



# COMSATS Institute of Information Technology Abbottabad

## Department of Management Sciences

### Terminal Section A

Class:  
Subject: Accounting  
Time Allowed: 30 Minutes  
Registration #

Date:  
Instructor: *Zakeer A. Sultani*  
Max Marks: 30  
Signature

### SECTION-A

(Time allowed: 30 Minutes) (Marks = 30)

#### A. Write appropriate choice in Answer Sheet (A)

(Marks 30 \* 1 = 30)

1. Marketable Securities, Account Receivables and Inventory are listed as
  - (a) Current Asset
  - (b) Current Liabilities
  - (c) Long Term Asset
  - (d) Long term liabilities
2. 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 General Journal
  - (d) Cash book and assets register
3. Which of the following would not be regarded as an asset?
  - (a) A piece of equipment owned by a business
  - (b) A building that has been used by the business
  - (c) An inventory of goods that have yet to be sold
  - (d) A sum of money owed to the business
4. The adjusting entry to record unpaid salaries is
  - (a) Salary Expense (Dr) & Cash (Cr)
  - (b) Salary Payable (Dr) & Salary Payable (Cr)
  - (c) Salary Expense (Dr) & Salary Payable (Cr)
  - (d) Salary Payable (Dr) & Cash (Cr)
5. Unearned revenue of Rs. 2,000 now earned. The entry is?
  - (a) Unearned revenue to revenue
  - (b) Cash to revenue
  - (c) Revenue to Unearned revenue
  - (d) None of above
6. At the end of the current accounting period, Johnson Company failed to record utilities consumed during the period. Johnson will be billed for the utilities during the next accounting period. As a result, current period assets, liabilities, equity, and income, respectively, are
  - (a) Overstated, overstated, correct, correct
  - (b) Correct, understated, overstated, overstated
  - (c) Overstated, understated, overstated, overstated
  - (d) Overstated, understated, correct, correct
7. Adjusting entries at the end of an accounting period would not be required for which of the following
  - (a) Multi period costs that must be split among two or more accounting periods
  - (b) Multi period revenues that must be split among two or more accounting periods
  - (c) Expenses that have been incurred in a given period but not yet recorded in the accounts.
  - (d) Revenue that has been earned and recorded in the accounting records
8. At the end of the fiscal year, Accounts Receivable has a balance of Rs. 100,000 and Allowance for Doubtful Accounts has a balance of Rs. 7,000. The expected net realizable value of the accounts receivable is:
  - (a) Rs. 100,000
  - (b) Rs. 93,000
  - (c) Rs. 107,000
  - (d) Rs. 7,000

9. If the equipment account has a balance of Rs. 22,500 and its accumulated depreciation account has a balance of Rs. 14,000, the book value of the equipment is  
 (a) Rs. 36,500 (b) Rs. 22,500 (c) Rs. 14,000 (d) Rs. 8,500
10. Bank reconciliation is not a  
 (a) Ledger account (b) Memorandum statement  
 (c) Reconcile records (d) Procedure to prove cash book balance
11. The check which is deposited into bank but not cleared at the end of a particular year is called  
 (a) Omitted check (b) Unpresented check (c) Uncredited check (d) Dishonored check
12. An amount of Rs. 1000 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
13. Accrued expenses are also called  
 (a) Accrued liabilities (b) Expenses already incurred but not yet paid  
 (c) Both a & b (d) None
14. External Users of Financial Accounting Information include all of the following except  
 (a) Line Manager (b) Labor Union (c) Investors (d) General Public
15. An overstatement of closing inventory in one period results in:  
 (a) No effect on net income (b) An overstatement of net income  
 (c) An understatement of net income (d) An overstatement of the closing inventory of the next period
16. Which one of the following is an example of current Liability?  
 (a) Bank overdraft (b) Fixtures (c) Shares (d) Long term Bank Loan
17. Which account would be listed on a post-closing trial balance,  
 (a) A revenue account (b) The Amortization account  
 (c) The Discount allowed account (d) None of Above
18. Ahmed gives a cash discount of 40 to a customer. The discount is credited in Ahmed's book. The effect of recording the discount in this way is that profit will be  
 (a) Correct (b) Overstated by 80 (c) Understated by 80 (d) Understated by 40
19. A business received cash of Rs. 3,000 in advance for the service that will be provided later. At the end of the period Rs. 1,100 is still unearned. The adjusting entry for the situation will be  
 (a) Debit 'Unearned Revenue' and Credit 'Revenue' for Rs. 1,900  
 (b) Debit 'Unearned Revenue' and Credit 'Revenue' for Rs. 1,100  
 (c) Debit 'Revenue' and Credit 'Unearned Revenue' for Rs. 1,100  
 (d) Debit 'Revenue' and Credit 'Unearned Revenue' for Rs. 1,900
20. The first item listed under current liabilities is usually?  
 (a) Notes payable (b) Accounts payable (c) Salaries payable (d) Taxes payable
21. An overstatement of closing inventory in one period results in?  
 (a) No effect on net income (b) An overstatement of net income  
 (c) An understatement of net income (d) An overstatement of the closing inventory of the next period

22. Which one of the following is an example of current Liability?  
 (a) Bank overdraft (b) Fixtures (c) Shares (d) Long term Bank Loan
23. At the end of the fiscal year, Accounts Receivable has a balance of \$100,000 and Allowance for Doubtful Accounts has a balance of \$7,000. The expected net realizable value of the accounts receivable is:  
 (a) \$ 100,000 (b) \$ 93,000 (c) \$ 107,000 (d) \$ 7,000
24. The transactions of the following must be kept separate from the personal activities of the owners for accounting purposes?  
 (a) Proprietorship (b) Partnership (c) Corporation (d) Both a and b above
25. The payment of cash to supplier will?  
 (a) Reduce cash balance and reduce current liabilities (b) Increase receivables and reduce cash balance  
 (c) Reduce account payable and increase purchases (d) Increase payable and reduce cash balance
26. The effect of a credit entry on the payables account is to?  
 (a) Decrease the account balance (b) Decrease & increase the account balance  
 (c) Decrease or increase the account balance (d) Increase the account balance
27. Which of the following would not be regarded as an asset?  
 (a) A piece of equipment owned by a business (b) A building that has been used by the business  
 (c) An inventory of goods that have yet to be sold (d) A sum of money owed to the business
28. Which one of the following is not true for Profit & Loss Account?  
 (a) It shows whether a business has made a profit or loss over a financial year  
 (b) It shows the financial position of a business for the period  
 (c) It shows revenues and expenses for the period  
 (d) It is used to calculate surplus/deficit for a particular period
29. Which of the following is/are not shown in balance sheet?  
 (a) Fixed assets (b) Current liabilities (c) Profit sharing ratio (d) Long term assets
30. Specific business entity separate from personnel affair of the owner is?  
 (a) Objectivity principle (b) Stable currency principle  
 (c) Entity principle (d) Matching principle

*Best of Luck*



# COMSATS Institute of Information Technology Abbottabad

## Department of Management Sciences

### Terminal Section B & C

Class:  
Subject: Accounting  
Total Time Allowed: 150 Minutes  
Registration #

Date:  
Instructor: *Zohar A. Soud*  
Max Marks: 70  
Signature

### SECTION-B

(Attempt all four questions, all questions carry equal marks  $10 * 4 = 40$ )

**Q1.** From the following particulars write up the Cash Book for Muhammad Huzaifa Umar Trading Co. for the month of June 2016 (Time should use 25 minutes).

**2016**

- June**
- 1** Favourable Cash Balance Rs. 18,000; Bank balance Overdraft Rs. 37,000
  - 4** Paid Wages Rs. 200 by cash and Rent by check Rs. 1,000
  - 6** Total sales of worth Rs. 10,000 in which 3,000 apply to credit customers Mr. Ali
  - 9** Owner further investment Rs. 13,000, of which Rs. 10,000 was banked and the balance was retained
  - 11** Received a check from Mr. Kazmi and deposited into the bank of worth Rs. 16,000
  - 14** Withdrew from bank for office purpose Rs. 4,000 and for owner domestic use Rs. 2,000
  - 18** Received check from Mr. Hamid of Rs. 22,000 and was not deposited in same date
  - 21** Dated 6<sup>th</sup> June, 2010 Mr. Ali sent 3,000 check which was deposited in same date
  - 23** Mr. Kazmi check of Dated 11<sup>th</sup>, June, 2010 was dishonoured and return by bank
  - 28** Mr. Hamid check received on 18<sup>th</sup> June, 2010 were deposited into bank
  - 30** Discount Received Rs. 300 and Discount allowed Rs. 200

**Format**

### MUHAMMAD HUZAIFA UMAR TRADING CO.

#### Cash Book

For the month ended June, 2016

Receipts						Payments					
Date	Description	Ref	Cash	Bank	Dis	Date	Description	Ref	Cash	Bank	Dis

**Q2.** Make corrected Trial Balance after anticipating hidden errors for Amina Ghalib Khan Ltd. Financial year for this company is July 1<sup>st</sup>, 2016 to June 30<sup>th</sup>, 2017 (Time should used 25 minutes).

### Amina Ghalib Khan Ltd.

#### Trial Balance

As on 30<sup>th</sup> June, 2017

S. No	Heads of Accounts	Amount (Rs.)	
		Dr	Cr
1	Purchases		35,000

2	Factory Overhead (Applied)		1,000
3	Octri 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 (1.07.2016)	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 30-06-2017	33,300	
20	Sundry Creditors	10,000	
21	Suspense Account		19,700
	<b>Total</b>	<b>Rs. 175,100</b>	<b>Rs. 175,100</b>

**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*

**Format**

**Amina Ghalib Khan Ltd.**

**Trial Balance**

*As on 30<sup>th</sup> June, 2017*

S. No	Heads of Accounts	Amount (Rs.)	
		Dr	Cr



- vi. Bank received dividend on behalf of company and recorded correctly but recorded twice in the cash book of Rs. 3,500.
- vii. A check of Rs. 5,000 issued to vendor was dishonoured due to some technical errors of accountant.
- viii. A check for Rs. 1,200 was issued by the company for purchase of stationery and was paid by the bank but not recorded in company's book.
- ix. Bill Receivable collected by the bank directly on the behalf of company Rs. 8,000.
- x. Check recorded for collection but not sent to the bank Rs. 12,000.

**HASSAN REHMAN LTD.**

**Bank Reconciliation Statement**

*As on June 30<sup>th</sup>, 2017*


*Cash Book*

*Bank Statement*

**SECTION-C**

*(Attempt any two questions, all questions carry equal marks 15 \* 2 = 30)*

**Q7.** Hashim Khan & Company purchased a factory machine of Rs. 51,000 on January 1, 2005. The machine is expected to have a salvage value of Rs. 6,000 at the end of its 5 year useful life. During the useful life, the machine is expected to be used for 5,000 hours. The machine was used as under

Years	Hours used
2005	1,200
2006	800
2007	1,150
2008	850
2009	1,000

**Required:** Prepare Schedule of Depreciation on the basis of following methods (Time should used 25 minutes).

- (a) Straight Line Method
- (b) Units of Output Method
- (c) Double Declining Balance Method
- (d) Sum of Year Digit Method

**Q2.** The following Trial Balance of Saba Nisar & Co. on December 31<sup>st</sup>, 2016, Prepare Financial Statement

Particular	Dr	Cr	Particular	Dr	Cr
Owner's Equity		4,000	Note Payable		560
Account Payable		5,200	Note Receivable	720	
Plant and Machinery	5,000		Return Inward	930	
Office Furniture & Fittings	260		Provision for Bad Debts		250
Opening Inventory	4,800		Drawing	700	
Motor Van	1,200		Return Outward		550
Account Receivables	4,570		Rent	600	
			Factory Lighting and Lighting	80	
Cash in Hand	40		Insurance	630	
Cash at Bank	650		General Expenses	100	
Wages	15,000		Bad Debts	250	
Salaries	1,400		Discount	650	370
Purchases	21,350		<b>Total</b>	<b>Rs. 58,930</b>	<b>Rs. 58,930</b>
Sales		48,000			

The following adjustments are to be made:

- (i) Stock at the end of year Rs. 5,200 and Three months factor lighting and heating is due, but not paid Rs. 30
- (ii) 5 percent depreciation to be written-off on furniture and write-off further bad debts Rs. 70
- (iii) The provision for bad debts to be Rs. 300 and provision for discount on debtor @ 2 % to be made
- (iv) During the year machinery was purchased for Rs. 2,000, but was debited to Purchase account

**Format**

*Saba Nisar & Co.*  
**Trading and Profit & Loss Account**  
For the Year ended 31<sup>st</sup>, December 2016

Expenses	Debit	Revenue	Credit
<b>Total</b>		<b>Total</b>	

*Saba Nisar & Co.*  
**Balance Sheet**  
As on 31<sup>st</sup>, December 2016

Equities	Amount	Assets	Amount



**Q3.** Prepare Store Ledger Card (SLC) from the following information (Time should used 25 Minutes)..

**2017**

<b>March 1</b>	Beginning Inventory .....	180 Pieces @ Rs. 30 .....	Rs. 5,400
<b>9</b>	Sales .....	60 Pieces @ Rs. 45 .....	Rs. 2,700
<b>12</b>	Purchases .....	50 Pieces @ Rs. 28 .....	Rs. 1,400
<b>18</b>	Sale.....	140 Pieces @ Rs. 60 .....	Rs. 8,400
<b>23</b>	Purchases .....	80 Pieces @ Rs. 26 .....	Rs. 2,080
<b>24</b>	Purchase .....	90 Pieces @ Rs. 20 .....	Rs. 1,800
<b>30</b>	Sales .....	180 Pieces @ Rs. 65 .....	Rs. 11,700

**Required**

Use Comparative Cost Sheet in order to determine the Cost of Sales, cost of Closing Stock, Sales and Gross profit / loss under each of the following method by using perpetual inventory system.

- a. Cost are assigned on the basis of FIFO
- b. Cost are assigned on the basis of Weighted Average

*Store Ledger Card (SLC)*

Date	Description	Purchases			Sales			Balances		
		Units	@	Amount	Units	@	Amount	Units	@	Amount

*Comparative Cost Sheet*

Methods	Balance	Purchases	Closing Stock	CGS	Sales	Gross Profit

**Best of Luck**