



COMSATS INSTITUTE OF INFORMATION TECHNOLOGY, ABBOTTABAD

Registration # _____ Signature _____

Quiz # 2 and 3



Accounting I **BBA 2**

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 #2 and 25 for Quiz #3

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. Which one of the following could not be classified as revenue expense?
(a) **Purchase of a fixed asset, by check** (b) Goods purchase for resale by cash
(c) Paid rent (d) Wages paid by cash
2. Which of the following account(s) will be affected, while rectifying the error of Carriage paid Rs.50 for the newly purchased machinery mistakenly debited to carriage account?
(a) Only machinery account (b) Only carriage account
(c) **Both carriage and machinery account** (d) Only cash account
3. Receipt of cash on account from a customer is?
(a) Cash Payments Journal (b) **Cash Receipts Journal**
(c) Purchases Journal (d) Revenue Journal
4. Which of these items would be accounted for as an expense?
(a) Repayment of a bank loan (b) Dividends to stockholders
(c) The purchase of land (d) **Payment of the current period's rent**
5. An alternative name for a sales journal is?
(a) Sales invoice (b) Sales ledger (c) Daily sales (d) **Sales day book**
6. Corrected the balance in the prepaid insurance at the end of the month in?
(a) Cash Payments Journal (b) **General Journal**
(c) Cash Receipts Journal (d) Purchases Journal
7. Which of the following book(s) is (are) a part of Journal?
(a) Cash Book (b) Purchase Return Book (c) Purchase Book (d) **All of the given options**
8. If a firm does not have a sales returns and allowances journal, the entries for these transactions are made in?
(a) Sales journal (b) **General journal** (c) Cash receipts journal (d) Cash payments journal
9. Which of the following accounts normally has credit balance?
(a) **Wages Outstanding** (b) Motor vehicles (c) Prepaid Rent (d) Return Inwards
10. Expenditure incurred on erecting machinery is?
(a) Revenue Expenditure (b) **Capital Expenditure**
(c) Deferred Revenue Expenditure (d) None of the above

Q2. Make corrected Trial Balance after anticipating hidden errors for Abdul Rehman Khan & Brothers:

(Marks = 15)

Abdul Rehman Khan & Brothers

Trial Balance

As on 31st March, 2017

S. No.	Heads of Account	Ref	Balance (Rs.)	
			Debit	Credit
1	Opening stock			5,000
2	Purchases		16,750	
3	Discount allowed			1,300
4	Wages		6,500	
5	Sales		30,000	
6	Salaries			2,000
7	Travelling expenses		400	
8	Commission			425
9	Carriage inward			275
10	Administration expenses		105	
11	Trade expenses		600	
12	Interest			250
13	Plant and Machinery		5,000	
14	Furniture			200
15	Debtors			4,250
16	Creditors		2,100	
17	Cash		2,040	
18	Capital			13,000
19	Suspense			36,795
	Total		Rs. 63,495	Rs. 63,495

Errors in Trial Balance:

- (i) Repairs to plant amounting to Rs. 900 had been charged to Plant and Machinery Account
- (ii) Credit sales of worth Rs. 1,200 was omitted to record in the book of original entry
- (iii) Goods purchased for proprietor's use for Rs. 1,000 was debited to purchase account
- (iv) A purchase of furniture for Rs. 5,000 has been entered in the purchases account

Abdul Rehman Khan & Brothers

Trial Balance
As on 31st March, 2017

S. No	Heads of Accounts	Ref	Amount (Rs.)	
			Dr	Cr
1	Opening stock		5,000	
2	Purchases (16,750 – 1,000 – 5,000)		10,750	
3	Discount allowed		1,300	
4	Wages		6,500	
5	Sales (30,000 + 1,200)			31,200
6	Salaries		2,000	
7	Travelling expenses		400	
8	Commission		425	
9	Carriage inward		275	
10	Administration expenses		105	
11	Trade expenses		600	
12	Interest		250	
13	Plant and Machinery (5,000 – 900)		4,100	
14	Furniture (200 + 5,000)		5,200	
15	Debtors (4,250 + 5,200)		5,450	
16	Creditors			2,100
17	Cash		2,040	
18	Capital			13,000
19	Repair		900	
20	Drawing		1,000	
21	Suspense		05	
	Total		Rs. 46,300	Rs. 46,300

Quiz # 3

Q1. Encircle the most appropriate choice.

(Marks = 10)

1. 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**
2. Over drawn balance of cash book is recorded on?
(a) If Dr or Cr balance not mentioned will be overdrawn balance
(b) If mentioned O/D balance then will be debited on debit side of cash book
(c) **Is Credited if the balance is mentioned as an over drawn balance**
(d) None of Above
3. 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
4. The balance of petty cash is?
(a) **An asset** (b) A liability (c) An expense (d) An income
5. 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
6. 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
7. Which of the following explains the imprest system of operating petty cash?
(a) Weekly expenses cannot exceed a set amount
(b) **The exact amount of expenses is reimbursed at intervals to maintain a fixed float**
(c) All expenses out of the petty cash must be properly authorized
(d) Regular equal amounts of cash are transferred into petty cash at intervals
8. The Debit balance of cash book indicates?
(a) Net income (b) **Cash in hand** (c) Difference between debtors and creditors (d) None
9. In which books of prime entry would the following transactions be entered?
A credit sale for Rs. 387 and a cash sale of Rs. 200 less 10% discount for cash payment
(a) **Sales day book and cash book** (b) The petty cash book and sales day book
(c) The purchase day book and sales day book (d) The journal and cash book
10. The balance of unearned income is?
(a) An asset (b) **A liability** (c) An income (d) Revenue

Q2. Given below are the cash and bank transactions of Asad Hussain Ltd. for the month of April 2017

2017

(15 Marks)

April 1. Opening balance – Cash Rs. 15,200; Bank Rs. 45,750

April 3. Received a cheque and deposited from Nosheen Ltd., a customer, of Rs. 22,850 in full settlement of their dues of Rs. 23,000

April 4. Withdrew cash from bank Rs. 10,000 for business use

April 10. Paid salaries by cash Rs. 20,500

April 12. Issued cheque to Obaid Ltd., a supplier, of Rs. 46,500 in full settlement of his claim of Rs. 47,000

April 15. Cheque received from Nosheen Ltd., dishonored by bank

April 20. Cash received from Nayyab Javed Ltd. Rs. 15,500

April 25. Collected a cheque from Maria Khan Rs. 16,700 in settlement of their dues of Rs. 17,000 (not deposited)

April 30. Deposited Rs. 5,000 to bank

Requirement: Prepare a triple column cash book

Asad Hussain Ltd.

Cash Book

For the month ended April, 2017

Receipt side						Payment side					
Date	Description	Ref	Cash	Bank	Dis	Date	Description	Ref	Cash	Bank	Dis
2017						2017					
April 1	Balance b/d		15,200	45,750		April 4	Cash	(c)		10,000	
3	Nosheen Ltd.			22,850	150	10	Salaries		20,500		
4	Bank	(c)	10,000			12	Obaid Ltd.			46,500	500
20	Nayyab Ltd.		15,500			15	Dishonoured			22,850	
25	Maria Khan		16,700		300	30	Bank	(c)	5,000		
30	Cash	(c)		5,000							
	Balance c/d			5,750			Balance		31,900		
Total			57,400	79,350	450	Total			57,400		