is offered a sales discount of 4/10, net 45. In this case, the customer pays within four days, a 10% discount?
(a) True (b) False
3. Which of the following accounts normally has credit balance?
(a) Wages Outstanding (b) Motor vehicles (c) Prepaid Rent (d) Return Inwards
4. Which one of the following could not be classified as revenue?
(a) Goods sold for cash (b) Sales on credit
(c) Fee from the sale of services (d) Income from the sale of fixed assets
5. Which one of the errors is an error of Principle?
(a) Debiting Repair Account instead of Furniture Account for Rs. 10,000
(b) Sales of Rs. 200 enter in the book of original entry as Rs. 2,000
(c) Cash Sales of Rs. 300 wrongly entered in Purchase Book
(d) Purchase transaction entered in Purchase Return Day Book
6. Expenditure incurred on erecting machinery is?
(a) Revenue Expenditure (b) Capital Expenditure
(c) Deferred Revenue Expenditure (d) None of the above
7. Which error will discovered by the preparation of trial balance?
(a) Capital expenditure treated as revenue expenses (b) An incorrect amount entered as both a debit and credit
(c) Completed omission of a transaction (d) An incorrect amount entered twice as a debit
8. Which of the followings are books of prime entry?
(a) Sales day book and trial balance (b) Petty cash book and accounts receivable ledger
(c) Petty cash book and journal (d) Cash book and assets register
9. Which of the following is the correct journal entry to record a credit note issued to a customer for goods returned?
(a) Debit Sales returns and Credit Cash (b) Debit Cash and Credit Sales returns
(c) Debit Trade receivables and Credit Sales returns (d) Debit Sales returns and Credit Trade receivables
10. Mr. Hussain sends a debit note to one of his suppliers. In which of Mr. Hussain's books of prime entry would this be recorded?
(a) Sales (b) Purchases (c) Purchase returns (d) Sales returns

Q2. Make corrected Trial Balance after anticipating hidden errors for Star Ltd. Financial year for this company is July 1st, 2011 to June 30th, 2012 (Marks = 15)

Star Ltd.

Trial Balance
As on 30th June, 2012

S. No	Heads of Accounts	Ref	Amount (Rs.)	
			Dr	Cr
1	Purchases			35,000
2	Factory Overhead (Applied)			1,000
3	Octroi and Taxes			100
4	Rebate received			500
5	Trade Mark			55,000
6	Sales		80,000	
7	Share Capital			50,000
8	Return Outward			1,600
9	Bills Owed			6,500
10	Carriage Outward			3,700
11	Inventory (1.07.2011)		10,500	
12	Motor Van		25,000	
13	Claims Receivables		1,500	
14	Sundry Debtors		9,000	
15	Return Inward		2,000	
16	Leasehold Premises		3,000	
17	Discount on Sales			2,000
18	Petty Cash		800	
19	Stock 30-06-2012		33,300	
20	Sundry Creditors		10,000	
21	Suspense Account			19,700
Total			Rs. 175,100	Rs. 175,100

Errors in Trial Balance:

- (i) Machinery bought Rs. 3,000 posted to as Trade Mark account
- (ii) Credit sales of worth Rs. 1,200 was omitted to record in the book of original entry
- (iii) Repairs to Motor Van Rs. 1,500 have been debited to Motor Van account
- (iv) Unearned Sales of Rs. 15,000 was incorrectly credited to Sales Account

Following accounts are used for correction and adjusting the transactions.

Sales; Unearned Sales, Motor Van; Sundry Debtors; Motor Van Expense; Machinery; Trade Mark

Trial Balance
As on 31st December, 2012

[illegible]

Quiz # 3**Q1. Encircle the most appropriate choice.***(Marks = 10)*

1. If a company uses special journals, credit sales should be recorded in which journal?
(a) General journal (b) Purchases journal (c) Sales journal (d) Cash receipts journal
2. Receipt of cash from sale of office equipment recorded in?
(a) Cash Payments Journal (b) Cash Receipts Journal
(c) Purchases Journal (d) General Journal
3. Money deposited into the bank account appears on the credit side of the bank account in the cash book?
(a) True (b) False
4. Which one of the following affects cash book during a period?
(a) Recording depreciation expense (b) Declaration of a cash dividend
(c) Write-off of an uncollectible account receivable (d) Payment of an accounts payable
5. A check received on 12th of December dated 25th December is considered as?
(a) Bank (b) Cash (c) Liability (d) Revenue
6. If a business shows a debit balance in its own record of its bank balance, this indicates?
(a) The business has a bank overdraft (b) The business is a debtor in the books of bank
(c) The business has money in the bank (d) The ledger entry must be wrong
7. When a check is received from a customer and it is deposited into the bank for collection but ultimately returned dishonoured, the customer account will be
(a) Debited (b) Credited (c) Becomes a liability (d) None of these
8. All of the following are not considered cash except?
(a) Postage and stamps (b) Securities (c) Investments (d) Cheque
9. Which of the following items is not considered as cash or cash equivalent?
(a) Cash on hand (b) Bank borrowings (c) Demand deposits
(d) Investments with a maturity of two months from the date of acquisition
10. The Cash of a business would change as a result of?
(a) A supplier being paid by check and deposited (b) Raw materials being purchased on credit
(c) Non-current assets being purchased on credit (d) Wages being paid in cash

(15 Marks)

Nov	1	Cash balance (Cr) Rs. 2,000; Bank balance Rs. 40,000
	4	Cash sales Rs. 3,700
	6	Paid Ahmed & Bros. by cash Rs. 500; Received cash by debtors Rs. 1,800
	12	Paid to vendor by means of check worth Rs. 2,700
	13	Paid Utility bills in cash Rs. 250; Bought goods by check Rs. 750
	19	Drew from Bank for office use Rs. 160; Personal withdrawal of cash Rs. 1,000
	20	Received a check from Hamid Rs. 2,700 and deposited into the bank
	21	Received by check from Munir Rs. 1,360; Discount Rs. 140
	25	Cash sales Rs. 2,100; Paid wages by bank Rs. 1,500
	28	Deposited Munir's check into bank
	29	Payment by check to Anees for Rs. 175; Discount received Rs. 25
	30	Munir's check has been dishonoured and return by bank

For the month ended November 30th, 2010

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