



COMSATS Institute of Information Technology Abbottabad

Department of Management Sciences

Second Sessional: Spring 2017

Class: BBA 2
Subject: Accounting I
Total Time Allowed: 65 Minutes
Registration #

Date: 30-05-17
Instructor: *Zaheer Swati*
Max Marks: 50

SECTION-A

(Time allowed 15 Minutes)

Q1. Encircle the most appropriate choice (MCQs).

(Marks: 20)

1. Uncollected checks are also known as?
(a) Outstanding checks (b) Uncleared checks (c) Outstation checks (d) **Both b & c**
2. Which of the following is not an adjusting entry?
(a) Debit unearned revenue; credit revenue (b) Debit insurance expense; credit pre-paid insurance
(c) **Debit cash; credit unearned revenue** (d) Debit wages expense; credit wages payable
3. Unfavorable balance means?
(a) **Credit balance in the cash book** (b) Credit balance in Bank statement
(c) Debit balance in cash book (d) Debit balance in petty cash book
4. When a cheque is returned by the bank showing some technical reason is known as?
(a) Honor of the cheque (b) Balance of account
(c) **Dishonor of the cheque** (d) None of these
5. Every adjusting entry affects?
(a) Income statement account only (b) Balance sheet account only
(c) **Both A & B** (d) None
6. When dealing with Bank reconciliation statement while using missing method the credit side of cash book corresponds to?
(a) Debit side of cash book (b) Credit side of Bank statement
(c) **Debit side of Bank statement** (d) None of them
7. An amount of Rs. 1,000 is debited twice in the bank statement. When overdraft as per the cash book is the starting point?
(a) Rs. 1,000 will be deducted (b) **Rs. 1,000 will be added**
(c) Rs. 2,000 will be deducted (d) Rs. 2,000 will be added
8. An increase in value of a fixed asset is known as?
(a) **Appreciation** (b) Accumulated Depreciation
(c) Depreciation (d) Written Down Value
9. Short Term Loan can be best describing as?
(a) If the period is three years (b) If the period is over one year
(c) **If the period is less than one year** (d) B and C

10. A bank reconciliation statement is prepared by?
 (a) Internal auditor (b) Business accountant (c) Businessman (d) All of before
11. Which of the following is true?
 (a) Bank Reconciliation Statement (BRS) is an account (b) BRS is prepared by the bank
 (c) **BRS shows causes of disagreement between cash book & passbook**
 (d) BRS shows only excess of cash book over passbook
12. A check that bears a date latter than date of issue is called?
 (a) Anti dated check (b) **Post-dated check** (c) Dishonored check (d) Outdated check
13. Equipment cost Rs. 36,000 and is expected to be useful for 5 years and have no salvage value. Under the straight-line method, monthly depreciation will be?
 (a) **Rs. 600** (b) Rs. 720 (c) Rs. 60 (d) Rs. 12
14. Credit balance in a passbook indicates?
 (a) Excess of deposits over withdrawals (b) Excess of withdrawals over deposits
 (c) Debit balance in cash book (d) (a) & (c)
15. A check may be crossed by drawing _____ on the face of its?
 (a) One line (b) **Two parallel lines** (c) Three parallel line (d) none
16. What will the effects on financial statements, if machinery is depreciated @ 10%?
 (a) It will be treated as an expense in income statement only
 (b) It will be subtracted from concerned asset only (c) It will be treated as a current asset only
 (d) **It will be treated as an expense in income statement & subtracted from concerned assets in Balance Sheet**
17. The amount of depreciation charged on machinery will be debited to?
 (a) Machinery account (b) **Depreciation account** (c) Cash account (d) Capital account
18. Amount owing from the debtor which is not expected to be received?
 (a) Debit (b) Liability (c) **Bad debt** (d) None of the above
19. Which of the following is not an adjusting entry?
 (a) Debit unearned revenue; credit revenue (b) Debit insurance expense; credit pre-paid insurance
 (c) **Debit cash; credit unearned revenue** (d) Debit wages expense; credit wages payable
20. Which one of the following is an example of unearned income?
 (a) Cash paid to supplier (b) Advanced received from bank
 (c) Cash discount received from customer
 (d) **Advanced received from a customer for a purchase order place by him**

SECTION-B

(Time allowed 50 Minutes)

Q2: The cash book of Syed Imtasal Shah, a trader, showed an overdraft of Rs. 2,700 on 30 September 2011 which did not match with the bank statement balance on that date. On investigation you find that:

- (a) Cheques amounting to Rs. 386 which were entered in the cash book on 30th September 2011 were not credited by the bank until the following day
- (b) Interest credited by bank on deposits Rs. 500 but not mentioned in the cash book
- (c) Cheques of Rs. 1,500 deposit into bank on 25th September, out of which Rs.900 was cleared and credited on 30th September 2011
- (d) Dividend collected by bank Rs. 600 but not entered in the cash book
- (e) Cheques issued amounted to Rs. 2,000 on 30th September, out of which Rs. 500 was presented for payment on 30th September 2011
- (f) In accordance with a standing order from trader, the bank had paid Rs. 180 for a trade subscription on 30 September 2011, but no entry had been made in cash book

You are required to prepare a bank reconciliation statement as at 30 September 2011

<i>Cash Book</i>				<i>Bank Statement</i>			
(b) Interest credited	500	Balance	2,700	(e) Unpresented	1,500	(a) Uncredited	386
(d) Dividend	600	(f) Bank payment	180			(c) Uncleared	600

Syed Imtasal Shah

Bank Reconciliation Statement

As on September, 2011

Balance as per Cash Book (Cr)		2,700
Add:		
(f) Bank payments	180	
(a) Uncredited	386	
(c) Uncleared	600	1,166
		3,866
Less:		
(b) Interest credited	500	
(d) Dividend	600	
(e) Unpresented	1,500	(2,600)
Balance as per Bank Statement (Dr)		Rs. 1,266

Q3. Prepare Adjusting Entries at end of December

1. Wages owed but unpaid at the end of December were Rs. 5,000
2. Service provided to a customer for Rs. 350 has not been recorded
3. Advertising cost of Rs. 90 for December has not been recorded
4. The company deposited Rs. 60,000 on November 1. No interest has been recorded for November and December
5. A computer was purchased on January 1, for Rs. 1,600. The useful life of the computer is 4 years. Record depreciation expense by using WDM
6. The amount of supplies available at the end of December was Rs. 200. The amount of supplies at the beginning of the period was Rs. 450. Rs. 250 of supplies were purchased during the year
7. Direct Write off as uncollectible the balance of the Ali account Rs. 1,000
8. One half of the work related to Rs. 7,000 received in advance was performed during the period

Adjusting Entries

Date		Account Title and Explanations	Ref	Amount (Rs)	
				Debit	Credit
Dec	(1)	Wages Expense		5,000	
		Wages Payable			5,000
	(2)	Account Receivable		350	
		Services			350
	(3)	Advertising Expense		90	
		Advertising Payable			90
	(4)	Interest Receivable		1,000	
		Interest Revenue			1,000
	(5)	Depreciation Expense_Computer		400	
		Computer			400
	(6)	Supplies Expense		500	
		Supplies			500
	(7)	Bad Debts		1,000	
		Account Receivable_Ali			1,000
	(8)	Unearned Revenue		3,500	
		Revenue			3,500
Total				Rs. 11,840	Rs. 11,840