



# 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).

1. 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
2. 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
3. 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
4. Ledger is a book of?  
(a) Original entry    (b) Final entry    (c) Secondary entry    (d) All cash transactions
5. 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
6. 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
7. 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
8. 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
9. 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: *Zahoor Sadiq*  
Max Marks: 70  
Signature

### SECTION-B

(Attempt all four questions 10 \* 4 = 40)

**Note:** Understanding of a paper is a part of examination

**Q1.** 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

**Format**

#### General Journal

Date	Account Title and Explanations	Ref	Amount (Rs.)	
			Debit	Credit

**Q2.** Prepare a Trial Balance for Ahmed Brothers Pvt. Ltd. at May 31<sup>st</sup>, 2017?

Description	Amount	Description	Amount	Description	Amount
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

**Format**

**Ahmed Brothers Pvt. Ltd.**  
**Trial Balance**  
As on May 31<sup>st</sup>, 2017

S. No	Description	Ref	Amount (Rs.)	
			Dr.	Cr.

**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 11<sup>th</sup>, June, 2017 was dishonoured and return by bank  
 28 Mr. Hamid check received on 18<sup>th</sup> 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

**Q4.** Prepare Bank Reconciliation Statement to find out adjusted balances in both books for Maria Waheed Ltd. on July 31<sup>st</sup>, 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 31<sup>st</sup> 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

**Format**

**Cash Book**

**Bank Statement**

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**Maria Waheed Ltd.**

*Bank Reconciliation Statement*

*As on July 31<sup>st</sup>, 2017*


## 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 31<sup>st</sup> March, 2017

**Naeem & CO (Pvt.) Ltd.**  
*Adjusted Trial Balance*  
For the Period Ended 31<sup>st</sup> 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	
<b>Total</b>		<b>Rs. 9,350</b>	<b>Rs. 9,350</b>

**Format**

**Naeem & CO (Pvt.) Ltd.**  
*Income Statement*  
For the Period Ended 31<sup>st</sup> March, 2017

Description	Amount	Description	Amount
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**Naeem & CO (Pvt.) Ltd.**  
*Statement of Owner Equity*  
For the Period Ended 31<sup>st</sup> March, 2017

Description	Amount	Description	Amount
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**Naeem & CO (Pvt.) Ltd.**  
*Balance Sheet*  
For the Period Ended 31<sup>st</sup> March, 2017

Assets	Amount	Equities	Amount
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**Q2. Prepare Store Ledger Card (SLC) from the following information.**

<b>July</b>	<b>1</b> .....	Beginning Inventory .....	50 Pieces @ Rs. 20 .....	Rs. 1,000
	<b>2</b> .....	Purchases .....	100 Pieces @ Rs. 25 .....	Rs. 2,500
	<b>9</b> .....	Purchases .....	50 Pieces @ Rs. 28 .....	Rs. 1,400
	<b>18</b> .....	Sales .....	125 Pieces @ Rs. 30 .....	Rs. 3,750
	<b>20</b> .....	Purchases .....	85 Pieces @ Rs. 32 .....	Rs. 2,720
	<b>22</b> .....	Purchase .....	100 Pieces @ Rs. 34 .....	Rs. 3,400
	<b>27</b> .....	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**