



COMSATS Institute of Information Technology Abbottabad

Department of Management Sciences

Terminal Section A: Spring 2017

Class: BBA 2
Subject: Accounting I
Time Allowed: 30 Minutes
Registration #

Date: 21-07-2017
Instructor: *Zakeer Soudi*
Max Marks: 30
Signature

SECTION-A

(Time allowed: 30 Minutes) (Marks 30 * 1 = 30)

Note: Understanding of a paper is a part of examination

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

- Revenue is generally recognized being earned at the point of time when?
(a) Cash is received (b) **Billed to customers** (c) Production is completed (d) Goods are delivered
- 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
- Items such as a sales slip, a check, a bill, or invoices are examples of?
(a) Balance sheet accounts (b) Income statement accounts
(c) Cost of goods sold (d) **Source documents**
- Ledger is a book of?
(a) Original entry (b) Final entry (c) **Secondary entry** (d) All cash transactions
- Accounting which recognizes an event as the transaction when cash is received or paid?
(a) **Cash basis of accounting** (b) Accrual basis of accounting
(c) Cost accounting (d) None of the above
- 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
- All of the following are true regarding journal entries except?
(a) Journal entries show the effects of transactions
(b) **Journal entries provide account balances**
(c) The debited account titles are listed first (d) Each journal entry should begin with a date
- Which one of the following is used to record financial transactions in date wise order?
(a) Account (b) Voucher (c) **General Journal** (d) General Ledger
- Excess of Debit side over Credit side is called?
(a) **Debit Balance** (b) Credit Balance (c) Liability Accounts (d) All of before

10. When a Liability is reduced or decreased, it is recorded on the?
 (a) Right or debit side of the account (b) **Left or debit side of the account**
 (c) Left or credit side of the account (d) Right or credit side of the account
11. X sends back Rs. 80 of faulty goods to Y. In which book of prime entry would Y record this transaction?
 (a) General Journal (b) Purchase Return Journal
 (c) Sales Journal (d) **Sales Return Journal**
12. Which account has usually debit balance?
 (a) Owner Equity (b) **Purchase** (c) Purchase returns (d) Discount received
13. 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
14. The arithmetical accuracy of books of account is verified through?
 (a) Journal (b) **Trial Balance** (c) Ledger (d) None of the given options
15. 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**
16. Which of the following is not a book of prime or original entry?
 (a) Sales daybook (b) Purchase daybook (c) **Debtor's account** (d) Cashbook
17. Bank statement also called?
 (a) **Pass book** (b) Cash book (c) Credit book (d) Debit book
18. Adjustment is to record depreciation at the end of the month in?
 (a) Cash Payments Journal (b) Cash Receipts Journal
 (c) **General Journal** (d) Purchases Journal
19. 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
20. 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
21. Favorable balance means?
 (a) Credit balance in the cash book (b) Credit balance in Bank statement
 (c) Debit balance in cash book (d) **both b and c**
22. A company issues check to pay account payable. The effect of the transaction is to?
 (a) Increase assets and liabilities (b) Increase assets and decrease liabilities
 (c) **Decrease assets and liabilities** (d) Increase assets and stockholder's equity
23. The transaction will be treated as a contra entry when?
 (a) Cash withdrew from bank for domestic use (b) Check received from customer and deposited
 (c) **Cash drew from bank for office use** (d) 1 and 3 only

24. 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
25. Depreciation is?
- (a) The amount spent to buy a fixed asset (b) The salvage value of a fixed asset
(c) The amount of money spent in replacing assets
(d) **The part of the cost of the fixed asset consumed during its period**
26. 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)
27. The report of company that shows overall profit on the sale of their goods or the provision of their services?
- (a) Trading and Profit & loss account (b) Cash flow statement
(c) Income Statement (d) **Both a and c**
28. Which of the following is the largest single expense of most merchandising firms?
- (a) **Cost of goods sold** (b) Rent Expense (c) Amortization Expense (d) Salaries Expense
29. Which type of inventory system is updated inventory system?
- (a) Periodic inventory system (b) Contingency inventory system
(c) LIFO (d) **Perpetual inventory system**
30. The specific cost identification inventory cost flow method has all of the following characteristics except?
- (a) It identifies the cost of each physical item available for sale with either the ending inventory or cost of goods sold
(b) **It relates cost flow to the specific flow of physical goods**
(c) It is especially applicable when small and inexpensive items are handled in large quantities
(d) It requires individual identification of items some device like tags or serial numbers

Best of Luck



COMSATS Institute of Information Technology Abbottabad

Department of Management Sciences

Terminal Section B & C: Spring 2017

Class: BBA 2
Subject: Accounting 1
Total Time Allowed: 150 Minutes
Registration #

Date: 21-07-2017
Instructor: *Zohar Sadiq*
Max Marks: 70
Signature

SECTION-B

(Attempt all four questions 10 * 4 = 40)

Note: Understanding of a paper is a part of examination

Q7. Record the following transaction in General Journal as June, 2017

- 01. Starts a business by opening a bank account with Rs. 50,000
- 09. Goods purchase of worth Rs. 10,000 by cash and trade discount received 10%
- 11. Unearned sales of Rs. 3,200 earned during the June.
- 24. Paid Salaries Expenses of Rs. 1,200; Rent Expenses of Rs. 1,400 and Carriage Expense are outstanding Rs. 2,400
- 29. Sold Goods to Ahmed Ali on cash Rs. 4,000

Solution:

General Journal

Date	Account Title and Explanations	Ref	Amount (Rs.)	
			Debit	Credit
2017				
June	Bank		50,000	
	O.E			50,000
	9	Purchases	9,000	
		Cash		
	11	Unearned Sales		9,000
		Sales (Unearned sales now earned)	3,200	3,200
	24	Salaries Expenses	1,200	
		Rent Expenses	1,400	
	Carriage Expenses	2,400		
	Cash		2,600	
	Carriage Payable		2,400	
29	Cash		4,000	
	Sales		4,000	
Total			Rs. 71,200	Rs. 71,200

Q2. Prepare a Trial Balance for Ahmed Brothers Pvt. Ltd. at May 31st, 2017?

<i>Description</i>	<i>Amount</i>	<i>Description</i>	<i>Amount</i>	<i>Description</i>	<i>Amount</i>
Marketable Security	6,500	Owner's Investments	95,000	Maintenance Exp.	5,000
Bill Payable	1,000	Rent & Rates Expense	400	Miscellaneous Expenses	6,800
Unearned Revenue	17,500	Acc. Dep. _ Equipments	14,000	Accrued Expenses	1,500
Outstanding Salaries	2,500	Machinery	32,000	Unexpired Insurance	48,500
Prepaid Rent	14,000	Drawings	18,800	Vendor's Payables	500

Ahmed Brothers Pvt. Ltd.

Trial Balance

As on May 31st, 2017

<i>S. No</i>	<i>Description</i>	<i>Ref</i>	<i>Amount (Rs.)</i>	
			<i>Dr.</i>	<i>Cr.</i>
1	Marketable Security		6,500	
2	Bill Payable			1,000
3	Unearned Revenue			17,500
4	Outstanding Salaries			2,500
5	Prepaid Rent		14,000	
6	Owner's Investments			95,000
7	Rent & Rates Expense		400	
8	Accumulated Dep. _ Equipments			14,000
9	Machinery		32,000	
10	Drawings		18,800	
11	Maintenance Exp.		5,000	
12	Miscellaneous Expenses		6,800	
13	Accrued Expenses			1,500
14	Unexpired Insurance		48,500	
15	Vendor's Payables			500
Total			Rs. 132,000	Rs. 132,000

Q3. From the following particulars write up the Two column cash book for Swat Trading Co. for the month of June 2017

2017

- June 1** Favourable Cash Balance Rs. 28,000; Bank balance Overdraft Rs. 17,000
- 6** Total sales of worth Rs. 10,000 in which 3,000 apply to credit customers Mr. Ali
- 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
- 23** Mr. Kazmi check of Dated 11th, June, 2017 was dishonoured and return by bank
- 28** Mr. Hamid check received on 18th June, 2017 were deposited into bank

SWAT TRADING CO.

Cash Book

For the month ended June, 2017

Receipts					Payments				
Date	Description	Ref	Cash	Bank	Date	Description	Ref	Cash	Bank
2017					2017				
June	1	Balance b/d		28,000	June	1	Balance b/d		17,000
	6	Sales		7,000		14	Cash (c)		4,000
	11	Mr. Kazmi				14	Drawing		2,000
	14	Bank (c)		4,000		23	Dishonoured		16,000
	18	Mr. Hamid		22,000		28	Bank (c)	22,000	
	28	Cash (c)							
		<i>Balance c/d</i>		<i>1,000</i>			<i>Balance c/d</i>	<i>39,000</i>	
Total			61,000	39,000	Total			61,000	39,000
July	1	<i>Balance b/d</i>		<i>39,000</i>	July	1	<i>Balance b/d</i>		1,000

Q4. Prepare Bank Reconciliation Statement to find out adjusted balances in both books for Maria Waheed Ltd. on July 31st, 2017?

- a) Debit balance as per Bank Statement was Rs. 9,000
- b) Cheque issued amounted to Rs. 2,700 of which Rs. 900 was presented for payment on 31st July
- c) Cheques paid amounted to Rs. 3,600 of which Rs. 2,500 were cleared
- d) Bank charge of Rs. 1,400 was not entered in cash book
- e) Dividend and commission collected by bank but not shown in cash book were Rs. 1,500
- f) Utility bills paid by bank as per instruction was Rs. 1,900

Cash Book

Bank Statement

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">(e) Div and comm 1,500</td> <td style="width: 50%;"></td> </tr> <tr> <td style="border-right: 1px solid black;">(f) Utility Bills 1,900</td> <td></td> </tr> </table>	(e) Div and comm 1,500		(f) Utility Bills 1,900		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black;">(a) Bal 9,000</td> <td style="width: 50%;">(c) Uncleared check 1,100</td> </tr> <tr> <td style="border-right: 1px solid black;">(b) Unpresented 1,800</td> <td></td> </tr> </table>	(a) Bal 9,000	(c) Uncleared check 1,100	(b) Unpresented 1,800	
(e) Div and comm 1,500									
(f) Utility Bills 1,900									
(a) Bal 9,000	(c) Uncleared check 1,100								
(b) Unpresented 1,800									

Maria Waheed Ltd.

Bank Reconciliation Statement

As on July 31st, 2017

Balance As per Bank Statement	(Dr)		9,000
Add:			
Unpresented check		1,800	
Dividend and commission		1,500	3,300
			12,300

Less:		
Uncleared check	1,100	
Bank charges	1,400	
Utility bills	1,900	(4,400)
Balance as per cash book (Cr)		Rs. 7,900

SECTION-C

(Attempt two questions 15 * 2 = 30)

Q7. Following are the Adjusted Trial Balance related to Naeem & CO (Pvt.) Limited. Prepare Financial Statements (Income Statement, Statement of Owner Equity and Balance Sheet) for the year ended 31st March, 2017

Naeem & CO (Pvt.) Ltd.
Adjusted Trial Balance
For the Period Ended 31st March, 2017

(Million Rupees)

S. No	Heads of Accounts	Debit	Credit
1	Owner Equity		1,551
2	Drawings	560	
3	Machinery	1,850	
4	Sales		5,850
5	Account Receivables	530	
6	Purchases	1,260	
7	Wages	364	
8	Bank Loan		356
9	Account Payable		528
10	Taxes	220	
11	Cash in Hand	226	
12	Note Payable		680
13	Inventory	264	
14	Accumulated Depreciation _Machinery		350
15	Repair	61	
16	Land	2,000	
17	Financial Charges	25	
18	Commission		35
19	Discount	94	
20	Rent	46	
21	Building	1,200	
22	Deprecation of Machinery	50	
23	Note Receivable	600	
Total		Rs. 9,350	Rs. 9,350

Solution:

Naeem & CO (Pvt.) Ltd.

Income Statement

For the Period Ended 31st March, 2017

(Million Rupees)

Description	Amount	Description	Amount
Purchases	1,260	Sales	5,850
Wages	364	Commission	35
Taxes	220		
Repair	61		
Financial Charges	25		
Discount	94		
Rent	46		
Deprecation of Machinery	50		
<i>Net Profit c / f</i>	<i>3,765</i>		
Total	Rs. 5,885	Total	Rs. 5,885

Naeem & CO (Pvt.) Ltd.

Statement of Owner Equity

For the Period Ended 31st March, 2017

(Million Rupees)

Description	Amount	Description	Amount
Drawing	560	Balance b / f	1,551
		Net Profit b / f	3,765
<i>Balance c / d</i>	<i>4,756</i>		
Total	Rs. 5,316	Total	Rs. 5,316

Naeem & CO (Pvt.) Ltd.

Balance Sheet

For the Period Ended 31st March, 2017

(Million Rupees)

Assets	Amount	Equities	Amount
Current Assets:		Current Liabilities	
Cash in Hand	226	Note Payable	680
Note Receivable	600	Account Payable	528
Account Receivable	530		
Inventory	264		

		Non Current Liabilities	
Non Current Assets:		Bank Loan	356
Machinery	1,850	Accumulated Deprecation	350
Building	1,200		
Land	2,000		
		Owner Equity:	
		Balance b / f	4,756
Total	Rs. 6,670	Total	Rs. 6,670

Q2. Prepare Store Ledger Card (SLC) from the following information.

July	1	.....	Beginning Inventory	.....	50 Pieces @ Rs. 20	.....	Rs. 1,000
	2	.....	Purchases	.....	100 Pieces @ Rs. 25	.....	Rs. 2,500
	9	.....	Purchases	.....	50 Pieces @ Rs. 28	.....	Rs. 1,400
	18	.....	Sales	.....	125 Pieces @ Rs. 30	.....	Rs. 3,750
	20	.....	Purchases	.....	85 Pieces @ Rs. 32	.....	Rs. 2,720
	22	.....	Purchase	.....	100 Pieces @ Rs. 34	.....	Rs. 3,400
	27	.....	Sales	.....	150 Pieces @ Rs. 29	.....	Rs. 4,350

Required: 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, Cost are assigned on the basis of FIFO and Cost are assigned on the basis of Weighted Average

Format

Store Ledger Card (SLC) FIFO

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

Store Ledger Card (SLC) Weighted Average

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

Comparative Cost Sheet

Methods	Balance	Purchases	Closing Stock	CGS	Sales	Gross Profit
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Best of Luck

Store Ledger Card (SLC) FIFO

Date	Description	Purchases			Sales			Balances		
		Units	@	Amount	Units	@	Amount	Units	@	Amount
July 1	Balance b / d							50	20	1,000
2	Purchases	100	25	2,500				50	20	1,000
								100	25	2,500
9	Purchases	50	28	1,400				50	20	1,000
								100	25	2,500
								50	28	1,400
18	Sales				50	20	1,000	25	25	625
					75	25	1,875	50	28	1,400
20	Purchases	85	32	2,720				25	25	625
								50	28	1,400
								85	32	2,720
22	Purchases	100	34	3,400				25	25	625
								50	28	1,400
								85	32	2,720
								100	34	3,400
27	Sales				25	25	625			
					50	28	1,400	10	32	320
					75	32	2,400	100	34	3,400
Total		335		10,020	275		7,300	110		3,720

Store Ledger Card (SLC) Weighted Average

Date	Description	Purchases			Sales			Balances		
		Units	@	Amount	Units	@	Amount	Units	@	Amount
July 1	Balance b / f							50	20.00	1,000
2	Purchases	100	25	2,500				150	23.33	3,500
9	Purchases	50	28	1,400				200	24.50	4,900
18	Sales				125	24.50	3,062.50	75	24.50	1,838
20	Purchases	85	32	2,720				160	28.49	4,558
22	Purchases	100	34	3,400				260	30.61	7,958
27	Sales				150	30.61	4,591.50	110	30.60	3,366.50
Total		335		10,020	275		7,654	110	30.60	3,366.50

Comparative Cost Sheet

<i>Methods</i>	<i>Balance</i>	<i>Purchases</i>	<i>Closing Stock</i>	<i>CGS</i>	<i>Sales</i>	<i>Gross Profit</i>
FIFO	1,000	10,020	(3,720)	7,300	8,100	800
Average	1,000	10,020	(3,366.5)	7,653.50	8,100	446.50