



# COMSATS Institute of Information Technology Abbottabad

## Department of Management Sciences

First Sessional: Spring 2017

Class: BBA 1  
Subject: Accounting I  
Total Time Allowed: 80 Minutes  
Registration #

Date: 18-04-17  
Instructor: *Zaheer Swati*  
Max Marks: 40

### SECTION-A

#### Q1. Encircle the most appropriate choice (MCQs).

(Marks: 10)

1. The accounting system, in which accounting entries are made on the basis of amount having become due for payment or receipt, is known as?  
(a) Cash system of accounting (b) Current accounting period  
(c) **Accrual system of accounting** (d) None of the given options
2. 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**
3. Of the following account types, which would be increased by a debit?  
(a) Liabilities and expenses (b) Assets and equity  
(c) **Assets and expenses** (d) Equity and revenues
4. Which item will appear on the credit side of ledger account?  
(a) Cash received (b) Purchases (c) **Discount received** (d) Rent Expenses
5. Which of the following item is not included in the Cash account?  
(a) Purchases of Rs. 10,000 (b) Sales of Rs.5,000  
(c) Received cash for Salman Rs. 2,000 (d) **Credit sales of Rs. 22,000**
6. Sales invoice is a source document that?  
(a) Provides support for goods purchased for resale (b) **Provides evidence of credit sales**  
(c) Provides evidence of incurred operating expenses (d) Serves only as a customer receipt
7. Accrued expenses are also called?  
(a) Accrued liabilities (b) Expenses incurred but not paid (c) **Both A & B** (d) None
8. Which one of the following account would usually have a debit balance?  
(a) Account Payable (b) **Cash** (c) Owner Equity (d) Bank Loan
9. Business transactions are recorded?  
(a) **In chronological order** (b) Weekly (c) at the end of the month (d) All of before
10. Which of the following accounts is not increased with a debit?  
(a) Sales Discounts (b) Sales Returns and Allowances  
(c) **Sales Revenue** (d) Cost of goods sold

**SECTION-B**

**Q1: Prepare general journal entries for the following transactions for April 2017**

**07:** Starts a business by opening a bank account with Rs. 50,000

**14:** Received cash from Rehman & Sons Rs. 1,450; allowed him discount of Rs. 50

*(10 Marks)*

**18:** Goods costing Rs. 500 was taken away by the proprietor

**27:** Received Rs. 10,000 from Ali

**30:** Received advance payment from customers Rs. 1,200, services will be provided in August

**General Journal**

Date		Account Title and Explanations	Ref	Amount (Rs)	
				Debit	Credit
<b>2017</b>					
April	<b>07</b>	Bank Owner's Equity		50,000	50,000
	<b>14</b>	Cash Discount Account Receivable_ Rehman & Sons		1,450 50	1,500
	<b>18</b>	Drawing Purchases		500	500
	<b>27</b>	Cash Account Receivable_ Ali		10,000	10,000
	<b>30</b>	Cash Unearned Revenue		1,200	1,200
<b>Total</b>				<b>Rs. 63,200</b>	<b>Rs. 63,200</b>

**Q3. Prepare Cash Running Balance Ledger Account**

(10 Marks)

**General Journal**

Date	Account Title and Explanations	Ref	Amount (Rs.)	
			Debit	Credit
<b>2009</b>				
<b>July</b>	<b>1</b>			
		Bank	50,000	
		Cash	10,000	
		Owner's Equity		60,000
		(Started business with bank and cash)		
	<b>6</b>			
		Stationery	700	
		Account Payable_ Ink stores		700
	(Credit Purchase of stationery)			
<b>9</b>				
	Purchases	9,000		
	Cash		9,000	
	(Purchases with trade discount on cash)			
<b>11</b>				
	Unearned Sales	3,200		
	Sales		3,200	
	(Unearned sales now earned)			
<b>17</b>				
	Note Receivable	1,400		
	Bank	400		
	Sales		1,800	
	(Cash and credit sales)			
<b>24</b>				
	Salaries Expenses	1,200		
	Cash		1,200	
	(Expenses paid)			
<b>29</b>				
	Cash	3,600		
	Sales		3,600	
	(Cash sales subject to trade discount )			
<b>Total</b>			<b>Rs. 79,500</b>	<b>Rs. 79,500</b>

Account # 102		Cash Account			Page # 880
Date	Description	Ref	Dr. Amount	Cr. Amount	Balance
01	Owner's Equity		10,000		10,000
09	Purchases			9,000	1,000
24	Salaries Expenses			1,200	(200)
29	Sales		3,600		3,400

**Q4.** The following balances are extracted from the books of Anees, Prepare Trial Balance as on 30.6.2014

Building Rs. 320,000	Repairs Rs. 5,400	Stock Rs. 33,000	Insurance premium Rs. 3,300
Account payable Rs. 26,000	Sales Rs. 280,000	Commission Rs. 750	Telephone charges Rs. 6,450
Rent & Taxes Rs. 6,300	Furniture Rs. 10,000	Purchases Rs. 155,000	Discount earned Rs. 11,100
Loan from Sidra Rs. 50,000	Salaries Rs. 70,600	Reserve fund Rs. 5,900	Discount allowed Rs. 650
Note receivable Rs. 8,600	Drawings Rs. 15,000	Bad debts Rs. 1,350	Bills payable Rs. 6,000
Owner's Equity Rs. 470,200	Machinery Rs. 158,800	Cash in hand Rs. 6,000	Account receivable Rs. 48,000

**Solution:**

S. No	Heads of Accounts	Ref	Amount (Rs.)	
			Dr	Cr
1	Building		320,000	
2	Account payable			26,000
3	Rent & Taxes		6,300	
4	Loan from Sidra			50,000
5	Note receivable		8,600	
6	Owner's Equity			470,200
7	Repairs		5,400	
8	Sales			280,000
9	Furniture		10,000	
10	Salaries		70,600	
11	Drawings		15,000	
12	Machinery		158,800	
13	Stock		33,000	
14	Commission		750	
15	Purchases		155,000	
16	Reserve fund			5,900
17	Bad debts		1,350	
18	Cash in hand		6,000	
19	Insurance premium		3,300	
20	Telephone charges		6,450	
21	Discount earned			11,100
22	Discount allowed		650	
23	Bills payable			6,000
24	Account receivable		48,000	
<b>Total</b>			<b>Rs. 849,200</b>	<b>849,200</b>